



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

**Thursday  
October 27, 2022**

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

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

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

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

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

- 1. MINUTES OF THE REGULAR MEETING HELD OCTOBER 13, 2022.**
- 2. COMMITTEE REPORT(S):**
  - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc)
  - b) ADMINISTRATION & FINANCIAL (Standing or Ad Hoc)
  - c) MARKETING & PROMOTIONS (Standing or Ad Hoc)
  - d) CITY & COUNTY LIAISON
  - e) STATE & FEDERAL LIAISON
  - f) VANDENBERG LIAISON
  - g) BUSINESS PARK COMMITTEE (Ad Hoc)
- 3. GENERAL MANAGER'S REPORT**
- 4. MANAGER OF FINANCE & ADMINISTRATION REPORT**
  - a) Demand Register
  - b) Budget to Actual
  - c) Financial Statements
  - d) Quarterly Investment Report
- 5. DISTRICT COUNSEL'S REPORT. (Joshua George and Natalie Frye Laacke)**

6. **PUBLIC SESSION:** Statements from the floor will be heard during public session. Request to Speak forms are provided for those wishing to address the board. After completing the form, please give it to the Clerk. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public are cordially invited to speak on agenda items as they occur. Staff reports covering agenda items are available for review in the offices of the General Manager on the Tuesday prior to each meeting. The Board will establish time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.
7. **AUTHORIZATION FOR THE GENERAL MANAGER, ONE DIRECTOR AND DISTRICT COUNSEL TO ATTEND THE ROLE OF THE AIRPORT ATTORNEY WORKSHOP TO BE HELD JANUARY 21<sup>ST</sup>, 2023, IN MONTEREY, CA.**
8. **AUTHORIZATION FOR THREE STAFF MEMBERS AND ONE DIRECTOR TO ATTEND THE 2023 S.W.A.A.E. WINTER CONFERENCE TO BE HELD JANUARY 22<sup>ND</sup> THROUGH JANUARY 25<sup>TH</sup>, 2023, IN MONTEREY CA.**
9. **AUTHORIZATION FOR ONE STAFF MEMBER AND ONE COMMUNITY MEMBER TO ATTEND THE MEAD & HUNT AIR SERVICE DEVELOPMENT CONFERENCE TO BE HELD JANUARY 31<sup>ST</sup> THROUGH FEBRUARY 2<sup>ND</sup>, 2023 IN PHOENIX, AZ.**
10. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE ASSIGNMENT OF LEASE AGREEMENT BETWEEN THE DISTRICT AND UNITED LIONS CORPORATION FOR THE PROPERTY LOCATED AT 3455 SKYWAY DRIVE, SANTA MARIA, CA 93455.**
11. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE THIRD AMENDMENT OF LEASE BETWEEN THE DISTRICT AND G3, LLC.**
12. **AUTHORIZATION FOR TUITION REIMBURSEMENT FOR ONE STAFF MEMBER.**
13. **CLOSED SESSION.** The Board will hold a Closed Session to discuss the following item(s):
  - a) **Conference with Real Property Negotiators (Kerry Fenton, Tom Ross, and District Counsel) Re: APN 111-231-09, APN 111-231-11, APN 111-231-17, APN 111-292-027 (Gov. Code Section 54956.8)**
  - b) **Significant exposure to litigation pursuant to Gov. Code Section 54956.9(b): One Case.**
  - c) **Conference with Legal Counsel-Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Section 54956.9-SMPAD v. Baskett, Santa Barbara Superior Court Case No. 20CV04444.**
  - d) **Conference with Legal Counsel-Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Section 54956.9-Baskett v. SMPAD, Santa Barbara Superior Court Case No. 21CV04183.**
14. **DIRECTORS' COMMENTS.**
15. **ADJOURNMENT.**

MINUTES OF THE REGULAR BOARD  
MEETING OF THE BOARD OF DIRECTORS  
OF THE SANTA MARIA PUBLIC AIRPORT  
DISTRICT HELD OCTOBER 13, 2022

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

1. MINUTES OF THE REGULAR MEETING HELD September 22, 2022. Director Rafferty made a Motion to approve the minutes of the regular meeting held September 22, 2022. Director Baskett Seconded and it was carried by a 4-0 vote. Director Brown abstained as he was absent for the September 22<sup>nd</sup> meeting.
2. COMMITTEE REPORT(S):
  - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc) – No meeting scheduled.
  - b) ADMINISTRATION & FINANCIAL (Standing or Ad Hoc) – No meeting scheduled.
  - c) MARKETING & PROMOTIONS (Standing or Ad Hoc) – No meeting scheduled.
  - d) CITY & COUNTY LIAISON – No meeting scheduled.
  - e) STATE & FEDERAL LIAISON – No meeting scheduled.
  - f) VANDENBERG LIAISON – No meeting scheduled.
  - g) BUSINESS PARK COMMITTEE (Ad Hoc) – Two meetings were held. One with the chamber to discuss next steps in a collaboration between the District and the Chamber to bring business to SMPAD. The second was to discuss the G3 lease.
3. GENERAL MANAGER'S REPORT. Mr. Widroe gave the board Interim Manager Fenton's report as she is out of town. Biweekly meetings are being held with Tartaglia engineering to discuss ongoing projects. Meetings were held with state and federal fish and wildlife. A meeting was held with the City of Santa Maria and Tartaglia engineering to discuss moving City well 15. There was a meeting with SCS Engineers to discuss the PFAS investigation and a couple meetings with Groveman & Hiete to discuss the Semco Tool site. Staff has been working hard to prepare for the airshow.
4. The Manager of Finance & Administration presented the Demand Register to the Board for review and approval.
  - a) Demand Register. The Demand Register, covering warrants 070743 through 070813 in the amount of \$515,647.12 was recommended for approval as presented. Director Baskett made a Motion to accept the Demand Register as presented. Director Rafferty Seconded and it was carried by a 5-0 vote.
5. DISTRICT COUNSEL'S REPORT. Nothing to report.

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

Richard Jensen, the FAA safety team representative, informed the board that Saturday safety meetings had been reinstated. The next safety meeting will be held at the Museum of Flight Saturday, October 29<sup>th</sup> between 10am and 12pm.

7. Ratification of expenditure for emergency replacement of airfield lighting regulators. Director Baskett made a motion to approve. Director Rafferty seconded, and it was carried by a 5-0 vote.
8. Report from staff regarding litigation costs related to matters involving Director Baskett. A member of the public, Chris Hastert, requested to speak. Mr. Hastert remarked that President Engel's opponent in the upcoming election is directly tied to some of the costs of this litigation. He feels this connection does not represent the best interest of the Airport District going forward. District Counsel George gave the report on behalf of District staff. Discussion was held between Directors and counsel.
9. CLOSED SESSION. At 7:28 p.m. the Board went into Closed Session to discuss the following item(s):
- a) Conference with Real Property Negotiators (Kerry Fenton, Tom Ross, and District Counsel) Re: APN 111-231-09, APN 111-231-11, APN 111-231-17, APN 111-292-027 (Gov. Code Section 54956.8)
  - b) Significant exposure to litigation pursuant to Gov. Code Section 54956.9(b): One Case
  - c) Conference with Legal Counsel-Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Section 54956.9-SMPAD v. Baskett, Santa Barbara Superior Court Case No. 20CV04444.
  - d) Conference with Legal Counsel-Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Section 54956.9-Baskett v. SMPAD, Santa Barbara Superior Court Case No. 21CV04183.

At 7:58 pm., the Board and staff reconvened to Open Public Session.

No reportable actions.

10. DIRECTORS' COMMENTS. Directors Adams had no comment.

Director Brown reminded everyone the airshow was in two days. He is hopeful the weather is nice, and it is well attended.

Director Rafferty stated it was nice to see Mr. Hastert back in the boardroom albeit on the other side.

Director Baskett stated if the Board would like to settle current and future litigation, which he assured the board is coming, he asked the board to authorize District Counsel George to meet with him at his office to settle.

Director Engel would like everyone to remind pet owners to help their pet's anxiety by seeing their vet for options including cannabis prior to the show.

11. ADJOURNMENT. Director Engel asked for a Motion to adjourn to a Regular Meeting to be held on October 27, 2022, at 7:00 p.m. at the regular meeting place. Director Engel made that Motion, Director Adams Seconded and it was carried by a 5-0 vote.

#### ORDER OF ADJOURNMENT

This Regular Meeting of the Board of Directors of the Santa Maria Public Airport District is hereby adjourned at 8:00 p.m. on October 13, 2022.

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Carl Engel, President

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Hugh Rafferty, Secretary

2022-2023

**DEMAND REGISTER  
SANTA MARIA PUBLIC AIRPORT DISTRICT**

Full consideration has been received by the Santa Maria Public Airport District for each demand, numbers 070814 to 070878 and electronic payments on Pacific Premier Bank and in the total amount of \$370,151.93

\_\_\_\_\_  
KERRY FENTON  
INTERIM GENERAL MANAGER

\_\_\_\_\_  
DATE

The undersigned certifies that the attached register of audited demands of the Santa Maria Public Airport District for each demand, numbers 070814 to 070878 and electronic payments on Pacific Premier Bank in the total amount of \$370,151.93 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 OCTOBER 27, 2022.

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

**Santa Maria Public Airport District**

**Demand Register**

Check Number	Check Date	Vendor Name	Check Amount	Description
* 70814	10/13/2022	Advantage Answering Plus	\$552.43	Answering Service
* 70815	10/13/2022	Air Boss One LLC	\$3,800.00	Air Show Performer
* 70816	10/13/2022	American Industrial Supply	\$154.47	Shop Supplies
* 70817	10/13/2022	Applied Industrial Technologies	\$517.78	Building Maintenance - Hangar Area
* 70818	10/13/2022	Bartlett, Pringle & Wolf	\$147.00	Computer Support Services - Acumatica
* 70819	10/13/2022	Blue Echo, Inc.	\$7,000.00	Air Show Performer
* 70820	10/13/2022	Bomar Security & Investigation	\$5,003.96	Security Service
* 70821	10/13/2022	Brayton's Power Wash & Sweep	\$500.00	Street Sweeping
* 70822	10/13/2022	City of Guadalupe	\$59,060.57	Security Svc/LEO July-August 2022
* 70823	10/13/2022	Clark Pest Control	\$2,788.00	Weed/Wildlife Maintenance
* 70824	10/13/2022	Comcast	\$1,250.88	Cable/Internet/Digital Voice
* 70825	10/13/2022	Emergency Repair Door Service	\$250.00	Building Maintenance - Terminal
* 70826	10/13/2022	Grainger	\$758.73	Vehicle Maintenance
* 70827	10/13/2022	High Alpha Airshows	\$8,000.00	Air Show Performer
* 70828	10/13/2022	J B Dewar, Inc	\$797.58	Unleaded/Diesel Fuel
* 70829	10/13/2022	J.D. Humann Landscape Contr.	\$4,955.00	Landscaping - Terminal
* 70830	10/13/2022	McMaster-Carr	\$253.49	Terminal and Vehicle Maintenance
* 70831	10/13/2022	Mission Linen Service	\$983.44	Hats and Shirts added to Uniforms
* 70832	10/13/2022	RRM Design Group	\$7,678.75	SMX Spec Plan Amendment/Rezoning
* 70833	10/13/2022	Sousa Tire Service, LLC	\$4,752.63	Vehicle Maintenance
* 70834	10/13/2022	Tri-Counties Plant Service	\$275.00	Interior Plant Service - Terminal
* 70835	10/13/2022	U.S. Dept. of Agriculture	\$105.87	Weed/Wildlife Abatement Program
* 70836	10/13/2022	VTC Enterprises	\$70.00	Trash - Paper Recycling
* 70837	10/13/2022	HR Your Way, Inc.	\$1,122.00	HR Outsource
* 70838	10/13/2022	Digital West	\$950.65	Network Services - Terminal
* 70839	10/13/2022	Air Show Audio	\$6,982.00	Air Show Performer
* 70840	10/13/2022	Sammy Mason Aerobatics	\$5,500.00	Air Show Performer
* 70841	10/13/2022	RAD Aerosports	\$15,000.00	Air Show Performer
* 70842	10/13/2022	Threads Culture Inc.	\$1,263.60	Annual Software Subscription
* 70843	10/14/2022	Lily Grace Quirk	\$2,000.00	Airfest Performer
* 70844	10/20/2022	Airports Council International-NA	\$1,645.00	2023 Airport Member Dues
* 70845	10/20/2022	Barnes & Thornburg	\$4,950.00	Stromwater Monitoring
* 70846	10/20/2022	Bartlett, Pringle & Wolf	\$9,458.10	Acumatica - License Renewal 12/2022 - 12/2023
* 70847	10/20/2022	Bedford Enterprises, Inc.	\$294.81	Building Maintenance - Hangar Area
* 70848	10/20/2022	BMI PacWest	\$417.10	Building Maintenance - Hangar Area
* 70849	10/20/2022	Bomar Security & Investigation	\$2,574.00	Security Service
* 70850	10/20/2022	Brayton's Power Wash & Sweep	\$500.00	Street Sweeping

**Santa Maria Public Airport District**

**Demand Register**

Check Number	Check Date	Vendor Name	Check Amount	Description
* 70851	10/20/2022	City of Guadalupe	\$6,384.16	Airfest EMT Services
* 70852	10/20/2022	City of Santa Maria	\$413.60	Construction Meter Fees
* 70853	10/20/2022	Comcast Business	\$2,205.77	Internet Service
* 70854	10/20/2022	Calif. Special Districts Assoc	\$8,186.00	2023 CSDA Membership Renewal
* 70855	10/20/2022	De Lage Landen	\$102.18	Copier
* 70856	10/20/2022	COOPER CROUSE-HINDS,LLC	\$2,517.57	Lighting Maintenance - Landing Area
* 70857	10/20/2022	Frontier Communications	\$210.42	Telephone Service
* 70858	10/20/2022	J B Dewar, Inc	\$1,368.57	Unleaded/Diesel Fuel
* 70859	10/20/2022	Letters, Inc.	\$100.00	Car Wash
* 70860	10/20/2022	McMaster-Carr	\$102.09	Shop Supplies
* 70861	10/20/2022	Mead & Hunt, Inc.	\$6,600.00	Airport Consulting Service
* 70862	10/20/2022	Miller Event Management	\$38,697.00	Airfest Security/Parking Services
* 70863	10/20/2022	Mission Linen Service	\$218.75	Uniform Service
* 70864	10/20/2022	Pacific Telemanagement Services	\$230.92	Pay Phone Services - Terminal
* 70865	10/20/2022	Pathpoint	\$1,972.08	Airport Svc Maintenance - Window Cleaning
* 70866	10/20/2022	Quinn Company	\$866.78	Equipment Rental & Equipment Maintenance
* 70867	10/20/2022	Reade, Veroneka	\$119.97	Reimbursement - District Supplies
* 70868	10/20/2022	Service Star	\$25,458.41	September and October Janitorial Service
* 70869	10/20/2022	S Lombardi & Assoc., Inc.	\$6,426.09	Airport Advertising
* 70870	10/20/2022	South Coast Emergency Vehicle Services	\$444.33	Vehicle Maintenance
* 70871	10/20/2022	The Widroe Group, Inc.	\$18,000.00	Consulting Services
* 70872	10/20/2022	Winema Industrial & Safety Supply	\$124.46	Shop Supplies
* 70873	10/20/2022	David K. Wolff Environmental, LLC	\$4,873.42	Environmental Consulting
* 70874	10/20/2022	Qovo Solutions Inc.	\$2,332.92	Access Control and Video Upgrades
* 70875	10/20/2022	Gsolutionz, Inc.	\$538.81	Voice Services 8/22/22 - 9/22/22
* 70876	10/20/2022	ATBS	\$892.81	Pavement Maintenance - Terminal Area
* 70877	10/20/2022	Kimley-Horn and Associates, Inc.	\$5,360.75	SMX Specific Plan Support
* 70878	10/20/2022	Thomas & Patricia Lynn	\$197.00	Tenant Refund
		Subtotal	<u>\$297,257.70</u>	
ACH	10/12/2022	Umpqua Bank	\$1,179.15	Credit Card Fees
ACH	10/12/2022	Safeguard Business Systems	\$412.94	Bank Checks
ACH	10/13/2022	Pacific Premier Bank	\$194.66	Analysis Activity

**Santa Maria Public Airport District**

**Demand Register**

Check Number	Check Date	Vendor Name	Check Amount	Description
ACH	10/13/2022	Paychex	\$25,057.35	Payroll
ACH	10/13/2022	Empower Retirement	\$4,646.76	Employee Paid Retirement
CASH	10/14/2022	Teller Cash Withdrawal	\$15,000.00	Airfest - Cash Registers/Change
ACH	10/14/2022	Paychex	\$6,457.50	Payroll Taxes
ACH	10/14/2022	Paychex	\$199.57	Paychex Invoice
ACH	10/17/2022	PG&E	\$759.69	Terminal/Admin/Hangar Electricity
ACH	10/18/2022	SoCal Gas Company	\$184.22	Utilities - Gas
ACH	10/18/2022	Amazon Capital Services	\$3,150.46	Building Maintenance, Airfest Safety
ACH	10/24/2022	WePay	\$39.93	Airfest Ticket Refund
		Subtotal	<u>\$57,282.23</u>	
		Air Show Cash Account		
	10/16/2022	ATM	\$600.00	ATM Rental
	10/17/2022	Fox 51, LLC	\$12.00	Airfest Performer
	10/17/2022	Dream Big Entertainment	\$3,000.00	Airfest Performer
	10/17/2022	Fox 51, LLC	\$12,000.00	Airfest Performer
		Subtotal	<u>\$15,612.00</u>	
		Total	<u><u>\$370,151.93</u></u>	

**Santa Maria Public Airport District**

**Budget vs. Actual - YTD**

As of September 30, 2022

	<u>YTD</u>	<u>YTD BUD</u>	<u>VARIANCE</u>	<u>% VARIANCE</u>
61000-Landing fees	6,820.90	22,500.00	(15,679.10)	(69.7 %)
61100-Tiedowns	6,282.00	6,775.03	(493.03)	(7.3 %)
61200-Fuel Flowage Fees	23,457.36	20,650.03	2,807.33	13.6 %
62000-T-Hangar	106,812.00	109,200.00	(2,388.00)	(2.2 %)
62100-Corporate Hangar	72,021.00	70,500.00	1,521.00	2.2 %
62200-Owner Build Hangar	4,947.00	4,950.00	(3.00)	(.1 %)
63000-T-Hangar Storage	8,118.00	8,149.97	(31.97)	(.4 %)
64100-Main Hangar	32,688.00	32,674.97	13.03	.0 %
64200-Commercial Aviation	100,002.25	92,325.00	7,677.25	8.3 %
64300-Land Lease - Commercial Aviation	24,633.00	42,675.00	(18,042.00)	(42.3 %)
65000-Car Rental	52,067.66	44,824.97	7,242.69	16.2 %
65100-Terminal Space Lease	40,982.91	40,050.00	932.91	2.3 %
66100-Agricultural Lease	260,450.49	268,425.00	(7,974.51)	(3.0 %)
66200-Non Aviation Land Leases	111,509.77	83,700.00	27,809.77	33.2 %
66300-Cell Tower Lease	15,150.00	15,349.97	(199.97)	(1.3 %)
66400-Mobile Home Parks	108,590.79	127,789.03	(19,198.24)	(15.0 %)
67000-Administrative Income	4,152.00	11,200.03	(7,048.03)	(62.9 %)
67200-Cares Grant	216,129.58	55,000.03	161,129.55	293.0 %
67205-BIL Grant	0.00	169,999.97	(169,999.97)	(100.0 %)
67210-Leo Reimbursement	0.00	3,225.00	(3,225.00)	(100.0 %)
68100-Airfest Ticket Sales	36,658.49	70,000.03	(33,341.54)	(47.6 %)
68150-Airfest Vendor Revenue	0.00	1,999.97	(1,999.97)	(100.0 %)
68200-Airfest Sponsorship	139,400.00	45,000.00	94,400.00	209.8 %
69100-Interest and Investment Earnings	3,672.48	6,100.03	(2,427.55)	(39.8 %)
69106-Land Sale	742,382.00	0.00	742,382.00	.0 %
69110-AIP Reimbursement	0.00	2,253,649.97	(2,253,649.97)	(100.0 %)
69120-PFC Revenue	8,986.33	18,250.03	(9,263.70)	(50.8 %)
69200-Tax Revenues	0.00	488,125.03	(488,125.03)	(100.0 %)
<b>Total Income</b>	<b>2,125,914.01</b>	<b>4,113,089.06</b>	<b>(1,987,175.05)</b>	<b>(48.3 %)</b>
80000-G&A	966.53	3,472.50	(2,505.97)	(72.2 %)
80001-MHP - Maintenance	5,461.93	3,214.97	2,246.96	69.9 %
80002-MHP - MHP Liability Insurance	0.00	1,939.97	(1,939.97)	(100.0 %)
80003-MHP - Property Management	10,827.12	7,050.00	3,777.12	53.6 %
80004-MHP - Salaries/ Employee Related Expenses	9,098.33	27,130.22	(18,031.89)	(66.5 %)
80005-MHP - Utilities	16,738.75	43,305.00	(26,566.25)	(61.3 %)
80100-Salaries- Administration	115,205.06	117,574.97	(2,369.91)	(2.0 %)
80101-Salaries - Maintenance & Operations	109,214.85	117,874.97	(8,660.12)	(7.3 %)
80102-Employee Benefits - Other	14,591.23	16,375.03	(1,783.80)	(10.9 %)
80104-Employee Benefits - Medical	51,389.36	63,375.00	(11,985.64)	(18.9 %)
80105-Medicare Tax	3,525.34	3,525.00	0.34	.0 %
80106-PERS Retirement	23,373.58	72,075.00	(48,701.42)	(67.6 %)
81000-ARFF Services	0.00	225,000.00	(225,000.00)	(100.0 %)
81100-Electricity	51,909.74	46,750.03	5,159.71	11.0 %
81200-Natural Gas	553.67	2,824.97	(2,271.30)	(80.4 %)
81300-Water	21,703.43	18,225.00	3,478.43	19.1 %
81600-Communications	2,753.55	18,425.06	(15,671.51)	(85.1 %)
81601-Communications - Alarm	3,747.43	3,325.03	422.40	12.7 %
81602-Communications - Wireless	3,771.91	4,800.00	(1,028.09)	(21.4 %)
81603-Communications - Access Control	310.71	250.03	60.68	24.3 %
82400-Supplies Office	6,987.63	16,249.97	(9,262.34)	(57.0 %)
82410-Supplies Shop	11,381.29	10,500.00	881.29	8.4 %
82500-Fuel Expense	15,179.35	10,999.97	4,179.38	38.0 %
83000-Maintenance - Misc	904.30	4,225.03	(3,320.73)	(78.6 %)
83001-Maintenance - Lighting	13,092.22	5,625.00	7,467.22	132.8 %
83002-Maintenance - Generator	675.00	1,312.50	(637.50)	(48.6 %)
83003-Maintenance - Pavement	11,185.59	11,149.97	35.62	.3 %
83004-Maintenance - Weed/Wildlife	9,539.23	12,817.50	(3,278.27)	(25.6 %)
83005-Maintenance - Fencing & Gates	755.00	4,249.97	(3,494.97)	(82.2 %)

83006-Maintenance - Building	13,301.29	22,500.09	(9,198.80)	(40.9 %)
83007-Maintenance - Fire Alarm	2,175.59	5,625.00	(3,449.41)	(61.3 %)
83008-Maintenance - Drainage	76.38	1,875.00	(1,798.62)	(95.9 %)
83100-Signs	5,839.37	5,749.97	89.40	1.6 %
84000-Equipment Lease	2,375.08	2,475.00	(99.92)	(4.0 %)
84500-Janitorial	32,537.60	31,475.06	1,062.54	3.4 %
84700-Landscaping	15,468.09	15,875.06	(406.97)	(2.6 %)
85000-Vehicle Maintenance	19,704.10	10,000.03	9,704.07	97.0 %
85400-Dues and Membership	57,657.00	17,850.00	39,807.00	223.0 %
86000-Advertising	17,104.81	67,500.00	(50,395.19)	(74.7 %)
86001-Consulting - Admin	175,825.72	92,599.97	83,225.75	89.9 %
86002-Consulting Professional	41,934.43	72,096.28	(30,161.85)	(41.8 %)
86003-Consulting - Legal	35,591.40	28,125.00	7,466.40	26.5 %
86004-Consulting - Security	50,921.14	107,200.03	(56,278.89)	(52.5 %)
86005-Bank Fees	3,547.12	6,250.03	(2,702.91)	(43.2 %)
86200-Insurance	(806.65)	87,625.03	(88,431.68)	(100.9 %)
86500-Permits	0.00	2,824.97	(2,824.97)	(100.0 %)
86600-Education and Recognition	4,076.47	5,350.03	(1,273.56)	(23.8 %)
86700-Business Travel	16,103.60	20,925.00	(4,821.40)	(23.0 %)
86800-Fire Fighting Training	0.00	11,875.03	(11,875.03)	(100.0 %)
86900-Election Expense	0.00	12,499.97	(12,499.97)	(100.0 %)
87010-Real Estate Commission	108,234.27	0.00	108,234.27	.0 %
87025-Rent Credit	2,604.00	0.00	2,604.00	.0 %
88001-Airfest Expense - Performers	3,650.00	33,049.97	(29,399.97)	(89.0 %)
88002-Airfest Expense - Gala/VIP Tent	82,526.93	21,850.03	60,676.90	277.7 %
88003-Airfest Expense Insurance	7,921.00	1,624.97	6,296.03	387.5 %
88004-Airfest Marketing	10,438.89	16,827.47	(6,388.58)	(38.0 %)
88005-Airfest Expense - Lodging	0.00	15,874.97	(15,874.97)	(100.0 %)
88007-Airfest Expense - Rental Cars	0.00	1,650.00	(1,650.00)	(100.0 %)
88008-Airfest Expense - Safety & Security	21,786.95	21,799.97	(13.02)	(.1 %)
88009-Airfest Expenses- Miscellaneous	6,697.45	2,875.03	3,822.42	133.0 %
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	1,252,134.16	1,617,491.62	(365,357.46)	(22.6 %)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income	873,779.85	2,495,597.44	(1,621,817.59)	(25.7 %)
	<hr/>	<hr/>	<hr/>	<hr/>

Santa Maria Public Airport District  
Balance Sheet  
As of September 30, 2022

User: Veroneka  
Reada

Current Assets:

Cash and cash equivalents	8,640,288
Restricted - cash and cash equivalents	1,559,251
Certificate-of-deposit	8,000
Accounts receivable - customers and tenants, net	(21,934)
Prepaid expenses and deposits	538,677
	<hr/>
Total current assets	10,724,282

Non-current assets:

Note receivable	166,218
Interest Receivable	0
Capital assets, not being depreciated	6,433,420
Depreciable capital assets	20,484,105
Deferred other post-employment benefits outflows	77,902
Deferred pension outflows	445,936
	<hr/>
Total non-current assets	27,607,581

Total assets	<hr/> 38,331,862
--------------	---------------------

Current Liabilities:

Accounts payable and accrued expenses	200,795
Accrued wages and related payables	6,969
Unearned Revenue (customer prepaid)	168,359
Hangar and other deposits	113,410
Long-term liabilities - due in one year:	
Compensated absences	43,142
Land improvements payable	18,566
	<hr/>
Total current liabilities	551,240

Long-term liabilities - due in more than one year

Compensated absences	129,427
Land improvements payable	105,207
Total other post-employment benefits liability	373,325
Net pension liability	2,056,379
Deferred pension inflows	92,912
	<hr/>
Total long term liabilities	2,757,250

Total Liabilities	<hr/> 3,308,491
-------------------	-----------------

Net position:

Retained Earnings	34,250,915
Change in Net Position	873,780
	<hr/>
Total net position	35,124,695

Total liabilities and net position	<hr/> 38,433,185
------------------------------------	---------------------

Santa Maria Public Airport District  
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As of September 30, 2022

User: Veroneka  
Reada

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	<hr/>
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Total Liabilities	<hr/> 3,308,491
-------------------	-----------------

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Change in Net Position	873,780
	<hr/>
Total net position	35,124,695

Total liabilities and net position	<hr/> 38,433,185
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**MEMORANDUM**

**Santa Maria Public Airport District**

**DATE:** October 27, 2022  
**TO:** Board of Directors  
**FROM:** Veroneka Reade, Manager of Finance and Administration  
**SUBJECT:** Quarterly Investment Report – September 30, 2022

On April 11, 1996, the Board of Directors adopted Resolution 557 establishing an investment policy for the Santa Maria Public Airport District. Paragraph 12 of that resolution requires the District Manager of Finance and Administration to submit a quarterly investment report to the Board of Directors. This report covers the quarter ending September 30, 2022.

California Government Code Section 53646(e) specifies that if all funds of the District are placed in the Local Agency Investment Fund (LAIF), FDIC-insured accounts and/or in a county investment pool, then the quarterly investment report may consist of copies of the latest statements from such institutions.

The Local Agency Investment Fund (LAIF) is a division of the Pooled Money Investment Account of the State of California (PMIA). Statements of the District's LAIF account activity and the Pooled Money Investment Board Report as of September 30, 2022, are attached and made a part of this quarterly investment report to the District's Board of Directors.

California Government Code Section 53646(b)(1) specifies that the quarterly report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. The report shall also include a current market value as of the date of the report and shall include the source of this same valuation. This information is included in the local agency report as of September 30, 2022. Statements of the District's Pacific Premier account activity and the Local Agency report as of September 30, 2022, are attached and made a part of this quarterly investment report to the District's Board of Directors.

I certify with the filing of this quarterly investment report for the periods ending September 30, 2022, that (1) all investment actions executed during the quarter were made in full compliance with the Investment Policy and, (2) the portfolio is in compliance with the investment policy and (3) the Santa Maria Public Airport District will meet its expenditure obligations for the next six months.

SANTA MARIA PUBLIC AIRPORT DISTRICT  
STATEMENT OF LAIF ACCOUNT ACTIVITIES  
FOR QUARTER ENDING SETEMBER 30, 2022

LAIF	
BEGINNING BALANCE LAIF (06/30/22)	<u>\$4,788,643.49</u>
TRANSFERS OF EXCESS FUNDS TO LAIF	<u>\$1,100,000.00</u>
PREVIOUS QUARTER'S INTEREST POSTED LAIF	<u>\$8,965.34</u>
TRANSFERS OUT FOR DISTRICT USE	
ENDING BALANCE LAIF	<u>\$5,897,608.83</u>
INTEREST EARNED DURING CURRENT QUARTER LAIF	<u>\$17,667.44</u>

**Note: LAIF was earning 1.35% as of 09/30/22**

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

October 19, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

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SANTA MARIA PUBLIC AIRPORT DISTRICT

CONTROLLER  
3217 TERMINAL DRIVE  
SANTA MARIA, CA 93455

Tran Type Definitions

**Account Number:** 80-42-001

July 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
7/15/2022	7/15/2022	QRD	1709134	N/A	SYSTEM	8,965.34

**Account Summary**

Total Deposit:	8,965.34	Beginning Balance:	4,788,643.49
Total Withdrawal:	0.00	Ending Balance:	4,797,608.83

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

October 19, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

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SANTA MARIA PUBLIC AIRPORT DISTRICT

CONTROLLER  
3217 TERMINAL DRIVE  
SANTA MARIA, CA 93455

Tran Type Definitions

**Account Number:** 80-42-001

August 2022 Statement

<b>Effective Date</b>	<b>Transaction Date</b>	<b>Tran Type</b>	<b>Confirm Number</b>	<b>Web Confirm Number</b>	<b>Authorized Caller</b>	<b>Amount</b>
8/29/2022	8/29/2022	RD	1712546	1672864	VERONEKA READE	1,100,000.00

**Account Summary**

Total Deposit:	1,100,000.00	Beginning Balance:	4,797,608.83
Total Withdrawal:	0.00	Ending Balance:	5,897,608.83

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
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October 19, 2022

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

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SANTA MARIA PUBLIC AIRPORT DISTRICT

CONTROLLER  
3217 TERMINAL DRIVE  
SANTA MARIA, CA 93455

Tran Type Definitions

//

**Account Number:** 80-42-001

September 2022 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	5,897,608.83
Total Withdrawal:	0.00	Ending Balance:	5,897,608.83

SANTA MARIA PUBLIC AIRPORT DISTRICT  
 STATEMENT OF PACIFIC PREMIER INVESTMENT ACCOUNT ACTIVITIES  
 FOR QUARTER ENDING SEPTEMBER 30, 2022

Pacific Premeier	
BEGINNING BALANCE PACIFIC PREMIER BANK (06/30/22)	<u>\$3,006,060.93</u>
TRANSFERS OUT FOR DISTRICT USE	
INTEREST POSTED	<u>\$3,605.28</u>
Deposits	
ENDING BALANCE HERITAGE OAKS	<u>\$3,009,666.21</u>

**Note: Pacific Premier was earning 1.6366% as of 9/30/22**



SANTA MARIA PUBLIC AIRPORT DISTRICT  
3217 TERMINAL DR  
SANTA MARIA CA 93455-1836

Page 1 of 1  
Branch 128  
Account Number: 4108097100  
Date 07/29/2022

EM

**BUSINESS MONEY MARKET** **Acct 4108097100**

**Summary of Activity Since Your Last Statement**

Beginning Balance	7/01/22	3,006,060.93
Deposits / Misc Credits	1	434.06
Withdrawals / Misc Debits	0	.00
** Ending Balance	7/31/22	3,006,494.99 **
Service Charge		.00
Interest Paid Thru 7/31/22		434.06
Interest Paid Year To Date		2,967.13
Average Collected Balance		3,006,060
Average Rate / Cycle Days		.17000 / 31

**Deposits and Credits**

Date	Deposits	Withdrawals	Activity Description
7/29	434.06		INTEREST EARNED

**Daily Balance Summary**

Date	Balance	Date	Balance	Date	Balance
7/29	3,006,494.99				



SANTA MARIA PUBLIC AIRPORT DISTRICT  
3217 TERMINAL DR  
SANTA MARIA CA 93455-1836

Page 1 of 1  
Branch 128  
Account Number: 4108097100  
Date 08/31/2022

EM

**BUSINESS MONEY MARKET** **Acct 4108097100**

**Summary of Activity Since Your Last Statement**

Beginning Balance	8/01/22	3,006,494.99
Deposits / Misc Credits	1	541.22
Withdrawals / Misc Debits	0	.00
** Ending Balance	8/31/22	3,007,036.21 **
Service Charge		.00
Interest Paid Thru 8/31/22		541.22
Interest Paid Year To Date		3,508.35
Average Collected Balance		3,006,494
Average Rate / Cycle Days		.21193 / 31

**Deposits and Credits**

Date	Deposits	Withdrawals	Activity Description
8/31	541.22		INTEREST EARNED

**Daily Balance Summary**

Date	Balance	Date	Balance	Date	Balance
8/31	3,007,036.21				



SANTA MARIA PUBLIC AIRPORT DISTRICT  
3217 TERMINAL DR  
SANTA MARIA CA 93455-1836

Page 1 of 1  
Branch 128  
Account Number: 4108097100  
Date 09/30/2022

EM

**BUSINESS MONEY MARKET** **Acct 4108097100**

**Summary of Activity Since Your Last Statement**

Beginning Balance	9/01/22	3,007,036.21	
Deposits / Misc Credits	1	2,630.00	
Withdrawals / Misc Debits	0	.00	
** Ending Balance	9/30/22	3,009,666.21	**
Service Charge		.00	
Interest Paid Thru 9/30/22		2,630.00	
Interest Paid Year To Date		6,138.35	
Average Collected Balance		3,007,036	
Average Rate / Cycle Days		1.06366 / 30	

**Deposits and Credits**

Date	Deposits	Withdrawals	Activity Description
9/30	2,630.00		INTEREST EARNED

**Daily Balance Summary**

Date	Balance	Date	Balance	Date	Balance
9/30	3,009,666.21				



## State of California Pooled Money Investment Account Market Valuation 9/30/2022

Description	Carrying Cost Plus Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
United States Treasury:				
Bills	\$ 46,457,160,163.94	\$ 46,657,126,553.35	\$ 46,514,062,000.00	NA
Notes	\$ 101,947,915,596.75	\$ 101,931,736,332.18	\$ 98,369,732,500.00	\$ 237,324,054.50
Federal Agency:				
SBA	\$ 334,748,643.50	\$ 334,663,003.17	\$ 335,043,755.16	\$ 569,406.02
MBS-REMICs	\$ 3,916,682.58	\$ 3,916,682.58	\$ 3,897,852.17	\$ 17,633.20
Debentures	\$ 8,593,591,055.03	\$ 8,592,721,013.39	\$ 8,353,930,850.00	\$ 19,156,465.50
Debentures FR	\$ -	\$ -	\$ -	\$ -
Debentures CL	\$ 2,650,000,000.00	\$ 2,650,000,000.00	\$ 2,574,109,000.00	\$ 18,005,248.00
Discount Notes	\$ 30,277,339,791.63	\$ 30,410,365,854.03	\$ 30,310,774,000.00	NA
Supranational Debentures				
Supranational Debentures	\$ 2,229,190,558.99	\$ 2,229,010,003.43	\$ 2,133,180,400.00	\$ 7,597,861.50
Supranational Debentures FR	\$ -	\$ -	\$ -	\$ -
CDs and YCDs FR				
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 100,000,000.00	\$ 100,000,000.00	\$ 99,780,349.59	\$ 775,000.00
CDs and YCDs	\$ 14,260,000,000.00	\$ 14,260,000,000.00	\$ 14,229,806,876.24	\$ 76,472,855.58
Commercial Paper	\$ 10,239,348,756.91	\$ 10,295,023,243.07	\$ 10,275,778,388.91	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ 481,185,800.06	\$ 481,129,063.95	\$ 451,006,190.00	\$ 2,646,445.75
Repurchase Agreements				
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase				
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits				
Time Deposits	\$ 4,909,000,000.00	\$ 4,909,000,000.00	\$ 4,909,000,000.00	NA
PMIA & GF Loans				
PMIA & GF Loans	\$ 367,981,000.00	\$ 367,981,000.00	\$ 367,981,000.00	NA
<b>TOTAL</b>	<b>\$ 222,851,378,049.39</b>	<b>\$ 223,222,672,749.15</b>	<b>\$ 218,928,083,162.07</b>	<b>\$ 362,564,970.05</b>

Fair Value Including Accrued Interest

\$ 219,290,648,132.12

Repurchase Agreements, Time Deposits, PMIA & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (0.980760962). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$19,615,219.23 or \$20,000,000.00 x 0.980760962.



Pooled Money Investment Account

Portfolio as of 09-30-2022

## PAR VALUES MATURING BY DATE AND TYPE

Maturities in Millions of Dollars<sup>1</sup>

ITEM	1 day to 30 days	31 days to 60 days	61 days to 90 days	91 days to 120 days	121 days to 150 days	151 days to 180 days	181 days to 210 days	211 days to 270 days	271 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 year/out	Total	Weight (% of Total)
TREASURY	\$ 10,700	\$ 10,050	\$ 9,800	\$ 5,750	\$ 8,600	\$ 12,650	\$ 1,150	\$ 9,150	\$ 20,100	\$ 43,000	\$ 16,950	\$ 800	\$ 300	\$ 149,000	66.43%
AGENCY <sup>2</sup>	\$ 7,685	\$ 4,200	\$ 3,625	\$ 3,156	\$ 3,400	\$ 4,475	\$ 2,300	\$ 4,660	\$ 3,865	\$ 3,755	\$ 2,725	\$ 1,000	\$ 350	\$ 45,196	20.15%
CDs + BNs	\$ 4,510	\$ 1,400	\$ 1,950	\$ 1,700	\$ 1,650	\$ 1,300	\$ 1,400	\$ 50	\$ 400					\$ 14,360	6.40%
CP	\$ 3,050	\$ 2,450	\$ 1,550	\$ 1,450	\$ 750	\$ 900	\$ 200							\$ 10,350	4.61%
TDs	\$ 1,239	\$ 694	\$ 1,502	\$ 567	\$ 204	\$ 704								\$ 4,909	2.19%
CORP BND				\$ 55		\$ 20	\$ 25		\$ 25	\$ 79	\$ 123	\$ 74	\$ 75	\$ 476	0.21%
REPO														\$ -	0.00%
BAs														\$ -	0.00%
<b>TOTAL</b>	<b>\$ 27,183</b>	<b>\$ 18,794</b>	<b>\$ 18,427</b>	<b>\$ 12,678</b>	<b>\$ 14,604</b>	<b>\$ 20,049</b>	<b>\$ 5,075</b>	<b>\$ 13,860</b>	<b>\$ 24,390</b>	<b>\$ 46,834</b>	<b>\$ 19,798</b>	<b>\$ 1,874</b>	<b>\$ 725</b>	<b>\$ 224,291</b>	<b>100.00%</b>
<b>Percent</b>	<b>12.12%</b>	<b>8.38%</b>	<b>8.22%</b>	<b>5.65%</b>	<b>6.51%</b>	<b>8.94%</b>	<b>2.26%</b>	<b>6.18%</b>	<b>10.87%</b>	<b>20.88%</b>	<b>8.83%</b>	<b>0.84%</b>	<b>0.32%</b>		
<b>Cumulative %</b>	<b>12.12%</b>	<b>20.50%</b>	<b>28.71%</b>	<b>34.37%</b>	<b>40.88%</b>	<b>49.82%</b>	<b>52.08%</b>	<b>58.26%</b>	<b>69.13%</b>	<b>90.01%</b>	<b>98.84%</b>	<b>99.68%</b>	<b>100.00%</b>		

<sup>1</sup> Figures are rounded to the nearest million. Percentages may be off due to rounding. Totals do not include PMIA and General Fund loans.

<sup>2</sup> SBA Floating Rate Securities are represented at coupon change date. Mortgages are represented at current book value.



October 27, 2022

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

**Subject:** Authorization for the general manager, one director and district counsel to attend the role of the airport attorney workshop to be held January 21<sup>st</sup>, 2023, in Monterey, CA.

**Summary**

This conference focuses on the attorney role at airports.

**Budget**

		Attendees	Days	Rate	Total
Fees:	Registration	3		\$220.00	\$660.00
	Transportation	3		\$227.50	\$682.50
	Lodging	3	1	\$278.00	\$834.00
	Meals	3	2	\$60.00	\$360.00
	<b>Total:</b>				\$2,536.50

**Overall Impact:**

2022-2023 Budget for Business Travel	\$83,660.00
Previously Approved Business Travel	\$22,402.00
Current Balance for Business Travel	\$61,258.00
Amount of this Request	\$2,536.50
Balance Remaining if Approved	\$58,721.50

**Recommendation**

Staff recommends the board authorize this travel to improve staff and attorney knowledge of the attorney roles at airports.

Sincerely,

Veroneka Reade  
 Manager of Finance and Administration



October 27, 2022

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

**Subject:** Authorization for three staff members and one Director to attend the 2023 S.W.A.A.E. Winter conference to be held January 22<sup>nd</sup> through January 25<sup>th</sup>, 2023, in Monterey CA.

**Summary**

This program will be focused on interactive topics involving current events, challenges, and opportunities in the Airport industry. This conference will bring together a diverse group of innovative thinkers from across the region to discuss the ongoing transformation of airports and their professionals.

**Budget**

		Attendees	Days	Rate	Total
Fees:	Registration	4		\$460.00	\$1,840.00
	Transportation	2		\$227.50	\$455.00
	Lodging	4	3	\$278.00	\$3,336.00
	Meals	4	4	\$60.00	\$960.00
	<b>Total:</b>				\$6,591.00

**Overall Impact:**

2022-2023 Budget for Business Travel	\$83,660.00
Previously Approved Business Travel	\$24,938.50
Current Balance for Business Travel	\$58,721.50
Amount of this Request	\$6,591.00
Balance Remaining if Approved	\$52,130.50

**Recommendation**

Staff recommends the board authorize this travel.

Sincerely,

Veroneka Reade  
 Manager of Finance and Administration



October 27, 2022

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

**Subject:** Authorization for one staff member and one community member to attend the Mead & Hunt air service development conference to be held January 31<sup>st</sup> through February 2<sup>nd</sup>, 2023, in Phoenix, AZ.

**Summary**

This conference allows staff to meet with airline personnel and network with other airports.

**Budget**

		Attendees	Days	Rate	Total
Fees:	Registration	2		\$1,800.00	\$3,600.00
	Air Transportation	2		\$860.00	\$1,720.00
	Ground Transportation	2		\$30.00	\$60.00
	Lodging	2	2	\$335.00	\$1,340.00
	Meals	2	3	\$60.00	\$360.00
	<b>Total:</b>				\$7,080.00

**Overall Impact:**

2022-2023 Budget for Business Travel	\$83,660.00
Previously Approved Business Travel	\$31,529.50
Current Balance for Business Travel	\$52,130.50
Amount of this Request	\$7,080.00
Balance Remaining if Approved	\$45,050.50

**Recommendation**

Staff recommends the board authorize this travel.

Sincerely,

Veroneka Reade  
 Manager of Finance and Administration

**RESTATED LEASE**  
**BETWEEN**  
**SANTA MARIA PUBLIC AIRPORT DISTRICT**  
**AND**  
**H&H, LLC AND EDGEWATER MOTEL, INC.**

# LEASE

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## RESTATED LEASE

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This Restated Lease (the "Lease") is made and entered into by and between: **Santa Maria Public Airport District**, hereinafter called "**District**," and **H&H, LLC AND EDGEWATER MOTEL, INC.** hereinafter collectively called "**Tenant**".

This Lease shall restate and supplant in its entirety the existing lease of the Premises dated July 14, 2011 but effective as of August 1, 2011. This restated Lease shall be effective as of the Commencement Date of this Lease as defined in Section 2.01. Subject to the Commencement Date, this Lease shall also serve to cancel all documents, recorded or otherwise, relating to the existing lease.

### ARTICLE 1. PREMISES

**Section 1.01 Premises.** District hereby leases to Tenant and Tenant hereby rents from District the property, hereinafter called "Premises," located on the Santa Maria Airport, and hereinafter called "Airport" subject to the reservations, easements, restrictions, conditions and limitations set forth in Exhibits "A", "B" and "C" and hereinafter expressed. The Premises are briefly described as follows:

**A parcel of land containing an area of approximately 5.19 acres (226,076 square feet) located at 3455 Skyway Drive, Santa Maria, CA 93455. Attached hereto as EXHIBIT "A" is a complete property description, and as EXHIBIT "A-1" a site map.**

**Section 1.02 District's Warranty of Quiet Enjoyment.** District covenants and agrees that Tenant upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions and terms of this Lease on Tenant's part to be kept or performed, shall lawfully and quietly hold, occupy, and enjoy the Premises during the term of this Lease without hindrance or molestation of District or any person claiming under District. District covenants and warrants to Tenant that at the date of commencement of the term of this Lease it has title to the Premises, subject to the rights, exceptions, easements, reservations, restrictions, conditions and limitations set forth in Exhibits "A," "B" and "C" attached hereto or hereinafter expressed.

### ARTICLE 2. LEASE TERM

**Section 2.01 Term.** The term of this Lease shall be for a period of forty (40) years, commencing on the date, but immediately before the close of pending escrow between Tenant as Seller and United Lions Corporation as Buyer for the purchase and sale of the improvements and business located on the Premises closes ("Commencement Date") and expiring, unless sooner terminated as hereinafter provided, at midnight on the date which is forty (40) years later ("Expiration Date"), subject to extension as provided in Sections 2.02 and 2.03 below. Concurrently with the Commencement Date, the parties shall execute and deliver to each other a memorandum memorializing the Commencement Date and the Expiration Date.

If the foregoing escrow does not close on or before December 15, 2022, then this restated Lease shall be of no force or effect.

**Section 2.02 Term Extension for Fractional Months.** If the Commencement Date described in Section 2.01 occurs on a day other than the first day of a calendar month, then the Lease term

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shall include the unexpired fraction of the calendar month in which the Commencement Date occurs, plus forty (40) full years from the first day of the calendar month immediately following the calendar month in which the Commencement Date referenced in Section 2.01 occurs.

**Section 2.03 Option to Extend.** District hereby grants to Tenant one (1) option (the “Extension Option”) to extend the Lease term following expiration of the original term for a period of ten (10) years on the following terms and conditions.

(a) The Extension Option shall be exercisable only by written notice delivered by Tenant to the District not more than twelve (12) months nor less than six (6) months before the Expiration Date, stating that Tenant unequivocally exercises its Extension Option.

(b) As of the date of delivery of such notice and at commencement of the Extension Option period, Tenant shall not be in default of any of its obligations under this Lease.

(c) Concurrently with delivering the notice and as a condition of such notice’s effectiveness, the Tenant shall deliver to District notice in writing of capital improvements, replacements, and renovations which Tenant has made or will complete to the Hotel Improvements (as defined in Section 5.01 below) during the last ten years of the basic Lease term and which capital improvements, replacements and renovations shall have a reasonable cost not less than Five Hundred Thousand Dollars (\$500,000.00).

Such capital improvements, replacements and renovations shall be ones that preserve and / or increase the value of the then existing Hotel Improvements and shall be constructed in accordance with Section 5.03 below.

## ARTICLE 3. RENT

**Section 3.01 Rent.** For the Premises, Tenant shall pay District, monthly, on or before the first day of each calendar month, without demand, deduction or offset or notice, the greater of:

- A. A minimum monthly payment as specified in Section 3.02 which is initially set in the amount of \$15,400.00.
- B. Percentage Rent as specified in Section 3.05.

**Section 3.02 New Minimum Monthly Rent Established Every Ten Years.** The term “decade”, as used in this section, means each period of ten (10) years during the term of this Lease. The “first decade” is the ten-year period beginning on the Commencement Date of the Lease term; the “second decade” is the ten-year period beginning on the first day following the first decade, and so on. A new minimum monthly rent shall be determined every ten (10) years during the Lease term as hereinafter provided. The minimum monthly rent payable monthly for and during each decade, after the first (1<sup>st</sup>) decade, shall be an amount obtained by multiplying (i) a decimal factor of .0066667 by (ii) the fair market value of the Premises determined by the appraisal methodology set forth below as of the one hundred twentieth (120<sup>th</sup>) day prior to the commencement date of the particular decade for which the minimum monthly rent is to be determined (the “Valuation Date”). The foregoing decimal factor of .0066667 is a monthly capitalization rate applied to the fair market value of the Premises so as to yield an imputed annual return of either percent (8%) per annum on the fair market value of the Premises as appraised and is computed by the following formula:

$$A/B = .0066667 \text{ (factor)}$$

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A = .08 (annual return of 8%)

B = 12 (12 calendar months)

The monthly rent of \$15,400.00 in subsection A of Section 3.01 was arrived at by multiplying the factor (.0066667) by the fair market value of the Premises of \$2,310,000 based on an appraisal of similar airport property completed November 29, 2021. Thus, \$2,310,000 times .0066667 equals \$15,400 per month, as \$2,310,000 times 8% times 1/12 equals \$15,400 per month. District and Tenant shall bear their respective expenses and costs relating to the appraisals and services of the appraisers selected by them, except they shall share equally in the expenses and reasonable fees of the single appraiser or the third (3<sup>rd</sup>) appraiser as provided in Section 3.03, if they are unable to agree on the third appraiser.

**Section 3.03 Appraised Value of Premises.** The fair market value of the Premises (herein referred to as the “appraised value of the Premises”) shall be determined as of any given Valuation Date by appraising the Premises as encumbered with easements and reservations set forth in Exhibits “A”, “B” and “C” attached hereto, and without including in the appraisal the value for improvements installed or constructed by or for Tenant, and with reductions in appraised value by the amount of special assessments previously paid or incurred by Tenant for public improvements in place at the time of the determination of the appraised value of the Premises, which improvements benefit the Premises. The appraisals to establish the minimum monthly rent for the second (2<sup>nd</sup>), third (3<sup>rd</sup>), fourth (4<sup>th</sup>) and, if the option to extend is exercised, fifth (5<sup>th</sup>) decades as defined and provided in this section shall be made on the basis that the Premises will be used as a site for an approximately one hundred eighty-four (184) room hotel. The appraised value of the Premises will be set by the parties, if they can agree on the amount within thirty (30) days after the Valuation Date. If the parties are unable to agree upon the appraised value of the Premises within thirty (30) days after the Valuation Date, the appraised value of the Premises shall be determined by a single appraiser agreed upon by the parties within forty (40) days after the Valuation Date. If they are unable to agree on such a single appraiser within the 40-day period, such appraised value of the Premises shall be determined by appraisers as follows.

Within fifty (50) days after the Valuation Date each party by giving notice to the other party, shall appoint a real estate appraiser with at least five (five) years full-time commercial appraisal experience in the area in which the Premises is located to appraise and set the appraised value of the Premises. If a party does not appoint an appraiser within fifty (50) days after the Valuation Date and the other party has given notice of the name of its appraiser within such 50-day period, the single appraiser appointed shall be the sole appraiser and shall set the appraised value of the Premises. If the two (2) appraisers are appointed by the parties, they shall meet promptly and attempt to set the appraised value of the Premises. If they are unable to agree within eighty (80) days after the Valuation Date, they shall attempt to elect a third appraiser meeting the qualifications stated in this Section within ninety (90) days after the Valuation Date. If they are unable to agree on the third (3<sup>rd</sup>) appraiser, either of the parties to this Lease by giving ten (10) days’ notice to the other party can apply to the presiding judge of the Superior Court of Santa Barbara County in Santa Maria for the selection of a third (3<sup>rd</sup>) appraiser who meets the qualifications stated in this Section. The third (3<sup>rd</sup>) appraiser, however selected, shall be a person who has not previously acted in any capacity for either party.

Within thirty (30) days after the selection of the third (3<sup>rd</sup>) appraiser, a majority of the appraisers shall set the appraised value of the Premises. If a majority of the appraisers are unable to set the appraised value of the Premises within the stipulated period of time, the three (3) appraisals shall be added together and their total divided by three (3); the resulting quotient shall be the appraised value of the Premises. If, however, the low appraisal and/or the high appraisal are/is more than ten percent (10%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If only one (1) appraisal is disregarded,

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the remaining two (2) appraisals shall be added together and their total divided by two (2); the resulting quotient shall be the appraised value of the Premises. If both the low appraisal and the high appraisal are disregarded as stated in this Section, the middle appraisal shall be the appraised value of the Premises. After the appraised value of the Premises has been set, the appraisers shall immediately notify the parties in writing.

**Section 3.04 Payment of Minimum Monthly Rent.** The minimum monthly rent provided in Sections 3.01 and 3.02 is payable in advance on the first (1<sup>st</sup>) day of each calendar month during the term of this Lease, without deduction or offset, except as otherwise expressly permitted in this Lease, at such address as District shall direct Tenant in writing. Pending the determination of the minimum monthly rent for a succeeding decade pursuant to Section 3.02, Tenant shall continue to pay the minimum monthly rent at the same rate for the last month of the preceding decade period, and when the new minimum monthly rent has been determined, Tenant on the first (1<sup>st</sup>) day of the month following the furnishing by District to Tenant of the computation thereof shall pay to District the amount of the difference due between the former rent paid and the new minimum monthly rent for the months that have elapsed since the beginning of the current decade period. If the new minimum monthly rent is less than the former rent paid, District shall promptly refund to Tenant any overpayment.

**Section 3.05 Percentage Rent.** Tenant shall calculate and report monthly percentage rent (hereinafter referred to as "Percentage Rent") in the amount by which a sum equal to three percent (3%) of Room Revenues, as hereinafter defined, and one percent (1%) of Food and Beverage Revenues, as hereinafter defined, received each month during the term of this Lease. The term "Room Revenues", as used herein, is defined to mean all charges, fees, rents, receipts, income, or revenues received by Tenant and all permittees, franchisees, licensees, concessionaires, tenants and subtenants of Tenant from leasing, hiring, renting, subletting or permitting the use or occupancy of any rooms, halls or other space in any building on the Premises, provided Percentage Rent will not be computed on Room Revenues received by a permittee, franchisee, licensee, concessionaire, tenant or subtenant of Tenant, which are paid to Tenant, reported by Tenant to District as Room Revenues and Percentage Rent paid thereon by Tenant to District. The term "Food and Beverage Revenues" as used herein, is defined to mean the gross sales, receipts, income or revenues received by Tenant, its subtenants, licensees, franchisees, permittees, or concessionaires from all sales of food and beverages of any kind served, dispensed or delivered at any place in or on the Premises, including but not limited to the gross receipts from restaurants and bar operations, hotel room service, banquets and vending machines. The terms "Room Revenues" and "Food and Beverage Revenues" are collectively hereinafter referred to as "Percentage Rent Revenues". Percentage Rent Revenues shall include sales or services whether for cash or on credit, but excluding sales taxes, consumers' excise taxes, gross receipts taxes, hotel room taxes, and other similar taxes now or hereafter imposed upon the Percentage Rent Revenues, but only if collected separately from the selling price or charges and collected from the customer or guest. Percentage Rent shall be computed each month during the term of this Lease. Percentage Rent payable by Tenant to District as hereinabove provided shall be paid by Tenant to District within fifteen (15) days after the end of the calendar month during which the Percentage Rent Revenues on which it was computed were received accompanied by a statement of the Percentage Rent Revenues on which the Percentage Rent was computed. Each statement shall be signed and certified to be correct by Tenant or its authorized representative. Each statement shall specify the source of the Percentage Rent Revenues in such detail as District may reasonably require and the amounts of each source. Acceptance of any rents hereunder on the basis of any statement furnished by Tenant shall not in any case be deemed an approval or acceptance by District of the accuracy of such statement or the amount of Percentage Rent payable hereunder. Tenant shall keep in the City of Santa Maria, California, true and complete records and accounts of the Percentage Rent Revenues, in such form and detail as District may require, and shall give District access, during reasonable hours, to such records and accounts.

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Tenant shall keep and preserve for at least four (4) years after the end of each Lease year all such books, records, and accounts and other evidence of the Percentage Rent Revenues. District shall have the right at any time and from time to time to audit all of the books of account, bank statements, documents, records, papers and files of Tenant relating to revenues, sales, services, income and business transactions or other matters which in any way relate to Percentage Rent Revenues and the Percentage Rents payable hereunder, or the determination thereof, and, on request by District, Tenant shall make all such matters available at reasonable times for examination in the City of Santa Maria. Each party agrees to pay to the other on demand the amounts that may be necessary to effectuate any adjustment as a result of the audit. Except as hereinafter provided, audits by District pursuant to this section may cover up to two (2) prior Lease years (and from the end of the last Lease year to the month prior to start of the audit, if desired by District or requested by Tenant), provided an audit may cover a total of four (4) Lease years, in the Percentage Rent shown by Tenant' statements for a two-year audit are understated by ten percent (10%) or more.

If District receives a written Notice of Intended Assignment given pursuant to Section 10.02, District shall have sixty (60) days (subject to extension as hereinafter provided) after receipt of the Notice of Intended Assignment within which to conduct an audit of Tenant's books and records for periods prior to such receipt of the Notice of Intended Assignment in accordance with this section. If the proposed assignment is not effected within sixty (60) days after expiration of the sixty (60) day audit period for completion of the audit by District, Tenant shall bear the cost of the audit. Otherwise, the cost of such audit shall be borne by District, unless Tenant's statements furnished to District during the period audited shall have been understated by more than five percent (5%), in which event Tenant shall immediately pay to District on demand the cost of such audit, the amount of the additional Percentage Rent disclosed by the audit to be due District, plus an amount equal to ten percent (10%) of such additional Percentage Rent due and the interest on the additional Percentage Rent at the rate provided in Section 13.06 from the date the additional Percentage Rent was payable to District to the date it is paid. Each party shall immediately pay to the other on demand the amounts that may be necessary to effectuate any adjustment as a result of the audit. If, after receipt of a written Notice of Intended Assignment, District fails to conduct an audit within sixty (60) days thereafter, District will have waived its rights to an audit for periods prior to the receipt of the Notice of Intended Assignment, provided the proposed assignment is in fact effected within one hundred twenty (120) days after receipt of the Notice of Intended Assignment by District. If District commences but fails to complete an audit within sixty (60) days after receipt of a Notice of Intended Assignment, District will have waived its rights to complete the audit for unaudited periods prior to receipt of the Notice of Intended Assignment, provided the proposed assignment is in fact effected within one hundred twenty (120) days after District's receipt of the Notice of Intended Assignment.

If District elects to audit the period commencing on the day following receipt of Notice of Intended Assignment and ending on the day preceding the effective date of the assignment (the "Interim Period"), then for purposes of auditing the Interim Period only, the following procedure shall control:

(a) The assignment shall not be affected by District's desire to audit the Interim Period, if the Interim Period is no longer than one hundred twenty days, and under no circumstances will the assignee be held liable for additional Percentage Rent due, if any, resulting from gross receipts arising prior to the effective date of the assignment.

(b) District shall start and diligently pursue an audit within thirty (30) days after the effective date of the assignment and notice of the assignment in writing is received by District, and failing that shall be held to have waived its rights to audit the Interim Period, provided the Interim Period is no longer than one hundred twenty (120) days, and the amounts previously

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reported by Tenant for such Interim Period, provided the assignment is effected within one hundred twenty (120) days of the beginning of the Interim Period, shall be final and binding on the parties. Each party shall immediately pay to the other on demand the amounts that may be necessary to effectuate any adjustment as the result of the audit. If an audit of the Interim Period should indicate that additional Percentage Rent remains payable, then Tenant-assignor shall pay immediately such amount to District, and if such audit of the Interim Period discloses an understatement of Percentage Rent by Tenant-assignor of more than five percent, (5%) Tenant-assignor shall immediately pay to District the cost of the audit, the amount of the additional Percentage Rent disclosed by the audit to be due District, plus an amount equal to ten percent (10%) of such additional Percentage Rent due and interest on the additional Percentage Rent at the rate provided in Section 13.06 from the date the additional Percentage Rent was payable to District to the date it is paid. If such audit reveals that Tenant-assignor has overpaid the Percentage Rent for the Interim Period, District shall immediately pay the amount of overpayment to Tenant-assignor.

(c) Upon Tenant's request, an estoppel certificate as provided for in Section 16.06 shall be executed, acknowledged and delivered as therein provided with the certification of applicable facts existing at the time of the execution of the estoppel certificate. The certificate may include reference to any additional Percentage Rent found to be owing as a result of an audit, provided the estoppel certificate shall specifically state that the assignee shall not be held liable for any such amounts found owing by Tenant assignor, if the assignment to the assignee is effected within one hundred twenty (120) days after the beginning of the Interim Period, which shall be stated in the certificate. The time for District to complete an audit as above provided in this section shall be extended for a period equal to the time Tenant's books and records are not true and complete during the pendency of the audit, or are not available for audit and inspection in Santa Maria, California, or District is prevented or delayed in performing the audit for causes beyond District's reasonable control. In the event any audit made by District pursuant to this section discloses that the amount of Percentage Rent shown by Tenant's statements furnished to District pursuant to Section 3.06 have been understated by more than five percent (5%), Tenant shall immediately pay to District on demand the cost of such audit, the amount of the additional Percentage Rent disclosed by the audit to be due District, plus an amount equal to ten percent (10%) of such additional Percentage Rent due and the interest on the additional Percentage Rent at the rate provided in Section 13.06 from the date the additional Percentage Rent was payable to District to the date it is paid.

**Section 3.06 Late Charge.** Tenant acknowledges that late payment of rent by Tenant to District will cause District to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if any installment of rent due from Tenant is not received by District on or before the tenth (10th) day following the date the rent is due (or on the next business day of District that is not a Saturday, Sunday or holiday on which the administrative office of District is closed for a whole day, if the day the rent installment is due falls on a Saturday, Sunday or holiday on which the administrative office of the District is closed for a whole day), Tenant shall pay to District an additional sum of ten percent (10%) of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that District will incur by reason of late payment by Tenant. Acceptance of any late charges shall not constitute a waiver of Tenants default with respect to the rights and remedies available to District.

## **Section 3.07. CPI Adjustment of Minimum Monthly Rent in Second Five-Year Period of Each Decade.**

(a) CPI Adjustment Calculation. The minimum monthly rent shall be adjusted upward, but not downward, as hereinafter provided, as of the first (1<sup>st</sup>) day of the sixth (6<sup>th</sup>) year of each

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decade, and the monthly rent so adjusted (herein sometimes referred to as the "CPI Adjusted Base Rent") shall be the monthly rent payable for and during the remaining five (5) years of such decade. The CPI Adjusted Base Rent will be an amount equal to the monthly rent for the preceding five (5) years increased, but not decreased, in the percentage proportion that the Consumer Price Index, All Items, 1982-84 = 100, Los Angeles-Long Beach-Anaheim, for All Urban Consumers (the "CPI Index") published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the third (3<sup>rd</sup>) calendar month immediately preceding the beginning of the sixth (6<sup>th</sup>) year of the decade in which the monthly rent is being adjusted shall be increased over the CPI Index for the first (1<sup>st</sup>) calendar month in which such decade begins, not to exceed a three percent (3%) increase per year.

(b) Change of Index. If the CPI Index described above is changed or modified, the CPI Index issued or published by the United States Department of Labor most nearly answering the description of the CPI Index above, shall be used in making the CPI Index rent adjustments. If the CPI Index is calculated from a base different from the base year 1982-1984 = 100, the base figure used for calculating the adjusted percentage shall first be converted under a formula supplied by the Department of Labor. If the CPI Index is no longer published or issued, the parties shall use such other index as is generally recognized and accepted for similar determinations of consumer purchasing power.

(c) Payment of Minimum Monthly Rent Pending CPI Index Calculation. Pending the determination of the minimum monthly rent adjustment pursuant to Section 3.08(a), Tenant shall continue to pay the minimum monthly rent in effect immediately prior to the scheduled adjustment date without any setoff or deduction, and when the new minimum monthly rent has been determined, Tenant, on the first (1<sup>st</sup>) day of the month following the furnishing by District to Tenant of the computation thereof, shall pay to District the amount of the difference due between the former rent paid and the new minimum monthly rent for the months that have elapsed since the Adjustment Date.

## ARTICLE 4. TAXES AND OTHER CHARGES

**Section 4.01 Tenant's Obligations.** Tenant shall pay before delinquency without abatement, offset, or deduction (i) all real and personal property taxes, general and special assessments, possessory interest taxes, and other taxes or charges of every description levied on or assessed against the Premises, improvements located on the Premises, personal property located on or in the Premises or improvements, the leasehold estate, or any sub leasehold estate, to the full extent of installments falling due during the term, whether belonging to or chargeable against District or Tenant, and (ii) all rental, gross receipts, privilege, license, and excise taxes, assessments, fees or charges imposed on or assessed or charged to District or Tenant during the term hereof with respect to or based on or measured by ownership, use or occupancy of the Premises, the act or privilege of leasing the Premises and the rents or income therefrom. Tenant shall make all such payments direct to the charging authority before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency. If, because of any change in or adoption of a new form, type or method of taxation by state and local governments or districts or imposition of a new tax by the Federal government, or any other tax, assessment or public charge is imposed upon District, or owner of the Premises, or upon or with respect to the Premises and improvements thereon, or any interests therein, or the rents or income therefrom, in substitution for, in lieu of, or in addition to any tax, assessment or public charge which would otherwise be a real estate or ad valorem property tax, such other taxes,

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assessments, or public charges shall be paid by Tenant before delinquency. Nothing in this Lease shall require Tenant to pay any franchise, estate, inheritance, succession, capital levy, or transfer tax of District or corporation, franchise or profit taxes imposed upon any owner of the fee title of the Premises, provided, that, if at any time hereafter, during the term of this Lease, new taxes are imposed, assessed, levied, or based on the rents payable under this Lease or on the rents, revenues, or receipts derived or received from the Premises and the improvements thereon, whether assessed, levied or charged to District or Tenant or both, and such taxes are in the nature of gross receipts, use, or excise tax, or in the nature of a tax on the right to do business, or in the nature of an ad valorem tax, Tenant shall pay such taxes before delinquency.

**Section 4.02 Contest.** Tenant may in good faith contest the legal validity or amount of any taxes, assessments, or charges for which Tenant is responsible under this Lease, and may institute such proceedings as Tenant considers necessary. If Tenant contests any such tax, assessment, or charge, Tenant may withhold or defer payment or pay under protest. If such contested tax, assessment or charge would be otherwise charged, assessed or levied on District or its property, Tenant shall protect District, the Premises, and improvements thereon, from any lien, charge, assessment or levy by a corporate surety bond equal to one hundred twenty-five percent (125%) of the total amount of taxes or other charges in dispute. The bond shall hold District and the Premises harmless from any damage arising out of the proceedings or contest and shall insure the payment of any judgment that may be rendered. District shall not be required to join in any such contest proceedings unless the provisions of any law, rule or regulation, at the time in effect, shall require that such proceedings be brought by or in the name of District or in the joint names of District and Tenant in which event District shall join in such proceedings or permit the same to be brought in District's name upon compliance with such conditions as District may reasonably require. District shall not be subjected to, but shall be indemnified by Tenant from and against any liability for the payment of any fees, including reasonable counsel fees, costs or expenses in connection with such proceedings. Tenant agrees to pay all such fees, including reasonable counsel fees, costs and expenses or, on demand, to make reimbursement to District for such payment.

**Section 4.03 Proration.** For any fraction of a tax year at the end of the term, or any extension, Tenant's obligation shall be prorated as of the end of the term. For any such fraction of a tax year at the end of the term, or any extension, District agrees to reimburse Tenant for District's portion of such taxes within thirty days after presentation to District of receipted copies of the tax bills. Prorations will be based on the portion that the tax fiscal years fall within the term of the Lease.

**Section 4.04 Utilities.** Tenant shall pay or cause to be paid all charges, deposits and connection fees for water, gas, electricity, telephone, communication services, sewers, trash removal; and any and all other utilities used upon or services furnished to the Premises or Tenant throughout the term.

## ARTICLE 5. CONSTRUCTION BY TENANT

**Section 5.01 Hotel Improvements by Tenant.** The Premises was originally leased from the District on November 20, 1984, for the construction and operation of a Hotel. The Hotel was constructed by the original, unrelated tenant. The Premises are now being leased expressly and primarily for the operation by Tenant of a four-story hotel containing approximately one hundred eight-four (184) guest rooms, restaurant, bar and lounge, meeting hall, swimming pool, related walkways, parking, landscaping and appurtenant facilities as described and shown in the plans and specifications described on Exhibit "D" attached hereto and made a part hereof (herein referred to as the "Hotel Improvements").

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**Section 5.02 Tenant's Right to Build or Remodel.** Tenant shall have the right at any time and from time to time during the Lease term to erect, maintain, alter, remodel, reconstruct, rebuild and replace the Hotel Improvements and other improvements on the Premises, and correct and change the contour of the Premises, subject to the conditions set forth in Section 5.03.

**Section 5.03 Conditions For Construction of Improvements.** The terms "improvement", "improvements" and "work of improvement", as used in this Section 5.03, mean and include the Hotel Improvements previously constructed as provided in Section 5.01 and other improvements permitted to be constructed pursuant to Section 5.02. The exercise of the rights of Tenant set forth in Section 5.02 shall be subject to the following conditions.

(a) **Cost Borne By Tenant.** The cost of any construction, reconstruction, demolition, or alteration of improvements, shall be borne and paid for by Tenant, without liability to District.

(b) **Claims.** Tenant shall defend, indemnify and save harmless District free and harmless against any and all liability, loss, damage, costs, attorneys' fees and other expenses on account of claims of contractors, sub-contractors, materialmen and laborers for work performed or materials or supplies furnished for Tenant or persons claiming under it. If Tenant shall desire to contest any such claim, it shall furnish District adequate security of the value or in the amount of the claim plus estimated costs and interest, or a bond of a corporate surety in such amount conditioned on the discharge or settlement of the claim, if the bonds furnished pursuant to Section 5.03, subsection (d)(6), do not provide for security of District against such liability. If the claim is reduced to a final judgment, including exhausting any appeal therefrom, if an appeal is taken, Tenant shall immediately pay and satisfy the same.

(c) **Notice of Nonresponsibility.** District shall be notified at least ten (10) days prior to the time of commencement of any work of improvement (as the term "work of improvement" is defined in California Civil Code Section 3106 or its superseding statute) or before first delivery to the Premises of any materials of Tenant's intention to commence such work or delivery and specify the nature of the intended improvements. District shall have the right to post and maintain on the Premises notices of nonresponsibility.

(d) **Major Remodel Requirements.** Before commencement of remodeling of the Hotel Improvements (or commencement of construction of any other improvements on the Premises to cost more than an amount equal to fifty (50) times the then current monthly minimum rent payable to Tenant) and before any building materials or equipment have been delivered to the Premises for such work, Tenant shall comply with all of the following conditions or procure District's written waiver of the condition or conditions specified in the waiver.

(1) **Preliminary Plans and Specifications.** Deliver to District for District's approval of exterior architectural appearance, including design, color and materials, a set of preliminary construction plans and specifications prepared by an architect or engineer, licensed to practice as such in California.

(2) **District's Approval.** District shall have the right to approve the exterior architectural appearance of any building Tenant intends to construct or remodel on the Premises, including design, color and materials, which approval will not be unreasonably withheld. Approval or disapproval shall be communicated in the manner provided for notices, and disapproval shall be accompanied by specifications of the grounds for disapproval; provided that District's failure to disapprove within fifteen (15) days after delivery to District shall be conclusively considered to be an approval. Following District's first or any subsequent disapproval, Tenant may elect (1) to submit revised plans and specifications or (2) to give notice contesting the reasonableness of District's disapproval. A contest of reasonableness shall be determined by arbitration in conformity

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with and subject to the provisions of the California Code of Civil Procedure relating to arbitration as they then stand amended. If the reasonableness of District's disapproval is sustained, Tenant shall perform as in (1) above; if it is not sustained, the plans and specifications shall be considered approved.

(3) Lender's Approval. Deliver to District the written approval of the plans and specifications by the lender, if any, that shall have made the commitment for financing the construction of the improvements and a copy of the written commitment by the lender, accepted by Tenant, to provide the necessary funds to complete construction of the improvements in accordance with the approved plans and specifications.

(4) Final Plans. Tenant shall prepare final working plans and specifications substantially conforming to preliminary plans previously submitted to Landlord, submit them to the appropriate governmental agencies for approval, and deliver to District one complete set as approved by the governmental agencies. Changes from the preliminary plans shall be considered to be within the scope of the preliminary plans if they are not substantial or if they are made to comply with suggestions, requests, or requirements of a governmental agency or official in connection with the application for permit or approval.

(5) Notice of Intent to Construct. Compliance with the provisions of subsection (c) of this Section 5.03.

(6) Completion and Payment Bond. Furnish District a bond as described below prior to start of the work of improvement (as "work of improvement" is defined in California Civil Code section 3106 or its superseding statute). The bond shall be that of a corporate surety company in an amount not less than the estimated cost of the improvements and shall remain in effect until the entire cost of the improvements shall have been paid in full, and the new improvements shall have been insured as provided in this Lease. The bond shall state the following.

(i) That it is conditioned to secure the completion of the proposed construction, free from all liens and claims of contractors, subcontractors, mechanics, laborers, and materialmen.

(ii) That the construction work shall be effected by Tenant, or, on its default, the surety.

(iii) That in default of such completion and payment, such part of the amount of the bond as shall be required to complete the work shall be paid to District as liquidated and agreed damages for the nonperformance of Tenant's agreements, it being agreed that the exact amount of District's damages is difficult and impractical to ascertain; and

(iv) That the surety will defend and indemnify District against all loss, cost, damage, expense, and liability arising out of or connected with the work of improvement.

District may, but shall not unreasonably, disapprove the bond. The bond shall be deemed approved unless notice of disapproval is given within ten (10) working days after receipt of the proposed bond.

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

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(8) Builder' Risk Insurance. Deliver to District certificate of insurance evidencing coverage for "builder's risk" insurance on the improvements.

(e) Diligence. Once the work is begun, Tenant shall with reasonable diligence prosecute to completion all construction of improvements, additions, or alterations. All work shall be performed in a good and workmanlike manner, shall substantially comply with plans and specifications submitted to District as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances, and regulations.

(f) Indemnity. Tenant shall defend and indemnify District against all liability and loss of any type (except for liability or loss occasioned, caused or suffered by the negligence, act or omission of District) arising out of work performed on the Premises by or for Tenant, together with reasonable attorneys' fees and all costs and expenses incurred by District in negotiating, settling, defending, or otherwise protecting against such claims. District shall defend and indemnify Tenant against all liability and loss of any type (except for liability or loss occasioned, caused or suffered by the negligence, act or omission of Tenant) arising out of work performed on the Premises by or for District, together with reasonable attorneys' fees and all costs and expenses incurred by Tenant in negotiating, settling, defending, or otherwise protecting against such claims.

**Section 5.04 Termination Right**. Failure to fulfill or satisfy the conditions set forth in Section 5.03, which were not waived in writing by District, shall constitute a material breach of this Lease and District may terminate this Lease for such failure.

**Section 5.05 Negation of Agency or Partnership**. Nothing in this Lease shall be construed to render District in any way or for any purpose a partner, joint venturer, or associate in any relationship with Tenant, other than that of landlord and tenant, nor shall this Lease be construed to authorize either to act as agent or attorney in fact for the other.

**Section 5.06 Tenant Construction of Additional Improvements**. Subject to the forgoing provisions of this Article 5, and as additional consideration for the original Lease term, Tenant shall, following the Commencement Date make improvements and renovations to the existing Hotel Improvements totaling at least One Million One Hundred Eighty-Four Thousand Dollars (\$1,840,000.00) consisting of the items described on the attached Exhibit "D" or such other improvements and renovations as the parties may agree in writing.

## ARTICLE 6. USE OF PREMISES

**Section 6.01 Primary Use**. The Premises is being leased primarily for the purposes set forth in Section 5.01.

**Section 6.02 Rights, Covenants, Conditions, Restrictions and Reservations**. The Premises and the use and occupancy thereof shall be subject to and subordinate to the covenants, conditions, restrictions, easements, rights, rights-of-way and reservations described or referred to in Exhibits "A", "B" and "C" attached hereto and made a part hereof and the conditions and restrictions as may be imposed by FAA in connection with its consent to this Lease or for release of the Premises from disposal or use restrictions.

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## ARTICLE 7. REPAIRS; MAINTENANCE; ALTERATIONS; RECONSTRUCTION

### **Section 7.01 Tenant's Duty.**

(a) Throughout the Lease term, Tenant shall, at Tenant's sole cost and expense, maintain or cause to be maintained the Premises and all improvements thereon in a first class condition and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. Tenant shall maintain, renovate, improve, and upgrade all improvements as necessary to obtain and maintain, at a minimum, a "Three Diamond (◇◇◇)" rating or ranking by the American Automobile Association ("AAA") for maintenance, cleanliness, upkeep, appearance and service. Tenant shall use its best efforts to obtain and thereafter maintain a license, franchise or other similar agreement with a national hotel chain requiring such a rating or ranking or equivalent.

(b) Except as provided below, Tenant shall promptly and diligently repair, restore, and replace as required to maintain or comply as above, or to remedy all damage to or destruction of all or any part of the improvements on the Premises, if the cost of the work so required does not exceed fifty percent (50%) of the replacement value of the damaged or destroyed improvements on the Premises immediately prior to the damage or destruction. If the cost does exceed that percent, Tenant may nevertheless repair, restore, and replace as above or may by notice to District elect instead to raze the improvements damaged or destroyed. Razing shall be done in the manner prescribed by Section 7.05(c). The completed work of maintenance, compliance, repair, restoration, or replacement shall be equal in value, quality, and use to the condition of the improvements before the event given rise to the work, except as expressly provided to the contrary in this Lease. District shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Premises.

(c) Nothing in this section defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove, or replace any improvement, or as limiting provisions relating to condemnation or to damage or destruction during the final years of the Lease term. No deprivation, impairment, or limitation of use resulting from any event or work contemplated by this section shall entitle Tenant to any offset, abatement, or reduction in rent nor to any termination or extension of the Lease term.

**Section 7.02 Ownership of Tenant's Improvements.** All improvements constructed on the Premises by or for Tenant as required or permitted by this Lease shall be owned by Tenant until expiration of the Lease term, or sooner termination of this Lease. Tenant shall not, however, remove any improvements from the Premises nor waste, destroy, or modify any improvements on the Premises, except as permitted or required by this Lease. The parties covenant for themselves and all persons claiming under them that the improvements are real property. All improvements constructed off of the Premises on land owned by the District shall be the property of District, except improvements constructed on the Skyway Drive right of way shall be the property of the City of Santa Maria.

### **Section 7.03 Tenant's Removal of Improvements on Termination.**

(a) **Reversion to District.** Subject to the provisions of subsections (b) and (c) below of this Section 7.03, all improvements on the Premises at the expiration of the lease term or sooner termination of this Lease shall, without compensation to Tenant, then become District's property free and clear of all claims to or against them by Tenant or any third person, and Tenant shall defend and indemnify District against all liability and loss arising from such claims or from District's exercise of the rights conferred by this subsection.

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(b) Tenant's Rights to Remove. At the normal expiration of the Lease term, provided Tenant is not then in default, Tenant shall have the right to remove any or all trade fixtures, provided all resultant injuries to the Premises and improvements are completely remedied and Tenant complies with District's reasonable requirements respecting the resultant appearance.

(c) Tenant's Duty to Remove. At the expiration or sooner termination of the term, District may, at District's election, demand the removal from the Premises of all fixtures and improvements or of certain fixtures or improvements or both, as specified in the notice provided for below, if the value of the building or buildings on the Premises is not at least three (3) times the value of the Premises, exclusive of all of the improvements thereon. A demand to take effect at the normal expiration of the lease term shall be effected by notice given at any time within two (2) months before the expiration date. A demand to take effect on any other termination of the Lease shall be effected by notice given in or concurrently with notice of such termination or within five (5) days after such termination. Tenant shall comply with the notice within one (1) month of the expiration date, for normal termination, and within a reasonable time (not exceeding two (2) months) after the notice for other terminations, all subject to obtaining such permits from governmental agencies as may be required to effectuate the same.

## ARTICLE 8. CONDEMNATION

**Section 8.01 Interests of Parties on Condemnation.** In the event the Premises or any part thereof shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of District and Tenant in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease shall be as provided by this article.

**Section 8.02 Total Taking; Termination.** In the event the entire Premises is taken or so transferred, this Lease and all of the right, title and interest thereunder shall cease on the date title to the Premises so taken or transferred vests in the condemning authority.

**Section 8.03 Partial Taking; Termination.** In the event of the taking or transfer of only a part of the Premises leaving the remainder of the Premises in such location, or in such form, shape, or reduced size as to be not effectively and practicably usable and rentable in the opinion of Tenant, this Lease and all right, title and interest thereunder shall cease on the date title to the Premises or the portion thereof so taken or transferred vests in the condemning authority.

**Section 8.04 Partial Taking; Continuation of Lease with Adjustment of Rent.** In the event of such taking or transfer of only a part of the Premises leaving the remainder of the Premises in such location and in such form, shape, or size as to be used and rented effectively and practicably in the opinion of the Tenant, this Lease shall terminate and end as to the portion of the Premises so taken or transferred as of the date title to such portion vests in the condemning authority, but shall continue in full force and effect as to the portion of the Premises not so taken or transferred. From and after such date the rent then and thereafter required to be paid by Tenant to District shall be reduced in the proportion to which the land area so taken or transferred bears to the total land area of the Premises.

**Section 8.05 Voluntary Conveyance.** A voluntary conveyance by District to a public utility, agency, or authority under threat of a taking under the power of eminent domain in lieu of formal proceedings shall be deemed a taking within the meaning of this article, provided neither party will make a voluntary conveyance in lieu of condemnation without the prior written consent of the

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other party, which consent will not be unreasonably withheld.

**Section 8.06 Award - Portion to District.** On a total or partial taking District shall be entitled to that portion of the award that is equal to the greater of the following amounts: (1) the fee market value of the Premises taken, valued as unimproved land, for its highest and best use, exclusive of improvements constructed or caused to be constructed thereon by Tenant or subtenants, and unburdened by all leases and subleases; or (2) that portion of the award made for or on account of the taking of or injury to the Premises and District's reversion, exclusive of improvements constructed or caused to be constructed thereon by Tenant or subtenants, and unburdened by all leases and subleases.

**Section 8.07 Award - Distribution of Balance on Total Taking.** On a total taking, after payment to District of the amount provided in Section 8.06, the balance of the award will be distributed or disbursed in the following order of priority.

First, all real and personal property taxes and charges constituting a lien on the Premises or improvements.

Second, the balance due under any note secured by a leasehold mortgage on the Premises.

Third, to Tenant the balance of the award.

**Section 8.08 Award – Distribution of Balance on Partial Taking.** On a partial taking, after payment to District of the amount provided in Section 8.06, the balance of the award will be distributed or disbursed in the following order of priority.

First, to the cost of restoring the leasehold improvements, plus any amount assessed, awarded, paid, or incurred to remove or relocate subtenants.

Second, to leasehold mortgagee a sum equal to any decrease in its security resulting from the taking.

Third, to Tenant any balance of the award.

**Section 8.09 Taking for Temporary Use.** On any taking of the temporary use of all or any part or parts of the Premises or improvements or both for a period, or of any estate less than a fee, ending on or before the expiration date of the term, neither the term nor the rent shall be reduced or affected in any way, and Tenant shall be entitled to any award for the use or estate taken. If a result of the taking is to necessitate expenditures for changes, repairs, alterations, modifications, or reconstruction of the improvements to make them economically viable and a practical whole, Tenant shall receive, hold, and disburse the award in trust for such work. At the completion of the work and the discharge of the Premises and improvements from all liens and claims, Tenant shall be entitled to any surplus and shall be liable for any deficit. If any such taking is for a period extending beyond the expiration date of the term, the taking shall be treated under the foregoing provisions for total and partial takings.

**Section 8.10 Representation.** District, Tenant and all persons and entities holding under Tenant shall each have the right to represent his or its respective interests in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of his or its claims. No lease, settlement, sale, or transfer to or with the condemning authority shall be made without the consent of District and Tenant. District and Tenant each agrees to execute and deliver to the other any instrument that may be required to effectuate or facilitate the provisions of this Lease

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relating to condemnation.

**Section 8.11 Definitions.** The following definitions apply in construing provisions of this Lease relating to a taking of or damage to all or any part of the Premises or improvements or any interest in them by eminent domain or inverse condemnation.

(1) "Taking" means the taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The transfer of title may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. The taking shall be considered to take place as of the later of (i) the date actual physical possession is taken by the condemnor or (ii) the date on which the right to compensation and damages accrues under the law applicable to the Premises.

(2) "Total taking" means the taking of the fee title to all the Premises and the improvements on the Premises.

(3) "Partial taking" means any taking of the fee title that is not a total taking or a taking for a temporary use.

(4) "Award" means compensation paid for the taking whether pursuant to judgment or by agreement or otherwise.

## ARTICLE 9. SUBLEASE

**Section 9.01 General Restrictions.** Except as hereinafter provided, Tenant shall not sublet all or any part of the Premises or all or any part of a building on the Premises without the prior written consent of District.

**Section 9.02 Subletting.** Tenant shall have the right to sublet all or any part or parts of the Premises and to assign, encumber, extend, or renew any sublease, provided the following provisions and conditions are complied with:

(a) Each sublease shall be in writing, signed by Tenant and its subtenant, and, except as to sleeping room and event rentals of less than thirty (30) days, shall contain a provision, in the form and content attached hereto as Exhibit "F", requiring subtenant to attorn to District, if this Lease is terminated and if the subtenant is notified of such termination and instructed to make subtenant's rental payments to District, subject to right of District to terminate the sublease as provided in Section 9.05.

(b) Tenant shall not accept, directly or indirectly, more than twelve months' prepaid rent from any subtenant.

(c) The term of any sublease shall not extend beyond the term of this lease.

(d) Except as to sleeping room and event rentals of less than thirty (30) days, each sublease shall expressly provide that it is subject and subordinate to this Lease and to all modifications or amendments thereof.

(e) Except as to sleeping room and event rentals of less than thirty (30) days, each sublease shall expressly provide for or incorporate the provisions of Section 13.03.

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(f) Except as to sleeping room and event rentals of less than thirty (30) days, each sublease shall expressly provide that the sublessee shall account to Tenant monthly for Room Revenues and Food and Beverage Revenues (as defined in Section 3.05) received by sublessee from operation of the sublet premises, and shall maintain and keep true and complete books, records and accounts of such Revenues in Santa Maria, California, for at least four (4) years, which shall be subject to the inspection and audit by Tenant and District in the same manner that Tenant's books, records and accounts are subject to inspection and audit by District as provided in Section 3.05.

**Section 9.03 Termination of Lease and Sublease.** In the event of the termination of this Lease from any cause whatsoever (including the voluntary surrender thereof by Tenant), and while any such sublease is in full force and effect, at-the option and election of District as hereinafter provided such termination shall not act as a merger, and Tenant's interest as sublandlord in each of said subleases shall be deemed automatically assigned, transferred, and conveyed to District, and, from and after such termination, District (as well as any such subtenant) shall be bound by the provisions of each of the subleases, then in full force and effect, on the part of the Tenant (as sublandlord) to be performed thereunder, and each of the subtenants shall be deemed thereupon (and without further act) to have attorned to District, unless District shall elect to terminate such sublease and the right of the subtenant to portion of the Premises and improvements sublet by giving such subtenant within ninety (90) days after termination of this Lease at least ninety (90) days prior written notice of such termination of the sublease, and upon termination of the sublease and subtenant shall at his expense remove all of subtenant's property from the Premises and leave the subleased premises in a good and clean condition, reasonable wear and tear excepted, and shall vacate and surrender to District the portion of the Premises and improvements subleased. Unless and until District shall elect to terminate such sublease as provided above the sublease shall continue in effect and all rent thereunder shall be payable to District up to the effective date of termination of the sublease. District may elect to terminate all subleases or terminate some subleases and not others. The foregoing is subject to the right of District to terminate any sublease which is in default (notice thereof, if any required, having been given and the time for curing such default having expired), and any other rights and remedies reserved to Tenant in any such sublease, and any other rights and remedies afforded to a District of real property against a defaulting tenant by law or in equity. Notwithstanding any provision hereinabove to the contrary, District shall not have the right to terminate any sublease as provided in this Section 9.03, provided all of the following conditions exist at the time of termination of this Lease:

Condition A: The sublease complies with all of the provisions and conditions of Section 9.02 or District has, in writing, approved the sublease and waived its rights of termination under this Section 9.03 as to such sublease.

Condition B: The subtenant is not then in default under provisions of his sublease.

In the event of termination of this Lease while any sublease is in full force and effect and satisfies Conditions A and B above, the Tenant's interest as sublandlord in said sublease shall be deemed automatically assigned, transferred, and conveyed to District, and, from and after such termination, District (as well as the subtenant under said sublease) shall be bound by the provisions of the sublease on the part of the Tenant (as sublandlord) to be performed thereunder, and the subtenant shall be deemed thereupon (and without further act) to have attorned to District and the sublease shall continue in effect and all rent thereunder shall be payable to District.

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## ARTICLE 10. ASSIGNMENT

**Section 10.01 Prohibited Assignment.** Except as permitted by the provisions and conditions set forth in Section 10.02, Tenant and its heirs, successors or permitted assigns, shall not assign or transfer this Lease, Tenant's leasehold estate, or Tenant's rights or interests in this Lease without the written consent of District first had and obtained. A consent to one assignment or transfer shall not be deemed a consent to any subsequent assignment or transfer.

**Section 10.02. Permitted Assignment.** Tenant and its heirs, successors and permitted assigns shall have the right to assign or otherwise transfer Tenant's interests in this Lease and the leasehold estate created by this Lease to an assignee meeting the qualifications and conditions of a Permitted Assignee hereinafter set forth, provided the following conditions have been satisfied.

(a) Tenant is not in default under the provisions or conditions of this Lease on the effective date of the assignment, provided that, if District determines additional Percentage Rent is due after receiving a Notice of Intended Assignment and conducting an audit of Tenant's books and records as provided in Section 3.06, such additional Percentage Rent shall be paid or secured as provided in Section 3.06.

(b) So that District may conduct an audit as provided in Section 3.06, District has been given written notice at least sixty (60) days prior to the effective date of the assignment of the intention to assign Tenant's interests herein and the name of the intended assignee, such notice being referred to in this Section 10.02, Section 3.06, and elsewhere in this Lease, as the "Notice of Intended Assignment." A "Permitted Assignee", as the term is used in this Lease, is an assignee that meets the qualifications and satisfies the conditions, as follows.

(1) The assignee must be, at the time of assignment, an individual who is a resident of California, a partnership having at least one general partner who is a resident of California, or a corporation formed under the laws of the State of California or qualified to do business in California.

(2) The assignee must have a net worth at the time of assignment of at least ten (10) times the amount of the minimum annual rent then in effect, as determined by an independent certified or public accountant in accordance with generally accepted accounting principles (except assets may be adjusted for their then current appraised market value) and as evidenced by a statement or certificate of said accountant submitted to District. If the assignee is a partnership, the net worth of its general partners may be included with the net worth of the partnership in satisfying the net worth condition of this Clause (2). In the case of a corporate general partner, the net worth of the individual guarantors of the obligations of the corporate general partner may be included with the net worth of the assignee-partnership in satisfying the net worth condition in this Clause (2), provided each such guarantor is an individual and not a trust, corporation or other entity and executes, acknowledges and delivers to District within ten days after the permitted assignment is effected a guaranty in the form and content set forth in Exhibit "H" guaranteeing the performance of the covenants and compliance with the conditions on the part of the Tenant to be performed and complied with under this Lease as provided in the guaranty.

(3) The assignee shall, in a writing, signed and acknowledged, expressly assume all the covenants and conditions of this Lease on the part of Tenant to be observed and performed under this Lease in the form and content attached hereto as Exhibit "G" and a fully executed copy thereof is promptly delivered to District.

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Anything in the foregoing to the contrary notwithstanding, the District expressly consents to assignment of the lease to United Lions Corporation, effective as of the close of the escrow described in Section 2.01 above, subject only to deliver by assignee of the writing described in Section 10.02.(b)(3) immediately above concurrently with the execution of this Lease.

**Section 10.03. Original Tenant's Nonliability after Assignment.** On any assignment made in accordance with the provisions and conditions of this Lease the named original Tenant shall have no further obligation under this Lease and, as between District and Tenant, shall be considered to have assigned to assignee all claims against District arising under this Lease. Nothing herein contained shall be construed to release the named original Tenant from any liability or obligation arising before the effective date of the assignment.

## ARTICLE 11. LEASEHOLD FINANCING

**Section 11.01 Conditions of Tenant's Rights to Mortgage Leasehold.** District will not subordinate District's fee title to the lien of a deed of trust or other encumbrance securing a construction or permanent loan or any other loan or other obligation of Tenant. Tenant shall have the right at any time and from time to time to subject the leasehold estate and any or all improvements constructed by or for Tenant or subtenant to one or more deeds of trust or other security instruments (herein called "mortgage") as security for a loan or loans or other obligations of Tenant, including without limitation, an assignment by Tenant of rents, issues and profits payable to Tenant to secure repayment of any loan, and associated obligations, to Tenant from a lender (in this Lease referred to as the "lender"), provided and on condition that:

(1) The mortgage or deed of trust and all rights acquired under it shall be subject to each and all of the covenants, conditions, and restrictions stated in this Lease and to all rights and interests of District, except as otherwise provided in this Lease.

(2) Tenant shall give District notice of any such mortgage promptly after execution, and shall accompany the notice with a true copy of the note and mortgage.

The failure to observe, comply with or fulfill the foregoing conditions shall constitute a breach of this Lease.

**Section 11.02 Rights of Lender.** Any lender on the security of the leasehold estate shall have the right at any time during the term:

(1) **Prevention of Forfeiture.** To do any act or thing required of Tenant hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of Tenant's rights hereunder as if done by the Tenant, and

(2) **Foreclosure Proceedings.** To realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "foreclosure sale" and to transfer, convey or assign the title of Tenant to the leasehold estate created hereby to any purchaser at any such foreclosure sale, and to acquire and succeed to the interest of Tenant hereunder by virtue of any such foreclosure sale.

**Section 11.03 Notice to Lender and Curing Default.** Notwithstanding anything to the contrary provided for in this article, or elsewhere in this Lease, the rights of District in the event of a default may not be exercised until written notice of such default is given to any lender on the security of the leasehold estate, who has notified District in writing to give such lender notice as provided by

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this Section 11.03, or to the person or firm designated by any such lender to accept such notices. It is agreed that such lender shall have the right to cure any such default within sixty (60) days with respect to any default that can be cured by the payment of money, or within sixty (60) days with respect to any other covenant or condition or term of this Lease; and, if such default is of such nature that it can be remedied, but it cannot be remedied within said time, then such lender shall have such additional time as is reasonably necessary to cure such default, provided that it commences the curing of such default within said sixty-day period, and thereafter diligently continues the curing of the same. Notices pursuant to this Section 11.03 shall be delivered in person or by deposit in the United States mail in a sealed envelope or container, either registered or certified mail, return receipt requested, postage and postal charges prepaid, addressed to the lender or the person designated by the lender to accept such notices at the recipient's last address known to District. District shall not agree to any mutual termination nor accept any surrender of this Lease; nor shall District consent to any amendment or modification of this Lease, without the prior written consent of the lender.

The lender shall have the right, but not the obligation, at any time prior to termination of this Lease and without payment of any penalty, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Lease. All payments so made and all things so done and performed by the lender shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Tenant instead of by the lender.

**Section 11.04 Lender as Assignee.** No such lender shall be liable to the District as an assignee of this Lease unless and until such time as such lender shall acquire the rights of Tenant hereunder through foreclosure or other appropriate proceedings in the nature thereof, by an assignment to the lender in lieu of foreclosure, as a permitted assignee fulfilling the conditions of Section 10.02, or as a result of any other action or remedy provided for by such mortgage or which may otherwise be provided by law.

**Section 11.05 Nonencumbrance by District.** District shall not encumber the Premises during the continuance of this Lease by an encumbrance, which is superior in rights or interests to, or affects the, leasehold rights, title or interests of Lessee under this Lease.

## ARTICLE 12. INSURANCE

**Section 12.01 Fire and Extended Coverage Insurance.** Throughout the term, at Tenant's sole cost and expense, Tenant shall keep or cause to be kept insured for the mutual benefit of District, lender and Tenant, all improvements located on or appurtenant to the Premises against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial buildings and improvements, including vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either District or Tenant from becoming a coinsurer under the provisions of the policies, but in no event shall the amount be less than ninety percent (90%) of the then actual replacement cost. Tenant may include the holder of any mortgage on the leasehold as a loss payee.

The proceeds of the policies required by this Section shall be deemed to be held in trust by the recipient for the repair, restoration, or reconstruction of any improvements damaged or destroyed by the casualty giving rise to the insurance claim. If the proceeds exceed that measure, the proceeds shall be paid to Tenant and any mortgage lender as their interests may appear.

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**Section 12.02 Liability Insurance.** Tenant shall, at Tenant's sole cost and expense, keep or cause to be kept in force, for the mutual benefit of District, Tenant and lender, comprehensive broad form general public liability insurance against claims and liability for personal injury, death or property damage arising from the use, occupancy, disuse, or condition of the Premises, improvements, or adjoining areas or ways, providing protecting with a single combined liability limit of Five Million Dollars (\$5,000,000) and property damage limits of not less than Five Hundred Thousand Dollars (\$500,000). District shall, during the entire term of the Lease including amendment herein, be named an additional insured under such liability insurance policies. After the first decade of the Lease the minimum coverage limits shall be adjusted upward or downward in the same percentage proportion that the average of the Consumer Price Index for All Urban Consumers for the Los Angeles-Long Beach-Anaheim for the calendar year 2030 is over and under the average of such Index for the calendar year 2020. Thereafter, the minimum limits are to be reviewed and adjusted at the beginning of each calendar year, provided the limits need not be increased until the incremental percentage increases in the aforementioned Index aggregate at least ten percent (10%) since the last adjustment.

**Section 12.03 Policies:** All insurance policies required by express provisions of this Lease shall contain language, to the extent obtainable, to the effect that (1) any loss shall be payable notwithstanding any act or negligence of District that might otherwise result in a forfeiture of the insurance, (2) the insurer waives the right of subrogation against District and against District's agents and representatives, (3) the policies are primary and noncontributing with any insurance that may be carried by District, and (4) they cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to District with a copy of said policies, to be mailed to the lender holding a mortgage or the leasehold estate. Tenant shall furnish District with copies of all such policies promptly on receipt of them and with certificates evidencing the insurance. Before the Commencement Date of the term, Tenant shall furnish District with binders representing all insurance required by this Lease. Tenant may effect for its own account any insurance not required under this Lease. Tenant may provide by blanket insurance covering the Premises and any other location or locations any insurance required or permitted under this Lease provided it is acceptable to all lenders.

**Section 12.04 Indemnity.** Tenant shall indemnify, protect, defend (with counsel acceptable to District) and save harmless District, its directors, officers, employees, agents, representatives and the Premises at all times from and against any and all liability, suits, proceedings, liens, actions, penalties, loss, expense, claims or demands of any nature including costs and expenses for legal services (collectively "Liability") arising out of or in any way connected with, directly or indirectly, the acts or omissions of Tenant or its officers, agents, employees, guests, customers, visitors or invitees, or the operations of Tenant or Tenant's use or occupancy of the Premises, excepting only liability or loss caused by the sole active negligence of District or its willful misconduct.

**Section 12.05 Environmental Indemnity.** Tenant shall indemnify, protect and hold harmless District, its directors, officers, employees, agents and representatives, and the Premises at all times from and against any and all liability, loss, expense, 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, including third party claims, environmental requirements and environmental damages (as defined in Exhibit "J", Hazardous Materials Definitions), cost of investigation and cleanup, penalties, fines and losses (including, without limitation, diminution in property value of the Premises or the improvements thereon or District's property or improvements in the vicinity of the 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 of any toxic or hazardous materials (defined in Exhibit "J") which occurred in or on the Premises as a result of any of Tenant's or Tenant's agents',

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employees', invitees', licensees', subtenants' or guests' activities on the Premises. Tenant shall notify District immediately of any release of any toxic or hazardous material on the Premises.

## ARTICLE 13. DEFAULT; REMEDIES

**Section 13.01 Default.** Each of the following events shall be a default by Tenant and a breach of this Lease.

- (1) Abandonment or surrender of the Premises or of the leasehold estate.
- (2) Failure to pay when due any installment of rent or any other sum required by this Lease to be paid to District.
- (3) Failure to perform as required or conditioned by any covenant or condition of this Lease.
- (4) The appointment of a receiver to take possession of the Premises or improvements or of Tenant's interest in the leasehold estate or of Tenant's operations on the Premises for any reason, including but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, but not including receivership (i) pursuant to administration of the estate of any deceased or incompetent Tenant or of any deceased or incompetent individual member of any Tenant, or (ii) pursuant to any mortgage, deed of trust or security rights, or (iii) instituted by District, the event of default being not the appointment of a receiver at District's instance but the event justifying the receivership, if any.
- (5) An assignment by Tenant for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Tenant under any law for the purpose of adjudicating Tenant a bankrupt; or for extending time for payment, adjustment, or satisfaction of Tenant's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within sixty (60) days after the assignment, filing, or other initial event.

As a precondition to pursuing any remedy for a default by Tenant, District shall, before pursuing any remedy, give notice of default (i) to Tenant, (ii) to lenders or mortgagees (or persons designated by them to accept notice) as provided in Section 11.03 hereof, and (iii) to any subtenant in possession under an existing sublease, which is proper under the provisions of Sections 9.03 and 9.04, District has hereafter agreed in writing to notify in the event of a default by Tenant before pursuing any remedy hereunder. For the cure of any default, Tenant shall promptly and diligently after the notice commence curing the default and shall have thirty (30) days after notice is given, to complete the cure, provided, if such default is of such nature that it can be remedied, but it cannot be remedied within said time, then Tenant shall have such additional time as is reasonably necessary to cure such default, provided that Tenant commences the curing of such default within said thirty-day period, and thereafter diligently continues the curing of the same.

**Section 13.02 District's Remedies.** If any default by Tenant shall continue uncured, following notice of default as required by this Lease, for the period applicable to the default under the applicable provision of this Lease, and the mortgagee of the leasehold estate fails to cure the default as provided in Article 11 hereinabove, District has the following remedies in addition to all other rights and remedies provided by law or equity, to which District may resort cumulatively or in the alternative.

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(1) Termination. District may at District's election terminate this Lease by giving Tenant and any mortgagee of Tenant's leasehold written notice of termination. Subject to the rights of the lender as provided in Article 11 on the giving of the notice, all Tenant's and the lender's rights in the Premises and in all improvements shall terminate. Promptly after notice of termination, Tenant shall surrender and vacate the Premises and all improvements in reasonably clean condition, and District may reenter and take possession of the Premises and all remaining improvements and eject all persons therefrom, or eject some and not others, or eject none, subject to the provisions of Section 9.05 of this Lease. Termination under this subsection shall not relieve Tenant from the payment of any sum then due District or from any claim for damages previously accrued or then accruing against Tenant.

(2) Reentry without Termination. District may at District's election reenter the Premises, and, without terminating this Lease, at any time and from time to time relet the Premises and improvements or any part or parts of them for the account and in the name of Tenant or otherwise. District may at District's election eject all persons or eject some and not others or eject none, subject to the provisions of Section 9.05 of this Lease. District shall apply all rents from reletting as in the provision on assignment of subrents in Section 13.03 below. Any reletting may be for the remainder of the term or for a longer or shorter period. District may execute any leases made under this provision either in District's name or in Tenant's name and shall be entitled to all rents from the use, operation, or occupancy of the Premises or improvements or both. Tenant shall nevertheless pay to District on the due dates specified in this Lease the equivalent of all sums required of Tenant under this Lease, plus District's expenses, less the avails of any reletting or attornment. No act by or on behalf of District under this provision shall constitute a termination of this Lease unless District gives Tenant notice of termination in writing.

(3) Termination after Reentry. District may, even though District may have reentered the Premises pursuant to subsection (2) above, terminate this Lease and all of the rights of Tenant in and to the Premises as provided in subsection (1) above.

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

(5) Recovery of Rent. District shall be entitled at District's election to each installment of rent or to any combination of installments for any period before termination, plus interest at the maximum rate permitted by California law to be charged by individuals from the due date of each installment. Avails of reletting or attorned subrents shall be applied, when received, as provided in Section 13.03.

(6) Damages. Should District elect to terminate this Lease under the provisions of subsection (1) or (3) above, District may recover from Tenant as damages:

(i) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

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

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

(iv) any other amount necessary to compensate District for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to any costs or expenses incurred by District in maintaining or preserving the Premises after such default, preparing the Premises for reletting to a new tenant, any repairs or alterations to the Premises for such reletting, leasing commissions, or any other costs necessary or appropriate to relet the Premises; plus

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

As used in clauses (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the maximum rate an individual is permitted to charge under California law. As used in subparagraph (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco (or successor bank) at the time of award plus one percent (1%).

**Section 13.03 Assignment and Collection of Subrents.** Tenant assigns to District all subrents and other sums falling due from subtenants, licensees, and concessionaires (herein called "subtenants") during any period in which District has the right under this Lease, whether exercised or not, to reenter the Premises for Tenant's default, and Tenant shall not have any right to such sums during that period. This assignment is subject and subordinate to any and all assignments of the same subrents and other sums made, before the default in question, to a lender under any mortgage permitted by provisions of this Lease relating to purchase or construction of improvements. District may at District's election collect either or both sums or bring an action for the recovery of the sums directly from such subtenants. District shall receive and collect all subrents and avails from reletting, applying them: first, to the payment of reasonable expenses (including attorney's fees or brokers' commissions or both) paid or incurred by or on behalf of District in recovering possession, placing the Premises and improvements in good condition, and preparing or altering the Premises or improvements for re-letting; second, to the reasonable expense of securing new subtenants or tenants; third, to District to the extent that the avails for the period covered do not exceed the amount due from and charged to Tenant for the same period, fourth, to District of any other amounts due District under this Lease, and fifth, the balance to Tenant, if Tenant is not otherwise in default, in which event the balance will be held by District as security for curing of the default. District may proceed to collect either the assigned sums or Tenant's balances or both, or any installment or installments of them, either before or after expiration of the term, but the period of limitations shall not begin to run on Tenant's payments until the due date of the final installment to which District is entitled nor shall it begin to run on the payments of the assigned sums until the due date of the final installment due from the respective subtenants.

**Section 13.04 Nonwaiver.** No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel, or otherwise. The subsequent acceptance of rent pursuant to this lease shall not constitute a waiver of any preceding default by Tenant, other than default in the payment of the particular rental payment so accepted, regardless of District's knowledge of the preceding breach at the time of accepting the rent, nor shall acceptance of rent or any other payment after termination constitute a reinstatement, extension, or renewal of the lease or revocation of any

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notice or other act by District.

**Section 13.05 Attorneys' Fees.** If either party brings any action or proceeding to enforce, protect, or establish any right or remedy the prevailing party shall be entitled to recover reasonable attorney's fees.

**Section 13.06 Advances by District; Interest.** In the event of Tenant's breach of any covenant in this Lease, District may at any time without notice, cure such breach for the account and at the expense of Tenant. If District at any time, by reason of such breach, is compelled to pay, or elects to pay, any sum of money or to do any act that will require the payment of any sum of money, or is compelled to incur any expense, including reasonable attorney's fees, in instituting, prosecuting, or defending any actions or proceedings to enforce District's rights under this Lease or otherwise, the sum or sums so paid by District, with all interest, costs, and damages, shall be deemed to be additional rent under this Lease and shall be due from Tenant to District on the first day of the month following the incurring of such expenses. Any rents or other sums of money that may be due under this Lease by Tenant to District, which are not-paid when due, shall thereafter bear interest at the maximum rate an individual is permitted by California law to charge.

**Section 13.07 Unavoidable Delay or Default.** Any prevention, delay, nonperformance, or stoppage due to any of the following causes shall excuse nonperformance for a period equal to any such prevention, delay, nonperformance, or stoppage, except the obligations imposed by this Lease for the payment of rent, taxes, insurance, or obligations to pay money that are treated as rent. The causes referred to above are: strikes, lockouts, labor disputes, failure of power, irresistible superhuman cause, acts of public enemies of this state or of the United States, riots, insurrections, civil commotion, inability to obtain labor or materials or reasonable substitutes for either, governmental restrictions or regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Lease), casualties, compliance with the provisions of Section 5.06, if a parcel or subdivision map is required, arbitration process undertaken by the parties relating to a matter causing a delay, or other causes beyond the reasonable control of the party obligated to perform.

**Section 13.08 Bankruptcy; Insolvency.** Tenant agrees that in the event (i) all or substantially all of the Tenant's assets are placed in the hands of a receiver or trustee, and such receivership or trusteeship continues for a period of thirty (30) days, or (ii) Tenant makes an assignment for the benefit of creditors or is finally adjudicated a bankrupt, or (iii) Tenant institutes any proceedings under the Bankruptcy Act as the same now exists or under any amendment thereto which may hereafter be enacted, or under any other act relating to the subject of bankruptcy, including but not limited to any proceeding wherein the Tenant seeks to be adjudicated a bankrupt, or to be discharged of its debts, or to effect a plan of liquidation, composition, extension or reorganization, or (iv) any involuntary proceeding is filed against Tenant under any such bankruptcy laws and such proceeding is not removed within sixty (60) days thereafter, then in any such event this Lease and any interest of Tenant in and to the Premises shall not become an asset in any of such proceedings and, in any such events and in addition to any and all rights or remedies of District hereunder or by law provided, it shall be lawful for District to declare the term hereof ended and to reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder.

In the event this Lease shall terminate prior to the expiration of the term hereof by virtue of the aforesaid bankruptcy actions, District agrees that the lender shall have the right, for a period of ninety (90) days subsequent to the termination, to receive from District a new lease of the Premises. The new lease shall be for a term to commence upon such early termination of this Lease and shall have as the fixed date for the expiration thereof the same date stated in this Lease as the fixed date for the expiration of this Lease. Such new lease shall be subject to all

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existing subleases of the Premises. The rent for the new lease shall be at the same rate as would have been applicable during such terms under the provisions of this Lease, had this Lease not so terminated; and all of the terms, covenants, conditions, and provisions of such new lease shall be the same as the terms, covenants, conditions and provisions of this Lease (except for any requirements which have been fulfilled by Tenant prior to such termination of this Lease).

If the lender shall elect to demand a new lease within the ninety (90) day period, it shall give written notice to District of said election. District shall thereupon, within forty-five (45) days of such election execute said new lease.

The lender shall, at the time of the execution and delivery of such new lease, pay to District all sums owing by Tenant to District under the terms of this Lease immediately prior to the termination of this Lease as well as all sums which would have become payable hereunder by Tenant to District to the date of execution and delivery of such new lease, had this Lease not terminated, and which remain unpaid at the time of the execution and delivery of such new lease. But lender shall be given credit for any net rents and income actually collected in the meantime by District from any subtenants of the Premises.

Any such new lease as herein contemplated may, at the option of the lender, be executed by a nominee or assignee of such lender without the lender assuming the obligations of the Tenant thereunder.

The lender shall have the right to assign or transfer such new lease to a Permitted Assignee defined in Section 10.02. The liability of the lender under such new lease shall cease on its assignment of such new lease to such other person or entity. If the lender shall elect to demand such new lease, District agrees, for and on behalf of such lender, and at the expense of such lender upon a guaranty satisfactory to District binding such lender to reimburse District for such expense, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the Tenant named herein from the Premises, but not subtenants actually occupying same, or any part thereof.

Unless District has not received notice from lender in accordance with this Section 13.08 that lender elects to demand such new lease as provided hereinabove, District shall not cancel or agree to the termination or surrender of any existing sub-leases nor enter into any new subleases hereunder without the prior written consent of lender.

Notwithstanding anything to the contrary expressed or implied elsewhere in this Lease, any new lease made pursuant to this Section 13.08 shall be prior to any voluntary mortgage, deed of trust, or other voluntary lien, charge, or encumbrance on the fee of the Premises created by District (but the fee title ownership of District to the Premises shall not be subordinate to such new lease), and shall be accompanied by a conveyance of title to the improvements (free of any voluntary mortgage, deed of trust, lien, charge, or encumbrance created by District) for a term of years equal to the term of the new lease, subject to the reversion in the District upon expiration or sooner termination of the new lease.

## ARTICLE 14. SURRENDER OF POSSESSION

**Section 14.01 Tenant's Duty.** At the expiration or earlier termination of the term, Tenant shall surrender to District the possession of the Premises and improvements thereon, provided surrender or removal of improvements, fixtures, trade fixtures, and improvements shall be as directed in provisions of this Lease on ownership of improvements at termination. Tenant shall leave the surrendered Premises and any other property in good and clean condition, except as

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provided to the contrary in provisions of this Lease on maintenance and repair of improvements, and except for damage or destruction by elements, earthquake, acts of God or acts of war, which Tenant is not required by the terms of this Lease to repair or rebuild. All property that Tenant is required to surrender shall become District's property at termination of the Lease. All property that Tenant is not required to surrender but that Tenant does abandon shall, at District's election, become District's property at termination. If Tenant fails to surrender the Premises and improvements at the expiration or sooner termination of this Lease, Tenant shall defend and indemnify District from all liability and expense resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding tenant founded on or resulting from Tenant's failure to surrender.

## ARTICLE 15. RIGHT OF FIRST REFUSAL TO PURCHASE

**Section 15.01 Right of First Refusal – District Initiated Sale.** The District, in consideration of the foregoing Lease hereby agrees that it will not sell the Premises to any person until the District has given to Tenant notice in writing of its intent to sell, specifying the price and terms of the contemplated sale and Tenant has had an opportunity to purchase the Premises on the following terms and conditions.

(a) Within sixty (60) days after the District gives Tenant written notice of the District's intent to sell, Tenant may exercise the option to purchase the Premises at the same price and on the same terms and conditions as set forth in the District's written notice of intent to sell by giving the District written notice of its exercise of the option and otherwise complying with the terms of Section 15.03 below.

(b) If Tenant fails to exercise the right in accordance with this Section 15.01, then the District may thereafter sell the Premises to any other person for the price and on the terms contained in the notice, and no others.

**Section 15.02 Right of First Refusal – Third Party Offer.** If at any time during the Lease term, the District receives from any third party a bona fide offer to purchase the Premises at a price and on terms acceptable to the District, in its sole and absolute discretion, then the District shall give written notice of the offer to Tenant and Tenant shall have an opportunity to purchase the Premises on the following terms and conditions.

(a) Within sixty (60) days after the District gives Tenant written notice of the third-party offer acceptable to the District, Tenant may exercise its option to purchase the Premises at the same price and on the same terms and conditions set forth in the third-party offer; provided however that any purchase term which is commercially unreasonable or solely within the personal ability of third-party buyer to perform shall be void.

To exercise its right, Tenant shall, within the same 60-day period, give the District written notice of its exercise of the option and otherwise complying with the terms of Section 15.03 below.

(c) If Tenant fails to exercise the option to purchase in accordance with this Section 5.02, the District may thereafter sell the Premises to the third party making the offer on the same terms and conditions as set forth in that offer. If for any reason the Premises are not sold to the party making the offer, the District shall give Tenant the same right to purchase the Premises on receiving any subsequent offer from any third party that is acceptable to the District.

**Section 15.03 Closing.** The purchase and sale of the Premises shall be through the medium of

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an escrow established at a nationally recognized title insurance company (the "Escrow Holder") doing business in Santa Barbara County and selected by the Tenant on the following material terms and conditions.

(a) The consummation of the purchase and sale (the "Closing") shall occur as soon as reasonably possible after Buyer obtains consent to the sale from the Federal Aviation Administration ("FAA") as provided in Section 15.06(e), but in all cases within not more than six (6) months after exercise of the option.

(b) The parties shall execute and deliver such reasonable and customary escrow instructions, consistent with this Lease, as may be requested by the Escrow Holder to memorialize and accomplish the Closing.

(c) Title to the property shall be delivered to Tenant at the Closing in a condition consistent with Exhibit "C" attached hereto.

(d) Subject to Section 15.06(e) below, the parties shall bear the costs and expense and prorations chargeable at the Closing in the manner customary in Santa Barbara County for commercial real estate transactions. In all cases, each part shall bear its own Attorney's fees and associated costs and expenses.

(e) The parties acknowledge that Tenant's purchase will require approval from the FAA and that the FAA may impose additional conditions and restrictions on the purchase and sale or may deny the request for approval. Tenant, at its sole cost and expense, shall take all actions reasonably required to process any applications to obtain such approval. The District shall take all actions reasonably required to cooperate and support Tenant's application for approval, all at no cost or expense to Tenant.

## ARTICLE 16. OTHER PROVISIONS

### **Section 16.01 Notices.**

(a) Definition of Notice: Application of Provisions. As used in this Lease, notice includes but is not limited to the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, and appointment. No notice of the exercise of any option or election is required unless the provision given the election or-option expressly requires notice. Unless the provisions of this Lease on rent direct otherwise, rent shall be sent in the manner provided for giving notice.

(b) Writing. All notices must be in writing; provided that no writing other than the check or other instrument representing the rent payment itself need accompany the payment of rent.

(c) Delivery. Notice is considered given either (a) when delivered in person to the recipient named as below, or (b) two days after deposit in the United States mail in a sealed envelope or container, either registered or certified mail, return receipt requested, postage and postal charges prepaid, addressed by name and address to the party or person intended as follows.

Notice to District:

SANTA MARIA PUBLIC AIRPORT DISTRICT  
3217 Terminal Drive

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Santa Maria, CA 93455

Notice to Tenant:

Radisson Hotel  
Attention: General Manager  
3455 Skyway Drive  
Santa Maria, CA 93455

(d) **Change of Recipient or Address.** Either party may, by notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a party or an officer or representative, or to a different address, or both. Notices given before actual receipt of notice or change shall not be invalidated by the change.

(e) **Recipient Named.** If more than one (1) recipient is named, delivery of notice to any one (1) such recipient is sufficient. If none of the recipients named in the latest designation of recipient is available for delivery in person, and if the notice addressed by mail to each recipient named in the latest designation of recipient is returned to the sender undelivered, notice shall be sufficient if sent by mail as above to the party as named in this Lease, unless the name or identity of the party has changed as permitted in this Lease and proper notice shall be sufficient if sent by mail as above to the party named in the latest notice designating the party, and the notice is considered given when the first attempt to give notice was properly made.

**Section 16.02 Joint and Several Obligations.** The obligations of the persons comprising Tenant in this Lease upon its execution and all successors in interest, if more than one person, shall be joint and several, and the term "Tenant" as used in this lease shall mean and include each of them jointly and severally.

**Section 16.03 Binding Effect.** This Lease shall not be binding on either party and shall be of no effect unless it is duly executed by both parties in quadruplicate and two (3) duplicate originals executed by District and Tenant are furnished to each of the parties.

**Section 16.04 Captions and Table of Contents.** The table of contents of this Lease and the captions of the various articles, sections and paragraphs of this Lease are for convenience and ease of reference only and do not define, limit, augment, or describe the scope, content, or intent of this Lease or of any part or parts of this Lease.

**Section 16.05 Entire Agreement.** This Lease contains the entire agreement between the parties. No promise, representation, warranty, or covenant not included in this Lease has been or is relied on by either party. Each party has relied on his own examination of this Lease, the counsel of his own advisors, and the warranties, representations, and covenants in this Lease itself.

**Section 16.06 Estoppel Certificate.** At any time and from time to time, within ten (10) days after notice of request by either party, the other party shall execute, acknowledge, and deliver to the requesting party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement. The statement shall also state the dates to which the rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, banker, and lender of either party and by any prospective purchaser or encumbrance of the Hotel Improvements or of all or any part or parts of Tenant's or District's interests under this Lease.

**Section 16.07 Holding Over.** If Tenant holds possession of the Premises after the expiration of

# LEASE

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the term of this Lease or any extension thereof, with consent of District, either expressed or implied Tenant shall become a tenant from month to month. All rent(s) for said holdover tenancy shall be adjusted to reflect the rate, as set forth in the Schedule of Rates and Charges adopted by the Board of Directors, that is in effect during the time of the holdover: All other terms and conditions of this Lease shall remain unchanged.

**Section 16.08 Severability.** The invalidity or illegality of any provision shall not affect the remainder of the Lease. All exhibits to which reference is made in this Lease are incorporated in the Lease by the respective references to them, whether or not they are actually attached. Reference to "this Lease" includes matters incorporated by reference.

**Section 16.09 Successors.** Subject to the provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns, and personal representatives of the respective parties.

**Section 16.10 Time of Essence.** Time is of the essence of this Lease and every covenant and condition herein.

**Section 16.11 Memorandum of Lease.** This Lease shall not be recorded. The parties have previously recorded a memorandum of this Lease in the official records of Santa Barbara County California on August 15, 2012 as Instrument 2012-0053595 which references therein the Premises. At the close of the Transaction, the parties shall execute and record an amendment to the memorandum of Lease to reflect the restatement thereof as provided in this restated Lease, all in the form attached hereto as Exhibit "E".

IN WITNESS WHEREOF, the parties have executed this restated Lease in quadruplicate.

Date: October \_\_, 2022

DISTRICT:

APPROVED AS TO CONTENT FOR  
DISTRICT:

SANTA MARIA PUBLIC AIRPORT  
DISTRICT

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

By: \_\_\_\_\_  
Carl W. Engel, Jr.  
President

APPROVED AS TO FORM FOR  
DISTRICT:

\_\_\_\_\_  
Joshua M. George  
District Counsel

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

Tenant:

H&H, LLC  
a California limited liability company

By: \_\_\_\_\_

# LEASE

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Blanche Hollingsead  
Manager

**EDGEWATER MOTEL, INC**  
a California corporation

By: \_\_\_\_\_  
Kenneth A. Thomas  
President

By: \_\_\_\_\_  
Judy Hearn  
Secretary

Description of Premises

**Exhibit "A"**

THOSE PORTIONS OF SECTION 34, TOWNSHIP 10 NORTH RANGE 34 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF SANTA MARIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

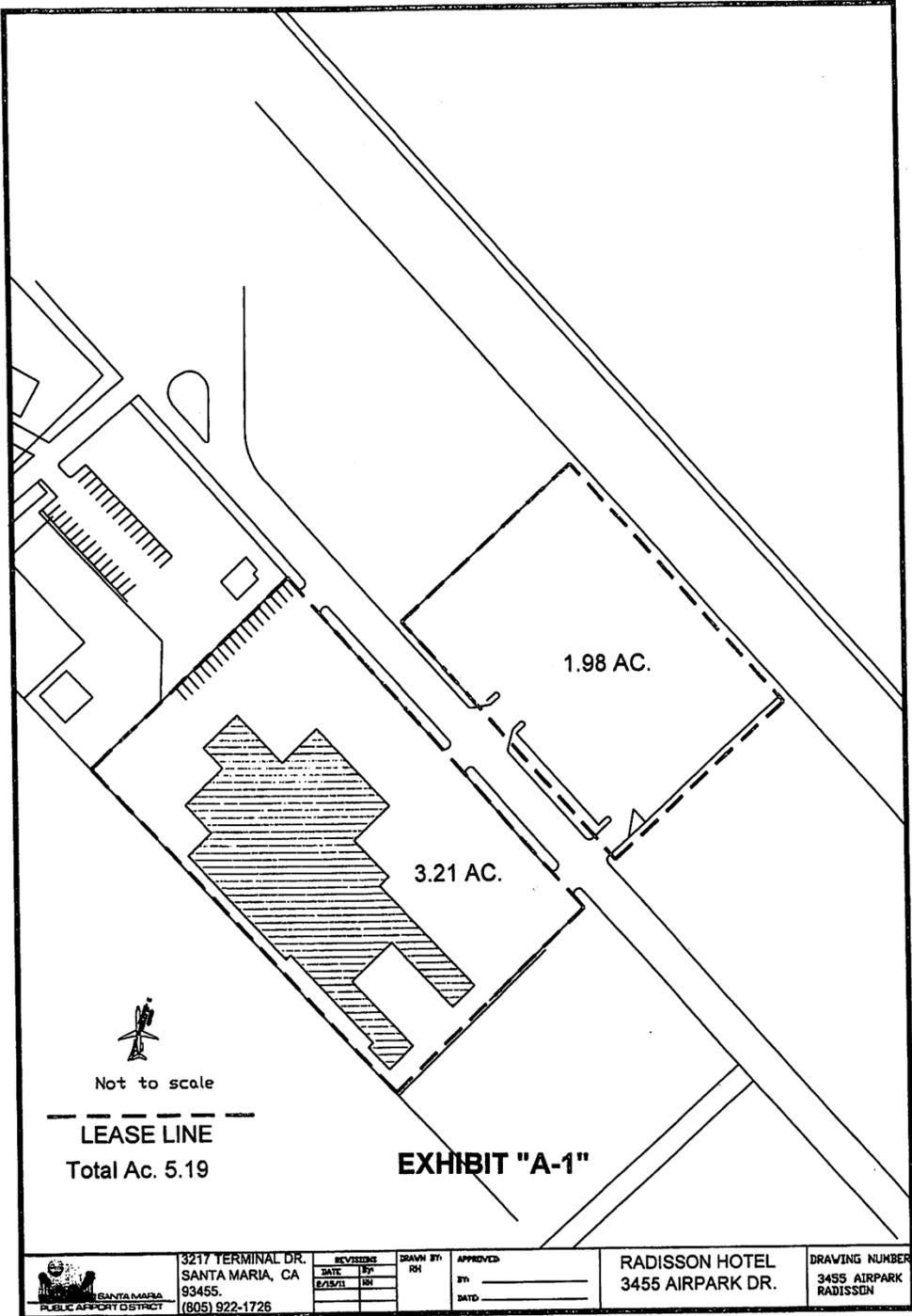
PARCEL ONE:

BEGINNING AT THE MOST SOUTHERLY CORNER OF THAT CERTAIN 2.42 ACRE PARCEL OF LAND SHOWN ON A RECORD OF SURVEY MAP RECORDED IN BOOK 110, PAGE 10, RECORD OF SAID COUNTY, THENCE NORTH 46° 43' 30" EAST, ALONG THE SOUTHEASTERLY BOUNDARY THEREOF, 144.95 FEET TO THE TRUE POINT OF BEGINNING, THENCE NORTH 46° 43' 30" EAST, CONTINUING ALONG SAID SOUTHEASTERLY BOUNDARY AND THE NORTHEASTERLY PROLONGATION THEREOF, A DISTANCE OF 297.99 FEET TO A POINT, THENCE SOUTH 41° 47' 33" EAST, A DISTANCE OF 479.16 FEET, THENCE SOUTH 46° 43' 30" WEST, A DISTANCE OF 479.00 FEET TO THE TRUE POINT OF BEGINNING CONTAINING 3.21 ACRES, MORE OR LESS.

PARCEL TWO:

BEGINNING AT THE MOST SOUTHERLY CORNER OF THAT CERTAIN 2.42 ACRE PARCEL OF LAND SHOWN ON A RECORD OF SURVEY MAP RECORDED IN BOOK 110, PAGE 10, RECORDS OF SAID COUNTY, THENCE NORTH 46° 43' 30" EAST ALONG THE SOUTHEASTERLY BOUNDARY THEREOF AND THE NORTHEASTERLY PROLONGATION THEREOF, A DISTANCE OF 503.02 FEET TO A POINT THENCE SOUTH 41° 47' 33" EAST, A DISTANCE OF 120.73 FEET TO THE TRUE POINT OF THE BEGINNING, THENCE SOUTH 41° 47' 33" EAST, A DISTANCE OF 345.00 FEET, THENCE NORTH 48° 13' 27" EAST, A DISTANCE OF 249.98 FEET, MORE OR LESS, TO A POINT ON THE SOUTHWESTERLY BOUNDARY OF SKYWAY DRIVE AS SHOWN ON A RECORD OF SURVEY MAP IN BOOK 82, OF RECORD OF SURVEYS AT PAGE 67, RECORDS OF SAID COUNTY THENCE NORTH 41° 45' 42" WEST, ALONG SAID SOUTHWESTERLY BOUNDARY A DISTANCE OF 345.00 FEET, THENCE SOUTH 48° 12' 27" WEST, A DISTANCE OF 250.16 FEET TO THE TRUE POINT OF THE BEGINNING, CONTAINING 1.98 ACRES MORE OR LESS.

**-- End of legal description --**



X:\Drawings\A-1\LEAS51405 AIRPARK radisson.dwg



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

REVISIONS		DATE	BY	CHK

DRAWN BY:  
RHI

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

RADISSON HOTEL  
3455 AIRPARK DR.

DRAWING NUMBER  
3455 AIRPARK  
RADISSON

EXHIBIT A-1

**EXHIBIT "B"**

**RIDER**

Rider to the Building Lease dated October \_\_, 2022, herein called "Lease") between Santa Maria Public Airport District (herein called "District") and H&H, LLC and EDGEWATER MOTEL, INC., (herein called "Tenant").

**LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION**

1. Tenant, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased property described in this lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the leased property and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that Tenant shall use the leased property in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. That in the event of breach of any of the above nondiscrimination covenants, District shall have the right to terminate this lease and to reenter and repossess the leased property and the facilities thereon, and hold the same as if this lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED THAT Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

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

## LEASE

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

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

8. District reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Tenant and without interference or hindrance.

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

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

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

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

13. There is hereby reserved to District, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased property. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Airport.

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

15. Tenant by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased property in any manner which might interfere with the landing and

## LEASE

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taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, District reserves the right to enter upon the leased property and cause the abatement of such interference at the expense of Tenant.

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

**EXHIBIT "C"**

**TITLE CONDITIONS**

*[The exceptions to title listed in that certain Preliminary Title Report issued by Stewart Title Company as Title Order No. 22000111144 as of 7:30 AM on August 19, 2022, excepting therefrom items 7, 8, and 9, which Tenant shall cause to be removed before the Commencement Date.  
A copy of the exceptions follows on the next page.]*



**Jimmy Morada**  
Title Officer

Stewart Title Guaranty Company  
Commercial Services (Los Angeles)  
525 North Brand Blvd.  
Glendale, CA 91203  
Phone  
Fax  
Jimmy.Morada@stewart.com

## PRELIMINARY REPORT

Order No. : 22000111144  
Title Unit No. : 11  
Your File No. :  
Buyer/Borrower Name : United Lions Corp  
Seller Name : Radisson Hotel Santa Maria

Property Address: 3455 Skyway Drive, Santa Maria, CA 93455

In response to the above referenced application for a Policy of Title Insurance, Stewart Title Guaranty Company Commercial Services (Los Angeles) hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Stewart Title Guaranty Company Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on covered Risks of said policy or policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limits of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters, which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of August 19, 2022 at 7:30 a.m.

**When replying, please contact:** Jimmy Morada, Title Officer

**IF ANY DECLARATION, GOVERNING DOCUMENT (FOR EXAMPLE, COVENANT, CONDITION OR RESTRICTION) OR DEED IDENTIFIED AND/OR LINKED IN THIS TITLE PRODUCT CONTAINS ANY RESTRICTION BASED ON AGE, RACE COLOR, RELIGION, SEX, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, VETERAN OR MILITARY STATUS, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (p) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE BY SUBMITTING A “RESTRICTIVE COVENANT MODIFICATION” FORM, TOGETHER WITH A COPY OF THE ATTACHED DOCUMENT WITH THE UNLAWFUL PROVISION REDACTED TO THE COUNTY RECORDER’S OFFICE. THE “RESTRICTIVE COVENANT MODIFICATION” FORM CAN BE OBTAINED FROM THE COUNTY RECORDER’S OFFICE AND MAY BE AVAILABLE ON ITS WEBSITE. THE FORM MAY ALSO BE AVAILABLE FROM THE PARTY THAT PROVIDED YOU WITH THIS DOCUMENT. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.**

## **PRELIMINARY REPORT**

**The form of Policy of Title Insurance contemplated by this report is:**

- Standard Coverage Owner's Policy
- Extended Coverage Owner's Policy
- CLTA/ALTA Homeowner's Policy
- Standard Coverage Loan Policy
- Extended Coverage Loan Policy
- Short Form Residential Loan Policy
- 

## **SCHEDULE A**

**The estate or interest in the land hereinafter described or referred to covered by this report is:**

A leasehold as created by that certain lease dated July 14, 2011, executed by Santa Maria Public Airport District, as lessor, and H&H, LLC, a California limited liability company and Edgewater Motel, Inc., a California Corporation, as lessee, as referenced in the document entered "Memorandum of Lease", which recorded August 8, 2011, as Instrument No. [2011-0044694](#), of Official Records, and re-recorded May 7, 2012 as Instrument No. [2012-0029085](#), of Official Records, and re-recorded August 15, 2012 as Instrument No. [2012-0053595](#), of Official Records for the term, upon and subject to all the provisions contained in said document and in said lease.

**Title to said estate or interest at the date hereof is vested in:**

[H&H, LLC, a California limited liability company and Edgewater Motel, Inc., a California Corporation](#)

## **LEGAL DESCRIPTION**

**The land referred to herein is situated in the State of California, County of Santa Barbara, City of Santa Maria and described as follows:**

PARCEL ONE: 111-230-05 & 111-230-06

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof, 144.95 feet to the true point of beginning; thence North 46° 43' 30" East, continuing along said Southeasterly boundary and the Northeasterly prolongation thereof, a distance of 297.99 feet to a point; thence South 41° 47' 33" East, a distance of 479.16 feet; thence South 46° 43' 30" West, a distance of 285.37 feet; thence North 43° 18' 08" West, a distance of 479.00 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in [Book 857, Page 309](#), and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

PARCEL TWO: APN 111-230-18

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof and the Northeasterly prolongation thereof, a distance of 503.02 feet to a point; thence South 41° 47' 33" East, a distance of 120.73 feet to the true point of beginning; thence South 41° 47' 33" East, a distance of 345.00 feet; thence North 48° 12' 27" East, a distance of 249.98 feet, more or less, to a point on the Southwesterly boundary of Skyway Drive as shown on a record of survey map in Book 82, of record of surveys at Page 67, records of said County; thence North 41° 45' 42" West, along said Southwesterly boundary a distance of 345.00 feet thence South 48° 12' 27" West, a distance of 250.16 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting all oil, gas and other hydrocarbon substances and minerals in and under said land and mineral rights, without the right of surface entry on said land, as reserved by Santa Maria Public Airport District in the lease recorded November 21, 1984 as Instrument No. [1984-062713](#) of Official Records.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in [Book 857, Page 309](#), and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

APN: [111-231-005](#), [111-231-018](#), and [111-231-006](#)

APN: 111-231-005, 111-231-018, and 111-231-006  
(End of Legal Description)

**THE MAP ATTACHED THROUGH THE HYPERLINK ABOVE IS BEING PROVIDED AS A COURTESY AND FOR INFORMATION PURPOSES ONLY; THIS MAP SHOULD NOT BE RELIED UPON. FURTHERMORE, THE PARCELS SET OUT ON THIS MAP MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES. THERE WILL BE NO LIABILITY, RESPONSIBILITY OR INDEMNIFICATION RELATED TO ANY MATTERS CONCERNING THE CONTENTS OR ACCURACY OF THE MAP.**

## **SCHEDULE B**

**At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:**

### **Taxes:**

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes, to be levied for the fiscal year 2022 - 2023.
  
- B. General and special city and/or county taxes, bonds or assessments which may become due on the property, if, and when, title is no longer vested in a government or quasi-governmental agency. Parcel No: 111-231-005.  
  
affects: Portion of Parcel One
  
- C. General and special city and/or county taxes, bonds or assessments which may become due on the property, if, and when, title is no longer vested in a government or quasi-governmental agency. Parcel No: 111-231-006.  
  
affects: Portion of Parcel One
  
- D. General and special city and/or county taxes, bonds or assessments which may become due on the property, if, and when, title is no longer vested in a government or quasi-governmental agency. Parcel No: 111-231-018.  
  
affects: Parcel Two
  
- E. Any property taxes which are a lien due and payable including any assessments collected with said taxes affecting, the leasehold estate. Assessment numbers provided by the Santa Barbara Assessment Office  
  
111-231-05-0010, 111-231-006-0021; 111-231-049; 111-231-0053; 111-231-0067 and 111-231-0071, 111-231-018 (no leasehold assessment) amounts not available
  
- F. **Prior to recording, the final amount due for taxes must be confirmed with tax collector.**
  
- G. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the revenue and taxation code of the State of California.
  
- H. Taxes and/or assessments affecting the Land, if any, for community facility districts, including Mello Roos, which may exist by virtue of assessment maps or filed notices. These taxes and/or assessments are typically collected with the county taxes; however, sometimes they're removed and assessed and collected separately.

### **Exceptions:**

- 1. Water rights, claims or title to water in, on or under the Land, whether or not shown by the public records.
  
- 2. Ownership of, or rights to, minerals or other substances, subsurface and surface, of whatsoever kind, including, but not limited to coal, ores, metals, lignite, oil, gas, geothermal resources, brine, uranium, clay, rock, sand and gravel in, on, under and that may be produced from the Land, together with all rights, privileges, and immunities relating thereto, whether the ownership or rights arise by lease, grant, exception, conveyance, reservation or otherwise, and whether or not

appearing in the public records or listed in Schedule B. Stewart Title Guaranty Company and its issuing agent make no representation as to the present ownership of any such interests. There may be leases, grants, exceptions, or reservations of interests that are not listed.

3. Conditions, provisions and limitations contained in deed from The United States of America to the County of Santa Barbara, recorded June 9, 1949 in [Book 857, Page 309](#), of Official Records and deed from The United States of America to the County of Santa Barbara, recorded December 19, 1949 in [Book 889, Page 449](#), of Official Records.

By instrument dated February 10, 1955 and recorded April 20, 1955 as Instrument [No. 7261, in Book 1310, Page 520](#), of Official Records, the conditions and provisions of the deed recorded in [Book 857, Page 309](#), of Official Records were modified and amended by Release dated February 24, 1959 as Instrument No. 26837 in [Book 1656, Page 30](#), of Official Records, one certain conditions was released from said deed.

By instrument recorded February 27, 1984 as Instrument No. [84-10249](#), which was amended by an instrument dated September 27, 1984 and recorded November 21, 1984 as Instrument No. [1984-062710](#), of Official Records the above conditions, provisions and limitations were released subject to the following conditions:

A. That any instrument used by the district (landlord) to lease the hereinabove described real property (lease land) at the Santa Maria Public Airport (airport) shall include the following covenants, conditions, restrictions and reservations:

1. There is hereby reserved to landlord, its successors and assigns, for the use and benefit of the public, a right of flight shall include the right of flight for the passage of aircraft in the airspace above the surface of the leasehold land. 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 at the airport.

2. Tenant by accepting this expressly agrees for itself, its successors and assigns, that will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the leased land above the mean sea level elevation of 359 feet. In the event the aforesaid covenants are breached, landlord reserves the right to enter upon the leased land and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the tenant.

3. Tenant by accepting this lease agrees for itself, its successors and assigns that it will make use of the leased land 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, landlord reserves the right to enter upon the leased land and cause the abatement of such interference at the expense of tenant.

B. That the release granted by the instrument is for the purpose stated therein only, and nothing contained therein shall be construed as permitting a sale or there alienation by the Santa Maria Public Airport District with or without monetary consideration, except by prior approval of the Administrator of he Federal Aviation Administration.

4. The reservation contained in the deed from the County of Santa Barbara and the City of Santa Paula Maria to the Santa Maria Public Airport District, a state agency of the State of California, recorded March 9, 1964 as Instrument [No. 10278 in Book 2039, Page 509](#), of Official Records, as follows:

"If grantee is dissolved, title to any of the above described land and improvements thereto vesting in grantee at that time shall revert to grantors as tenants in common".

Said reservation was modified by an agreement among of the above 3 parties recorded April 5, 1984 as Instrument No. [84-17753](#), to protect the interest of a potential lessee of said land.

Said agreement was amended by instrument dated September 19, 1984, and recorded November 21, 1984 as Instrument No. [1984-062711](#), of Official Records.

5. Easement and rights incidental thereto for water line to City of Santa Maria, as set forth in a document recorded March 9, 1964 as Instrument [No. 10279, in Book 2039, Page 518](#), of Official Records.
6. Such rights as may have been acquired by Southern California Gas Company, a California corporation by the following described instruments:

That instrument (easements and right of way) dated July 2, 1943 recorded July 3, 1943 in Book 573, Page 181, of Official Records of Santa Barbara County, California, between Alphonzo E. Bell, et al., as grantor and the Southern Counties Gas Company of California, as grantee.

Reference is made to said document for full particulars.

7. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby:

Amount : \$4,396,000.00  
Dated : September 10, 2012  
Trustor : H & H, LLC, a California limited liability company and  
: Edgewater Motel, Inc., a California Corporation  
Trustee : Heritage Oaks Bancorp.,  
: a California corporation  
Beneficiary : Heritage Oaks Bank  
Recorded : September 19, 2012, as Instrument No. [2012-0062380](#)  
: of Official Records

Said instrument has been modified by that certain document recorded September 22, 2016 as Instrument No. [2016-0049194](#), of Official Records.

8. Assignment of Rents and Leases executed by H & H, LLC, a California limited liability company and Edgewater Motel, Inc., a California Corporation and Heritage Oaks Bank, recorded September 22, 2016 as Instrument No. [2016-0049195](#), of Official Records.
9. Financing Statement in favor of Heritage Oaks Bank, recorded October 8, 2012 as Instrument No. [2012-0067276](#), of Official Records.

Financing statement was amended by document recorded September 30, 2016 as Instrument No. [2016-0051227](#), of Official Records.

Financing statement was continued by document recorded October 1, 2020 as Instrument No. [2020-0054313](#), of Official Records.

Financing statement was continued by document recorded April 28, 2022 as Instrument No. [2022-0020935](#), of Official Records.

Financing statement was continued by document recorded June 2, 2022 as Instrument No. [2022-0026744](#), of Official Records.

Financing statement was continued by document recorded August 1, 2022 as Instrument No. [2022-0034394](#), of Official Records.

10. Any failure to comply with the terms, covenants and provisions contained in the instruments referred to in Schedule A.
11. Rights of parties in possession whether or not recorded in the public records.
12. In order to insure a conveyance, acquisition or encumbrance by the limited liability company

named below, you must provide the following:

Limited liability company: H & H LLC, etc.

a. A certified copy of the articles of organization (Form LLC-1), and any filed amendment (Form LLC-2) or restatement (Form LLC-10), if applicable.

b. A copy of the operating agreement and any amendments.

Additional requirements or items may be requested upon review of the required documents set forth above.

13. In order to insure a conveyance, acquisition or encumbrance by the corporation or unincorporated association named below you must provide the following:

Entity: Edgewater Motel

a. A copy of the corporation By-Laws or Articles.

b. An original or certified copy of the Resolution authorizing the subject transaction.

c. If the By-Laws or Articles require approval by a "parent" organization, a copy of that entities' By-Laws or Articles.

d. If an unincorporated association, a statement pursuant to applicable law (such as California Corporation Code Section 20002).

Additional requirements or items may be requested upon review of the required documents set forth above.

14. Any facts, rights, interests or claims which would be disclosed by an inspection of the Land.

(End of Exceptions)

## **NOTES AND REQUIREMENTS**

- A. There are no transfers or conveyances shown in the public records within 24 months of the date of this Preliminary Report. If you have knowledge of any transfers or conveyances, please contact your title officer immediately for further requirements.
- B. If an Owner's Policy of title insurance is requested, a CLTA Standard Coverage Owner's Policy will be issued unless instructed otherwise. If a different form of policy is desired, please contact your Title Officer.
- C. All Transactions - Seller(s) and Buyer(s) or Borrowers are provided, as attachments, the document entitled "Acknowledgement of Receipt, Understanding and Approval of STG Privacy Notice for Stewart Title Companies and Stewart's Affiliated Business Arrangement Disclosure Statement" and the individually named documents, for review and acknowledgment prior to closing.
- D. All Transactions - Buyer(s)/Seller(s)/Borrower(s) are provided the Preliminary Report for review and acknowledgment prior to closing. Buyer(s) approval shall include the Preliminary Report items that are to remain as exceptions to the title policy.
- E. All Transactions - Seller(s)/Owner(s) are provided Stewart Title Guaranty Company's Owner's Affidavit and Indemnity for completion and submission prior to closing.
- F. There are no items in this preliminary report that will cause Stewart Title Guaranty Company to decline to attach the CLTA Endorsement Form 116.01-06 (or similar ALTA 22-06 equivalent), indicating that there is located a Commercial Structure, known as 3455 Skyway Drive, Santa Maria, CA 93455.
- G. There are no items in this preliminary report that will cause Stewart Title Guaranty Company to decline to attach the CLTA Endorsement Form 100.2-06 (or a similar ALTA 9 equivalent) to an ALTA Loan Policy, when issued.

## **CALIFORNIA "GOOD FUNDS" LAW**

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds received by Stewart Title Guaranty Company Commercial Services (Los Angeles) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title Guaranty Company Commercial Services (Los Angeles). Stewart Title Guaranty Company Commercial Services (Los Angeles) may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title Guaranty Company Commercial Services (Los Angeles) shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by Stewart Title Guaranty Company Commercial Services (Los Angeles). Such benefits shall be deemed additional compensation to Stewart Title Guaranty Company Commercial Services (Los Angeles) for its services in connection with the escrow or sub-escrow.

If any check submitted is dishonored upon presentation for payment, you are authorized to notify all principals and/or their respective agents of such nonpayment.

# OWNER'S AFFIDAVIT AND INDEMNITY

Order Number: 22000111144

Address/Location: 3455 Skyway Drive, Santa Maria, CA 93455

APN: 111-231-005, 111-231-018, and 111-231-006

In connection with the request of the Undersigned ("Affiant") for the preparation and issuance of insurance, Affiant makes the following statements and representations for the benefit of, and reliance by, title insurer STEWART TITLE GUARANTY COMPANY (hereafter referred to as "TITLE"):

1. Affiant owns and holds title to the land described in Schedule A of the Preliminary Report or Commitment issued in connection with the above referenced Order Number (the "Land").
2. The Affiant's ownership and/or possession of the Land has been peaceful and undisturbed, and title thereto has never been disputed, questioned or rejected, nor has the issuance of title insurance ever been refused, except as follows: **(If none, please state "none")**  

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3. Other than the Affiant, there are no parties entitled to possession of the Land other than the following: **(If none, please state "none")**  

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4. There are no leases, licenses, options, rights of first refusal, or contracts to sell, affecting the Land, or any parties currently in possession, of the Land, except the following: **(If none, please state "none")**  

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5. All assessments by a management company or owners' association, or for common area or building maintenance, if any, are paid current or are not yet due and payable except for the following **(If none, please state "none")**  

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6. There are no pending contemplated repairs/improvements to the Land, except the following: **(If none, please state "none")**  

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7. There has been no construction, building materials, repairs, improvements or remodeling performed, provided, furnished or delivered within the last 12 months, except as follows: **(If none, please state "none")**  

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This work performed, as detailed above, was completed on \_\_\_\_\_ (date of completion).

8. Affiant is not aware of the existence of any of the following:
  - a. Improvements, including fences, encroaching into any easements on the Land, or over any boundary lines of the Land.
  - b. Adjoining property improvements encroaching onto the Land.
  - c. Liens against the Land and/or judgments or tax liens against Affiant or any other property owner currently in title, except those described in the Preliminary Report or Commitment issued in connection with the above referenced Order Number.
  - d. Outstanding claims or persons entitled to claims for mechanics' or materialman liens against the Land.
  - e. Pending repairs/improvements to any adjacent street(s) or any assessments related to road maintenance.
  - f. Any pending litigation involving the Land, the Affiant or any other property owner currently in title.
  - g. Recent improvements completed or being made to any common area(s) located within the subdivision in which the Land is located.
  - h. Violations of building permits, zoning laws or recorded covenants, conditions and/or restrictions imposed on the Land.
  - i. Any pending assessments for Community Facility Districts.
  - j. Any new, pending or existing obligation or loan including any home improvements on the Land pursuant to the PACE or HERO program, or any other similar type program.

- k. Any unrecorded or recorded easements, covenants, conditions, or restrictions affecting the Land, other than those listed in the Preliminary Report or Title Commitment.
- l. Any use of the property for the production, sale, warehousing or transporting of fresh fruits, vegetables, livestock or poultry (e.g., supermarkets, restaurants, wineries, breweries and meat packing plants).

**With regard to 8a.-8l, except as follows: (If none, please state "none")**

- 
- 9. No proceedings in bankruptcy or receivership have been instituted or filed by, or against, the Affiant or any other property owner currently in title.
  - 10. There are no unpaid taxes, assessments or utility type bills including but not limited to bills for water, sewer, hazardous waste, recycling, storm drain and/or rubbish and there are no liens related to such utilities from or on the Land, with the exception of the following: **(If none, please state "none")**

- 
- 11. There are no financial obligations secured by trust deeds, mortgages, financing statements, vendor's liens, security agreements or otherwise, against the Land, except as set forth in the Preliminary Report, proforma and/or Commitment, and as set forth below: **(If none, please state "none")**

<u>Creditor</u>	<u>Approximate Balance</u>

- 12. There has been no harvesting or production of any oil, gas, geothermal materials or other minerals from or on the Land and there are no oil, gas, geothermal and/or mineral leases, licenses, options, rights of first refusal, and/or contracts to sell, affecting the mineral rights associated with the Land, or other parties currently in possession, of the mineral rights on the Land, except the following: **(If none, please state "none")**
- 13. Other than the Affiant, there are no other parties currently in possession of the Land, including but not limited to, any possessory interest associated with the harvesting of any oil, gas, geothermal materials or other minerals, except the following: **(If none, please state "none")**
- 14. Affiant has not executed and will not execute any documents or instruments related to the title to, or interest in, the Land prior to the recordation of the documents in this transaction.
- 15. By signing below, Affiant agrees to cooperate with TITLE and, upon request from TITLE, to promptly provide and/or execute, any corrective or curative information or documentation requested.

This is a sworn affidavit and is made for the purpose of inducing TITLE to provide certain insurance coverage to a purchaser and/or lender, and the representations contained herein are material to such insurance coverage. The undersigned hereby indemnifies and holds TITLE harmless from any loss or damage, liability, costs, expenses and attorneys' fees which it may sustain under its policies of title insurance or commitments to the extent any representation contained herein is incorrect. The undersigned understands that TITLE may decide not to provide the requested title insurance despite the information and affirmations contained herein.

**PLEASE READ, COMPLETE AND RESPOND TO ALL STATEMENTS CONTAINED IN THIS OWNER'S AFFIDAVIT AND INDEMNITY BEFORE SIGNING IN THE PRESENCE OF A NOTARY PUBLIC. THE NOTARY PUBLIC WILL EXECUTE THE ACKNOWLEDGMENT ON THE FOLLOWING PAGE. HOWEVER, IF YOU DO NOT UNDERSTAND OR HAVE ANY QUESTIONS ABOUT THIS AFFIDAVIT, YOU SHOULD SEEK THE ASSISTANCE OF YOUR INDEPENDENT FINANCIAL AND/OR LEGAL ADVISOR BEFORE SIGNING.**

\_\_\_\_\_  
Radisson Hotel Santa Maria

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

State of California                    )  
  ) ss.  
County of \_\_\_\_\_)

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
by \_\_\_\_\_, proved to  
me on the basis of satisfactory evidence to be the person(s) who appeared before me.

\_\_\_\_\_  
Notary Signature



**Jimmy Morada**  
Associate Senior  
Underwriter/Advisory Title  
Officer

Stewart Title Guaranty Company  
Commercial Services (Los Angeles)  
525 North Brand Blvd.  
Glendale, CA 91203  
Phone  
Fax  
Jimmy.Morada@stewart.com

Date : August 29, 2022  
Escrow Officer : Colleen Graves  
Escrow No. : 22000111144  
Title Order No. : 22000111144  
Property Address : 3455 Skyway Drive, Santa Maria, CA 93455

## **SELLER ACKNOWLEDGEMENT OF RECEIPT, UNDERSTANDING AND APPROVAL OF PRELIMINARY REPORT**

The undersigned Seller(s) hereby acknowledge receipt of a copy of the Preliminary Report issued by Stewart Title Guaranty Company - Commercial Services under Order No. 22000111144, dated August 19, 2022 and hereby approves the legal description of subject property shown on Schedule A of the report.

**Seller(s) Acknowledgement:** Seller(s) herein warrant and confirm that, to Seller(s) knowledge, all Deeds of Trusts (e.g., mortgages, loans and lines of credit), liens, judgments and/or encumbrances affecting Seller(s) and subject property are reflected in the Preliminary Report. If not, Seller(s) will provide Escrow Holder with information to facilitate the pay-off and/or removal of any such items before or at the close of escrow.

The undersigned have received a copy of this acknowledgement as evidenced by the signature below.

**Seller(s):**

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Radisson Hotel Santa Maria



**Jimmy Morada**  
Associate Senior  
Underwriter/Advisory Title  
Officer

Stewart Title Guaranty Company  
Commercial Services (Los Angeles)  
525 North Brand Blvd.  
Glendale, CA 91203  
Phone  
Fax  
Jimmy.Morada@stewart.com

Date : August 29, 2022  
Escrow Officer : Colleen Graves  
Escrow No. : 22000111144  
Title Order No. : 22000111144  
Property Address : 3455 Skyway Drive, Santa Maria, CA 93455

## **BUYER ACKNOWLEDGEMENT OF RECEIPT, UNDERSTANDING AND APPROVAL OF PRELIMINARY REPORT**

The undersigned Buyer(s) hereby acknowledge receipt of a copy of the Preliminary Report issued by Stewart Title Guaranty Company - Commercial Services under Order No. 22000111144, dated August 19, 2022 and hereby approves the legal description of subject property shown on Schedule A of the report.

**Buyer(s) Approval of Preliminary Report:** Buyer(s) herein hereby approves Items \* of Schedule B of the report to be included in the Policy of Title Insurance as exceptions when written. Further, Buyer(s) hereby acknowledge receipt and approval of the Covenants, Conditions and Restrictions, and any and all Schedule B exceptions detailed above, for example, easements, right-of-ways, and restrictions, if any.

The undersigned have received a copy of this acknowledgement as evidenced by the signature below.

**Buyer(s):**

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United Lions Corp

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

Order No.: 22000111144  
Escrow No.: 22000111144

The land referred to herein is situated in the State of California, County of Santa Barbara, City of Santa Maria and described as follows:

PARCEL ONE: 111-230-05 & 111-230-06

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof, 144.95 feet to the true point of beginning; thence North 46° 43' 30" East, continuing along said Southeasterly boundary and the Northeasterly prolongation thereof, a distance of 297.99 feet to a point; thence South 41° 47' 33" East, a distance of 479.16 feet; thence South 46° 43' 30" West, a distance of 285.37 feet; thence North 43° 18' 08" West, a distance of 479.00 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in [Book 857, Page 309](#), and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

PARCEL TWO: APN 111-230-18

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof and the Northeasterly prolongation thereof, a distance of 503.02 feet to a point; thence South 41° 47' 33" East, a distance of 120.73 feet to the true point of beginning; thence South 41° 47' 33" East, a distance of 345.00 feet; thence North 48° 12' 27" East, a distance of 249.98 feet, more or less, to a point on the Southwesterly boundary of Skyway Drive as shown on a record of survey map in Book 82, of record of surveys at Page 67, records of said County; thence North 41° 45' 42" West, along said Southwesterly boundary a distance of 345.00 feet thence South 48° 12' 27" West, a distance of 250.16 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting all oil, gas and other hydrocarbon substances and minerals in and under said land and mineral rights, without the right of surface entry on said land, as reserved by Santa Maria Public Airport District in the lease recorded November 21, 1984 as Instrument No. [1984-062713](#) of Official Records.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to

Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in [Book 857, Page 309](#), and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

APN: [111-231-005, 111-231-018, and 111-231-006](#)

APN: 111-231-005, 111-231-018, and 111-231-006

(End of Legal Description)

# AFFILIATED BUSINESS ARRANGEMENT DISCLOSURE STATEMENT

Date: August 29, 2022

Escrow No.: 22000111144

Property: 3455 Skyway Drive, Santa Maria, CA 93455

From: Stewart Title Guaranty Company - Commercial Services

This is to give you notice that Stewart Title Guaranty Company - Commercial Services ("Stewart Title") has a business relationship with Stewart Solutions, LLC, DBA – Stewart Specialty Insurance Services, LLC ("Stewart Insurance"). Stewart Information Services Corporation owns 100% of Stewart Insurance and Stewart Title of California. Because of this relationship, this referral may provide Stewart Title a financial or other benefit.

Set forth below is the estimated charge or range of charges for the settlement services listed. You are NOT required to use the listed provider(s) as a condition for purchase, sale, or refinance of the subject Property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

<b>Stewart Insurance Settlement Service</b>	<b>Charge or range of charges</b>
Hazard Insurance	\$400.00 to \$6,500.00
Home Warranty	\$255.00 to \$ 780.00
Natural Hazard Disclosure Report	\$ 42.50 to \$ 149.50

**CALIFORNIA LAND TITLE ASSOCIATION**

**STANDARD COVERAGE POLICY – 1990  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:  
(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;  
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;  
(c) resulting in no loss or damage to the insured claimant;  
(d) attaching or created subsequent to Date of Policy; or  
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy

## CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;
  - c. land use;
  - d. improvements on the Land;
  - e. land division;
  - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.

5. Failure to pay value for Your Title.

6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

### LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

\* For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

## **2006 ALTA LOAN POLICY (06-17-06) EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.  
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

### **EXCEPTIONS FROM COVERAGE**

Except as provided in Schedule B - Part II, this policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

#### **PART I**

1. (a) taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
(b) proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy.

#### **PART II**

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:

## **2006 ALTA OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.  
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

### **EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy..

## ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY - ASSESSMENTS PRIORITY (04-02-15) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys fees or expenses which arise by reason of:

1. a. Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protectionor the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

**PROCEDURES TO ACCOMPANY THE  
RESTRICTIVE COVENANT MODIFICATION FORM**

The law prohibits unlawfully restrictive covenants based upon:

“...age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry... Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”

As the individual holding or acquiring an interest in the property, you may elect to have any unlawfully restrictive covenants “removed”, which means “redacted.”

To have the unlawfully restrictive covenant removed, you may prepare and submit to the county recorder’s office, a “Restrictive Covenant Modification” form (RCM) together with a copy of the attached document with the unlawfully restrictive covenant redacted. This request must be submitted to the county recorder’s office and must include your return address so the county recorder can notify you of the action taken by the county counsel.

**NOTE: The RCM provided with your title product MAY NOT be the same form required by your county recorder’s office; please double check your county recorder’s office before completing this form.**

The process at the county recorder’s office is as follows:

- The county recorder takes the RCM with the redacted document and the original document attached and submits it to the county counsel for review to determine if, from a legal standpoint, the language was an unlawfully restrictive covenant and thus the redacted version should be indexed and recorded.
- The county counsel shall inform the county recorder of his/her determination within a reasonable amount of time, not to exceed three months from the date of your request.
- If county counsel determined that the redacted language was unlawful then, once recorded, the redacted document is the only one that effects the property and this modified document has the same effective date as the original document.
- If county counsel determined that the redacted language was not unlawful then county counsel will return the RCM package to the county recorder and the county recorder will advise the requestor that same the request has been denied and the redacted document has not been recorded.
- The modification document shall be indexed in the same manner as the original document and shall contain a recording reference to the original document.

**RECORDING REQUESTED BY**

AND WHEN RECORDED MAIL TO

NAME

ADDRESS

CITY  
STATE & ZIP

TITLE ORDER NO.

ESCROW NO.

APN NO.

**RESTRICTIVE COVENANT MODIFICATION**

**(Unlawfully Restrictive Covenant Modification Pursuant to Government Code Section 12956.2)**

I(We) \_\_\_\_\_ have or are acquiring an ownership interest of record in the property located at \_\_\_\_\_ that is covered by the document described below.

The following reference document contains a restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in Section 12955 of the Government Code, or ancestry, that violates state and federal fair housing laws and is void. Pursuant to Section 12956.2 of the Government Code, this document is being recorded solely for the purpose of eliminating that restrictive covenant as shown on page(s) \_\_\_\_\_ of the document recorded on \_\_\_\_\_ in book \_\_\_\_\_ and page \_\_\_\_\_ or instrument number \_\_\_\_\_ of the official records of the County of \_\_\_\_\_, State of California.

Attached hereto is a true, correct and complete copy of the document referenced above, with the unlawful restrictive covenant redacted.

This modification document shall be indexed in the same manner as the original document pursuant to subdivision (d) of Section 12956 of the Government.

The effective date of the terms and conditions of the modification document shall be the same as the effective date of the original document.

\_\_\_\_\_  
(Signature of Submitting Party)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature of Submitting Party)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_ County Counsel, or their designee, pursuant to Government Code Section 12956.2, hereby states that it has been determined that the original document referenced above

\_\_\_\_\_ Does \_\_\_\_\_ Does Not contain an unlawful restriction and this modification may be recorded.

County Counsel

By: \_\_\_\_\_

Date: \_\_\_\_\_



**Jimmy Morada**  
Title Officer

Stewart Title Guaranty Company  
Commercial Services (Los Angeles)  
525 North Brand Blvd.  
Glendale, CA 91203  
Phone  
Fax  
Jimmy.Morada@stewart.com

**Date:** August 29, 2022  
**Title Officer:** Jimmy Morada  
**Order No.:** 22000111144  
**Property Address:** 3455 Skyway Drive, Santa Maria, CA 93455

## **UNLAWFULLY RESTRICTIVE COVENANTS ACKNOWLEDGMENT AND INDEMNIFICATION**

STEWART TITLE GUARANTY COMPANY  
IS LICENSED BY THE STATE OF CALIFORNIA UNDER THE DEPARTMENT OF INSURANCE LICENSE NO. 1892

The undersigned hereby acknowledge receipt of (1) the statutory required language describing unlawfully restrictive covenants in the title product from Stewart Title Guaranty Company ("Stewart Title"); (2) a copy of the Restrictive Covenant Modification (RCM) form; (3) the procedures describing how to have, when applicable, an unlawfully restrictive covenant of record updated; and (4) when applicable, notice of actual knowledge of a potential unlawfully restrictive covenant.

The undersigned further acknowledge that he/she/they have received, read, understand and accept these documents in connection with the above-described transaction and have received a copy of this acknowledgment as evidenced by the signature below.

If the undersigned requested of Stewart Title assistance with preparation of the RCM form, the undersigned attests that Stewart Title is directly involved in the pending transaction and that the request to Stewart Title was made prior to close of escrow. The undersigned agrees and understands that Stewart Title will provide guidance in my/our preparation of the RCM and required attachments and/or may submit such RCM package to the county recorder on my/our behalf. The undersigned agrees that Stewart Title shall have no liability associated with the creation or preparation of and/or recordation of a RCM and its attachments.

The undersigned acknowledge and understand that Stewart Title will rely upon this acknowledgment as evidence that Stewart Title has fulfilled its duties and obligations under the law with respect to unlawfully restrictive covenants. The undersigned jointly and severally agree to hold harmless Stewart Title Guaranty Company, its officers, employees, agents, parent, affiliated and subsidiary companies, and successors and assigns from and against any and all damages or liability and agree to reimburse Stewart Title for all losses, costs, charges, attorneys' fees or other expenses which shall or may at any time be suffered, sustained or incurred by reason of, or in consequence of or related to these unlawfully restrictive covenants and the RCM submission and form.

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Radisson Hotel Santa Maria

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United Lions Corp

## STG Privacy Notice Stewart Title Companies

### WHAT DO THE STEWART TITLE COMPANIES DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of the Stewart Title Guaranty Company and its title affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as the Stewart Title Companies, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information.	Do we share	Can you limit this sharing?
<b>For our everyday business purposes</b> — to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
<b>For our marketing purposes</b> — to offer our products and services to you.	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> — information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and non-financial companies. <i>Our affiliates may include companies with a Stewart name; financial companies, such as Stewart Title Company</i>	Yes	No
<b>For our affiliates' everyday business purposes</b> — information about your creditworthiness.	No	We don't share
<b>For our affiliates to market to you</b> — For your convenience, Stewart has developed a means for you to opt out from its affiliates marketing even though such mechanism is not legally required.	Yes	Yes, send your first and last name, the email address used in your transaction, your Stewart file number and the Stewart office location that is handling your transaction by email to <a href="mailto:optout@stewart.com">optout@stewart.com</a> or fax to 1-800-335-9591.
<b>For non-affiliates to market to you.</b> Non-affiliates are companies not related by common ownership or control. They can be financial and non-financial companies.	No	We don't share

We may disclose your personal information to our affiliates or to non-affiliates as permitted by law. If you request a transaction with a non-affiliate, such as a third party insurance company, we will disclose your personal information to that non-affiliate. [We do not control their subsequent use of information, and suggest you refer to their privacy notices.]

### SHARING PRACTICES

<b>How often do the Stewart Title Companies notify me about their practices?</b>	We must notify you about our sharing practices when you request a transaction.
<b>How do the Stewart Title Companies protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer, file, and building safeguards.
<b>How do the Stewart Title Companies collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>▪ request insurance-related services</li> <li>▪ provide such information to us</li> </ul> We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.
<b>What sharing can I limit?</b>	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

**Contact us:** *If you have any questions about this privacy notice, please contact us at: Stewart Title Guaranty Company, 1360 Post Oak Blvd., Ste. 100, Privacy Officer, Houston, Texas 77056*

## Privacy Notice for California Residents

Pursuant to the California Consumer Privacy Act of 2018 ("CCPA"), Stewart Information Services Corporation and its subsidiary companies (collectively, "Stewart") are providing this **Privacy Notice for California Residents** ("CCPA Notice"). This CCPA Notice supplements the information contained in Stewart's existing privacy notice and applies solely to all visitors, users and others who reside in the State of California or are considered California Residents ("consumers" or "you"). Terms used but not defined shall have the meaning ascribed to them in the CCPA.

### Information Stewart Collects

Stewart collects information that identifies, relates to, describes, references, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, household, or device. Most of the information that Stewart collects in the course of its regular business is already protected pursuant to the Gramm-Leach-Bliley Act (GLBA). Additionally, much of this information comes from government records or other information already in the public domain. Personal information under the CCPA does not include:

- Publicly available information from government records.
- Deidentified or aggregated consumer information.
- Certain personal information protected by other sector-specific federal or California laws, including but not limited to the Fair Credit Reporting Act (FCRA), GLBA and California Financial Information Privacy Act (FIPA).

Specifically, Stewart has collected the following categories of personal information from consumers within the last twelve (12) months:

Category	Examples	Collected?
A. Identifiers.	A real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, Social Security number, driver's license number, passport number, or other similar identifiers.	YES
B. Personal information categories listed in the California Customer Records statute (Cal. Civ. Code § 1798.80(e)).	A name, signature, Social Security number, physical characteristics or description, address, telephone number, passport number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, credit card number, debit card number, or any other financial information, medical information, or health insurance information. Some personal information included in this category may overlap with other categories.	YES
C. Protected classification characteristics under California or federal law.	Age (40 years or older), race, color, ancestry, national origin, citizenship, religion or creed, marital status, medical condition, physical or mental disability, sex (including gender, gender identity, gender expression, pregnancy or childbirth and related medical conditions), sexual orientation, veteran or military status, genetic information (including familial genetic information).	YES
D. Commercial information.	Records of personal property, products or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies.	YES
E. Biometric information.	Genetic, physiological, behavioral, and biological characteristics, or activity patterns used to extract a template or other identifier or identifying information, such as, fingerprints, faceprints, and voiceprints, iris or retina scans, keystroke, gait, or other physical patterns, and sleep, health, or exercise data.	YES
F. Internet or other similar network activity.	Browsing history, search history, information on a consumer's interaction with a website, application, or advertisement.	YES
G. Geolocation data.	Physical location or movements.	YES
H. Sensory data.	Audio, electronic, visual, thermal, olfactory, or similar information.	YES
I. Professional or employment-related information.	Current or past job history or performance evaluations.	YES
J. Non-public education information (per the Family Educational Rights and Privacy Act (20 U.S.C. Section 1232g, 34 C.F.R. Part 99)).	Education records directly related to a student maintained by an educational institution or party acting on its behalf, such as grades, transcripts, class lists, student schedules, student identification codes, student financial information, or student disciplinary records.	YES
K. Inferences drawn from other personal information.	Profile reflecting a person's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities, and aptitudes.	YES

Stewart obtains the categories of personal information listed above from the following categories of sources:

- Directly and indirectly from customers, their designees or their agents (For example, realtors, lenders, attorneys, etc.)
- Directly and indirectly from activity on Stewart's website or other applications.
- From third-parties that interact with Stewart in connection with the services we provide.

#### Use of Personal Information

Stewart may use or disclose the personal information we collect for one or more of the following purposes:

- To fulfill or meet the reason for which the information is provided.
- To provide, support, personalize, and develop our website, products, and services.
- To create, maintain, customize, and secure your account with Stewart.
- To process your requests, purchases, transactions, and payments and prevent transactional fraud.
- To prevent and/or process claims.
- To assist third party vendors/service providers who complete transactions or perform services on Stewart's behalf.
- As necessary or appropriate to protect the rights, property or safety of Stewart, our customers or others.
- To provide you with support and to respond to your inquiries, including to investigate and address your concerns and monitor and improve our responses.
- To personalize your website experience and to deliver content and product and service offerings relevant to your interests, including targeted offers and ads through our website, third-party sites, and via email or text message (with your consent, where required by law).
- To help maintain the safety, security, and integrity of our website, products and services, databases and other technology assets, and business.
- To respond to law enforcement or regulator requests as required by applicable law, court order, or governmental regulations.
- Auditing for compliance with federal and state laws, rules and regulations.
- Performing services including maintaining or servicing accounts, providing customer service, processing or fulfilling orders and transactions, verifying customer information, processing payments, providing advertising or marketing services or other similar services.
- To evaluate or conduct a merger, divestiture, restructuring, reorganization, dissolution, or other sale or transfer of some or all of our assets, whether as a going concern or as part of bankruptcy, liquidation, or similar proceeding, in which personal information held by us is among the assets transferred.

Stewart will not collect additional categories of personal information or use the personal information we collected for materially different, unrelated, or incompatible purposes without providing you notice.

#### Disclosure of Personal Information to Affiliated Companies and Nonaffiliated Third Parties

Stewart does not sell your personal information to nonaffiliated third parties. Stewart may share your information with those you have designated as your agent in the course of your transaction (for example, a realtor or a lender). Stewart may disclose your personal information to a third party for a business purpose. Typically, when we disclose personal information for a business purpose, we enter a contract that describes the purpose and requires the recipient to both keep that personal information confidential and not use it for any purpose except performing the contract.

We share your personal information with the following categories of third parties:

- Service providers and vendors (For example, search companies, mobile notaries, and companies providing credit/debit card processing, billing, shipping, repair, customer service, auditing, marketing, etc.)
- Affiliated Companies
- Litigation parties and attorneys, as required by law.
- Financial rating organizations, rating bureaus and trade associations.
- Federal and State Regulators, law enforcement and other government entities

In the preceding twelve (12) months, Stewart has disclosed the following categories of personal information for a business purpose:

- Category A: Identifiers
- Category B: California Customer Records personal information categories
- Category C: Protected classification characteristics under California or federal law
- Category D: Commercial Information
- Category E: Biometric Information
- Category F: Internet or other similar network activity
- Category G: Geolocation data
- Category H: Sensory data
- Category I: Professional or employment-related information
- Category J: Non-public education information
- Category K: Inferences

#### Consumer Rights and Choices

The CCPA provides consumers (California residents) with specific rights regarding their personal information. This section describes your CCPA rights and explains how to exercise those rights.

## Access to Specific Information and Data Portability Rights

You have the right to request that Stewart disclose certain information to you about our collection and use of your personal information over the past 12 months. Once we receive and confirm your verifiable consumer request, Stewart will disclose to you:

- The categories of personal information Stewart collected about you.
- The categories of sources for the personal information Stewart collected about you.
- Stewart's business or commercial purpose for collecting that personal information.
- The categories of third parties with whom Stewart shares that personal information.
- The specific pieces of personal information Stewart collected about you (also called a data portability request).
- If Stewart disclosed your personal data for a business purpose, a listing identifying the personal information categories that each category of recipient obtained.

## Deletion Request Rights

You have the right to request that Stewart delete any of your personal information we collected from you and retained, subject to certain exceptions. Once we receive and confirm your verifiable consumer request, Stewart will delete (and direct our service providers to delete) your personal information from our records, unless an exception applies.

Stewart may deny your deletion request if retaining the information is necessary for us or our service providers to:

1. Complete the transaction for which we collected the personal information, provide a good or service that you requested, take actions reasonably anticipated within the context of our ongoing business relationship with you, or otherwise perform our contract with you
2. Detect security incidents, protect against malicious, deceptive, fraudulent, or illegal activity, or prosecute those responsible for such activities.
3. Debug products to identify and repair errors that impair existing intended functionality.
4. Exercise free speech, ensure the right of another consumer to exercise their free speech rights, or exercise another right provided for by law.
5. Comply with the California Electronic Communications Privacy Act (Cal. Penal Code § 1546 *seq.*).
6. Engage in public or peer-reviewed scientific, historical, or statistical research in the public interest that adheres to all other applicable ethics and privacy laws, when the information's deletion may likely render impossible or seriously impair the research's achievement, if you previously provided informed consent.
7. Enable solely internal uses that are reasonably aligned with consumer expectations based on your relationship with us.
8. Comply with a legal obligation.
9. Make other internal and lawful uses of that information that are compatible with the context in which you provided it.

## Exercising Access, Data Portability, and Deletion Rights

To exercise the access, data portability, and deletion rights described above, please submit a verifiable consumer request to us either:

- Calling us Toll Free at 1-866-571-9270
- Emailing us at [Privacyrequest@stewart.com](mailto:Privacyrequest@stewart.com)
- Visiting <http://stewart.com/ccpa>

Only you, or someone legally authorized to act on your behalf, may make a verifiable consumer request related to your personal information. You may also make a verifiable consumer request on behalf of your minor child.

To designate an authorized agent, please contact Stewart through one of the methods mentioned above.

You may only make a verifiable consumer request for access or data portability twice within a 12-month period. The verifiable consumer request must:

- Provide sufficient information that allows us to reasonably verify you are the person about whom we collected personal information or an authorized representative.
- Describe your request with sufficient detail that allows us to properly understand, evaluate, and respond to it.

Stewart cannot respond to your request or provide you with personal information if we cannot verify your identity or authority to make the request and confirm the personal information relates to you.

Making a verifiable consumer request does not require you to create an account with Stewart.

## Response Timing and Format

We endeavor to respond to a verifiable consumer request within forty-five (45) days of its receipt. If we require more time (up to an additional 45 days), we will inform you of the reason and extension period in writing.

A written response will be delivered by mail or electronically, at your option.

Any disclosures we provide will only cover the 12-month period preceding the verifiable consumer request's receipt. The response we provide will also explain the reasons we cannot comply with a request, if applicable. For data portability requests, we will select a format to provide your personal information that is readily useable and should allow you to transmit the information from one entity to another entity without hindrance.

Stewart does not charge a fee to process or respond to your verifiable consumer request unless it is excessive, repetitive, or manifestly unfounded. If we determine that the request warrants a fee, we will tell you why we made that decision and provide you with a cost estimate before completing your request.

#### Non-Discrimination

Stewart will not discriminate against you for exercising any of your CCPA rights. Unless permitted by the CCPA, we will not:

- Deny you goods or services.
- Charge you a different prices or rates for goods or services, including through granting discounts or other benefits, or imposing penalties.
- Provide you a different level or quality of goods or services.
- Suggest that you may receive a different price or rate for goods or services or a different level or quality of goods or services.

#### Changes to Our Privacy Notice

Stewart reserves the right to amend this privacy notice at our discretion and at any time. When we make changes to this privacy notice, we will post the updated notice on Stewart's website and update the notice's effective date. **Your continued use of Stewart's website following the posting of changes constitutes your acceptance of such changes.**

#### Contact Information

If you have questions or comments about this notice, the ways in which Stewart collects and uses your information described here, your choices and rights regarding such use, or wish to exercise your rights under California law, please do not hesitate to contact us at:

**Phone:** Toll Free at 1-866-571-9270

**Website:** <http://stewart.com/ccpa>

**Email:** [Privacyrequest@stewart.com](mailto:Privacyrequest@stewart.com)

**Postal Address:** Stewart Information Services Corporation  
Attn: Mary Thomas, Deputy Chief Compliance Officer  
1360 Post Oak Blvd., Ste. 100, MC #14-1  
Houston, TX 77056

**EXHIBIT D**

**HOTEL IMPROVEMENTS**

A. Description of Hotel Improvements. The Hotel Improvements constructed by previous tenants in accordance with the provisions of Article 5 of this lease and the Plans and Specifications (hereinafter defined) consisted of the following:

(1) A four-story hotel building and related improvements, including approximately 190 guest rooms, meeting, banquet and recreation rooms, kitchen, restaurant, bar and cocktail lounge, pilots' lounge, swimming pool, lobby, lounges and other public areas, and electrical, plumbing and mechanical systems.

(2) Sidewalks, driveways, walkways, landscaping and irrigation facilities, automobile parking and paved areas, area lighting, on-site drainage facilities, storage yards.

(3) Street, median and street lighting improvements on Skyway Drive required by the City of Santa Maria.

(4) Off-site surface water drainage facilities and retention areas.

B. Plans and Specifications. The Hotel Improvements were constructed in accordance with the plans, specifications, drawings, use permit, and materials ("Plans and Specifications") prepared by Hall/Hurley/Deutsch, architects, Job No. 8202, on file with the District and the City of Santa Maria.

During the first two years of the Lease term, Tenant shall make the following additional capital improvements, renovations and replacements pursuant to Lease Section 5.06.

<b>Estimate</b>	<b>Item</b>
\$ 165,000	Replacement of four lower roof areas and renovation of roof top area identified as in need of repair that exceeds reasonable costs.)
\$ 175,000	Upgrade and installation of hardware for the purpose of Fiber and CAT6 cabling throughout the building. Upgrade would greatly improve internet communication services for guestrooms, banquet Space areas, administrative network areas and all guest common areas. The current internet communication services is severely outdated.
\$ 200,000	Patch and repair of walls and wallpaper areas where old cabling is removed, and new cabling is installed.
\$ 550,000	Replacement of guestroom A/C units. Current units in guestrooms are outdated and obsolete.
\$ 150,000	Replacement of building water heating system. Current system is outdated and obsolete.

## LEASE

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\$ 100,000	Upgrade and replacement of back of house kitchen equipment.
\$ 500,000	Fixture and Equipment upgrades to Lobby Area, Banquet Area and Restaurant Area.
\$ 1,840,000	Total Minimum Investment / Capital Improvements

**EXHIBIT E**

**AMENDED MEMORANDUM OF LEASE**

(Amended Memorandum follows on next page)

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**AMENDMENT TO MEMORANDUM OF LEASE**

**THIS AMENDMENT TO MEMORANDUM OF LEASE** (the “Amendment”) is made between the **SANTA MARIA PUBLIC AIRPORT DISTRICT** (“Landlord”) and **H&H, LLC** and **EDGEWATER MOTEL, INC.**, (collectively “Tenant”) who agree as follows.

1. **Term and Premises.**

a. **Original Lease.** Landlord previously leased to Tenant and Tenant previously lease from Landlord, the real property located in the City of Santa Maria, County of Santa Barbara, California, described in Exhibit A attached to this Amendment, subject to certain reservations, all on the terms and provisions of an unrecorded lease between the parties dated July 14, 2011 but effective as of August 1, 2011 (the “Original Lease”).

b. **Original Memorandum of Lease.** A memorandum of the Original Lease (the “Original Memorandum”), incorporating the Original Lease’s terms and provisions by reference, was recorded on August 15, 2012 as Instrument 2012-0053595 in the Official Records of Santa Barbara County, California.

c. **Restated Lease.** Landlord and Tenant have executed an unrecorded Restated Lease amending and restating the Original Lease, all affecting the real property described in Exhibit A and subject to certain reservations, terms and provisions specified therein.

d. **Term.** The Restated Lease specifies a term of forty (40) years, commencing December \_\_\_\_, 2022, and ending December 31, 2062, subject to one (1) option to extend for ten (10) years through December 31, 2072

2. **Amendment of Memorandum.** To the extent inconsistent herewith, this Amendment amends and supersedes the Original Memorandum.

3. **Landlord Right to Terminate Subleases.** The Restated Lease provides that, in the event the lease terminates, Landlord is given the right to terminate certain subleases, as provided therein, for all or portions of the leased land, buildings or improvements thereon.

4. **Purpose.** This Amendment is prepared for the purpose of recordation, and it no way modifies the provisions of the Restated Lease.

*[Balance of page left blank intentionally.  
Signatures follow on net page.]*

IN WITNESS WHEREOF, the parties have executed this memorandum of lease.

Date: \_\_\_\_\_, 2022

DISTRICT:

APPROVED AS TO CONTENT FOR DISTRICT:

SANTA MARIA PUBLIC AIRPORT DISTRICT

**EXHIBIT - Do Not Sign**  
\_\_\_\_\_  
General Manager

By: **EXHIBIT - Do Not Sign**  
\_\_\_\_\_  
Carl W. Engel, Jr.  
President

APPROVED AS TO FORM FOR DISTRICT:

**EXHIBIT - Do Not Sign**  
\_\_\_\_\_  
Joshua M. George  
District Counsel

By: **EXHIBIT - Do Not Sign**  
\_\_\_\_\_  
Hugh Rafferty  
Secretary

Tenant:

H&H, LLC  
a California limited liability company

By: **EXHIBIT - Do Not Sign**  
\_\_\_\_\_  
Blanche Hollingsead  
Manager

EDGEWATER MOTEL, INC  
a California corporation

By: **EXHIBIT - Do Not Sign**  
\_\_\_\_\_  
Kenneth A. Thomas  
President

By: **EXHIBIT - Do Not Sign**  
\_\_\_\_\_  
Judy Hearn  
Secretary

*[Acknowledgements follow on next page.]*

ACKNOWLEDGEMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )
COUNTY OF SANTA BARBARA )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared CARL W. ENGEL, JR., who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )
COUNTY OF SANTA BARBARA )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared HUGH RAFFERTY, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 )  
COUNTY OF SANTA BARBARA )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared **BLANCHE HOLLINGSEAD**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 )  
COUNTY OF SANTA BARBARA )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared **KENNETH A. THOMAS**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)



**EXHIBIT A TO  
MEMORANDUM OF LEASE**

**LEGAL DESCRIPTION**

**PARCEL ONE: (111-230-05 & 111-230-06)**

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof, 144.95 feet to the true point of beginning; thence North 46° 43' 30" East, continuing along said Southeasterly boundary and the Northeasterly prolongation thereof, a distance of 297.99 feet to a point; thence South 41° 47' 33" East, a distance of 479.16 feet; thence South 46° 43' 30" West, a distance of 285.37 feet; thence North 43° 18' 08" West, a distance of 479.00 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in Book 857, Page 309, and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

**PARCEL TWO: (APN 111-230-18)**

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof and the Northeasterly prolongation thereof, a distance of 503.02 feet to a point; thence South 41° 47' 33" East, a distance of 120.73 feet to the true point of beginning; thence South 41° 47' 33" East, a distance of 345.00 feet; thence North 48° 12' 27" East, a distance of 249.98 feet, more or less, to a point on the Southwesterly boundary of Skyway Drive as shown on a record of survey map in Book 82, of record of surveys at Page 67, records of said County; thence North 41° 45' 42" West, along said Southwesterly boundary a distance of 345.00 feet thence South 48° 12' 27" West, a distance of 250.16 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting all oil, gas and other hydrocarbon substances and minerals in and under said land and mineral rights, without the right of surface entry on said land, as reserved by Santa Maria Public Airport

**EXHIBIT ONLY**

District in the lease recorded November 21, 1984 as Instrument No. 1984-062713 of Official Records.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in Book 857, Page 309, and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

## ATTORNMEN PROVISION

(For Insertion in Subleases Pursuant to Section 9.02(a))

### EXHIBIT "F"

Landlord herein has entered into a restated Lease dated October \_\_, 2022 (herein referred to as the "Master Lease") with the Santa Maria Public Airport District, a public airport district (herein referred to as the "Master Landlord") for extension of a lease of a parcel of land on which is situated the building, a portion of which building is leased to Tenant under this Lease. Section 9.02(a) of the Master Lease provides that this lease shall contain the provisions of paragraphs (a) and (b) hereinafter set forth as the agreement of Landlord and Tenant of which Master Landlord is a third-party beneficiary. Therefore, it is agreed by Landlord and Tenant, as follows:

(a) Subordination to and No Effect on Master Lease.

This lease is subject and subordinate to the Master Lease and all modifications and amendments thereof. Nothing in this agreement shall be deemed to change in any manner the provisions of the Master Lease as between Master Landlord and Landlord, or to waive any right that Master Landlord may now have or later acquire against Landlord by reason of the Master Lease.

(b) Termination of Master Lease.

In any event of the termination of the Master Lease from any cause whatsoever (including the voluntary surrender thereof by Tenant), at the option and election of Master Landlord as hereinafter provided, such termination shall not act as a merger, and Landlord's interest as sublandlord in this lease shall be deemed automatically assigned, transferred, and conveyed to Master Landlord, and, from and after such termination, Master Landlord and Tenant shall be bound by the provisions of this lease on the part of the Tenant and Landlord to be performed hereunder, and Tenant shall be deemed thereupon (and without further act) to have attorned to Master Landlord, unless Master Landlord shall elect to terminate this lease and the right of the Tenant to the premises leased under this lease by giving Tenant within ninety days after termination of the Master lease at least ninety days prior written notice of such termination of this lease, and upon termination of this lease Tenant shall at his expense remove all of Tenant's property from the premises leased hereunder and leave the premises in a good and clean condition, reasonable wear and tear excepted, and shall vacate and surrender to Master landlord the premises leased hereunder.

Unless and until Master Landlord shall elect to terminate this lease as provided above this lease shall continue in effect and all rent hereunder shall be payable to Master Landlord up to the effective date of termination of this lease. The foregoing is subject to the right of Master Landlord to terminate this lease if it is in default (notice hereof, if any required, having been given and the time for curing such default having expired), and any other rights and remedies reserved to Tenant in this lease, and any other rights and remedies afford to a landlord of real property against a defaulting tenant by law or equity.

If the Master Lease terminates as provided in Section 8.02 of the Master Lease, this lease also shall terminate on the date the Master Lease terminates.

ASSIGNMENT AND ASSUMPTION OF LEASE

EXHIBIT "G"

FOR VALUABLE CONSIDERATION RECEIVED, \_\_\_\_\_, herein called "Assignor", hereby transfers and assigns to \_\_\_\_\_, herein called "Assignee", all the Assignor's rights, title and interests as Tenant under the restated lease dated October \_\_, 2022 between the SANTA MARIA PUBLIC AIRPORT DISTRICT, as Landlord, and H&H, LLC and EDGEWATER MOTEL, INC., as original Tenant, which lease covers approximately 5.19 acres of land at the Santa Maria Public Airport for a forty (40) year term expiring on \_\_\_\_\_, 2062, subject to extension as provided therein (herein called the "Lease").

Assignee does hereby accept the foregoing assignment and assumes all obligations of Tenant under the Lease accruing or arising on and after \_\_\_\_\_, 20\_\_ and further agrees to faithfully and fully perform and be bound by all the terms, covenants, conditions and provisions of the Lease on the part of the Tenant thereunder to be performed and observed.

It is acknowledged and agreed by Assignee that the provisions of the Lease continue in force and effect as to Assignee, including, but not limited to, the restrictions and conditions for subleasing and assignments provided in Articles 9 and 10. Assignee acknowledges receipt of a copy of said Lease.

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
ASSIGNOR

\_\_\_\_\_  
ASSIGNEE

(Notary acknowledgements of execution by Assignor and Assignee)

## **GUARANTY**

### **EXHIBIT "H"**

\_\_\_\_\_, the undersigned (herein referred to as "Guarantor") does hereby unconditionally guarantee and promise to and for the benefit of Santa Maria Public Airport District (herein referred to as "Landlord") that \_\_\_\_\_ (herein referred to as "Tenant") shall promptly and fully perform the covenants and provisions and fulfill the terms and conditions of the Lease hereinafter described on the part of the Tenant to be performed and fulfilled. The Lease referred to above is the Lease dated October \_\_\_\_, 2022 between Landlord and Tenant's predecessor in interest for leasing of two parcels of land at the Santa Maria Public Airport in Santa Maria, California, as a hotel site and is herein referred to as the "Lease".

Guarantor's obligations are joint and several and are independent of Tenant's obligations. A separate action may be brought or prosecuted against any Guarantor whether the action is brought or prosecuted against any other Guarantor or Tenant, or all, or whether any other Guarantor or Tenant, or all, are joined in the action.

Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability under this guaranty.

The provisions of the Lease may be changed by agreement between Landlord and Tenant at any time, or by course of conduct, without the consent of or without notice to Guarantor. This guaranty shall guarantee the performance of the Lease as changed. Assignment of the Lease (as permitted by the Lease) shall not affect this guaranty.

This guaranty shall not be affected by Landlord's failure or delay to enforce any of its rights.

If Tenant defaults under this Lease, Landlord can proceed immediately against Guarantor or Tenant, or all, or any one of them, or Landlord can enforce against Guarantor or Tenant, any rights that it has under the Lease, or pursuant to applicable laws. If the Lease terminates and Landlord has any rights it can enforce against Tenant after termination, Landlord can enforce those rights against Guarantor without previous notice to Tenant or Guarantor, or without making any demand on any of them.

Guarantor waives the right to require Landlord to (1) proceed against Tenant; (2) proceed against or exhaust any security that Landlord holds from Tenant; or (3) pursue any other remedy in Landlord's power. Guarantor waives any defense by reason of any disability of Tenant, and waive any other defense based on termination of Tenant's liability from any cause. Until all Tenant's obligations to Landlord have been discharged in full, Guarantor waives its right to enforce any remedies that Landlord now has, or later may have, against Tenant. Guarantor waives any right to participate in any security now or later held by Landlord. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protests, notices of dishonor, and notices of acceptance of this guaranty, and waive all notices of the existence, creation, or incurring of new or additional obligations.

If Landlord disposes of its interests in the Lease, "Landlord", as used in this guaranty, shall mean Landlord's successors.

If Landlord is required to enforce Guarantor's obligation by legal proceedings, Guarantor shall pay to Landlord all costs incurred, including, without limitation, reasonable attorneys' fees.

Guarantor's obligations under this guaranty shall be binding on Guarantor's successors.

### **EXHIBIT H**

Dated: \_\_\_\_\_, 20\_\_

GUARANTOR:

\_\_\_\_\_  
\_\_\_\_\_

**RECORDING REQUESTED BY**

**Stewart Title Company**

**WHEN RECORDED RETURN TO:**

KIRK & SIMAS  
a professional law corporation  
2550 Professional Parkway  
Santa Maria, CA 93455  
(805) 934-4600

File # 17027.01

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**ASSIGNMENT AND ASSUMPTION OF LEASE**

FOR VALUABLE CONSIDERATION RECEIVED, **H&H, LLC AND EDGEWATER MOTEL, INC.**, herein called "Assignors", hereby transfer and assign to UNITED LIONS CORPORATION, herein called "Assignee", all the Assignor's rights, title and interests as Tenant under the unrecorded lease originally dated July 14, 2011 as amended and restated October \_\_, 2022 between the SANTA MARIA PUBLIC AIRPORT DISTRICT, as Landlord, and Assignors, as original Tenant, which lease covers approximately 5.19 acres of land at the Santa Maria Public Airport for a forty (40) year term commencing December \_\_, 2022 and expiring on December 31, 2062, subject to extension as provided therein (herein called the "Lease"). A memorandum of the foregoing original lease dated July 14, 2011 was recorded in the official records of Santa Barbara County California on August 15, 2012 as Instrument 2012-0053595 and which references therein the real property described in the attached Exhibit A

Assignee does hereby accept the foregoing assignment and assumes all obligations of Tenant under the Lease accruing or arising on and after December \_\_, 2022 and further agrees to faithfully and fully perform and be bound by all the terms, covenants, conditions and provisions of the Lease on the part of the Tenant thereunder to be performed and observed.

It is acknowledged and agreed by Assignee that the provisions of the Lease continue in force and effect as to Assignee, including, but not limited to, the restrictions and conditions for subleasing and assignments provided in Articles 9 and 10. Assignee acknowledges receipt of a copy of said Lease.

***[Balance of page left blank intentionally.  
Signatures follow on next page.]***

Dated: \_\_\_\_\_, 2022

**ASSIGNORS:**

**ASSIGNEE:**

H & H, LLC  
a California limited liability company

UNITED LIONS CORPORATION  
a California corporation

By: \_\_\_\_\_  
Blanche Hollingsead  
Manager

By: \_\_\_\_\_  
Sardaben Patel  
Manager

EDGEWATER MOTEL, INC.,  
a California corporation

By: \_\_\_\_\_  
Kenneth A. Thomas  
President

By: \_\_\_\_\_  
Judy Hearn  
Secretary

**ACKNOWLEDGEMENTS**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                    )  
  )  
COUNTY OF SANTA BARBARA        )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared **BLANCHE HOLLINGSEAD**, who proved to me on the basis of satisfactory evidence to be the persons whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                    )  
  )  
COUNTY OF SANTA BARBARA        )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared **JUDY HEARN**, who proved to me on the basis of satisfactory evidence to be the persons whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                    )  
  )  
COUNTY OF SANTA BARBARA        )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared **KENNETH A. THOMAS**, who proved to me on the basis of satisfactory evidence to be the persons whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA                    )  
  )  
COUNTY OF SANTA BARBARA        )

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_, a Notary Public, personally appeared **SARDABEN PATEL**, who proved to me on the basis of satisfactory evidence to be the persons whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A TO  
ASSIGNMENT AND ASSUMPTION OF LEASE**

**LEGAL DESCRIPTION**

**PARCEL ONE: (111-230-05 & 111-230-06)**

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof, 144.95 feet to the true point of beginning; thence North 46° 43' 30" East, continuing along said Southeasterly boundary and the Northeasterly prolongation thereof, a distance of 297.99 feet to a point; thence South 41° 47' 33" East, a distance of 479.16 feet; thence South 46° 43' 30" West, a distance of 285.37 feet; thence North 43° 18' 08" West, a distance of 479.00 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in Book 857, Page 309, and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

**PARCEL TWO: (APN 111-230-18)**

That portion of Section 34, Township 10 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

Beginning at the most Southerly corner of the certain 2.42 acre parcel of land shown on record of survey map recorded in Book 110, Page 10, records of said County; thence North 46° 43' 30" East along the Southeasterly boundary thereof and the Northeasterly prolongation thereof, a distance of 503.02 feet to a point; thence South 41° 47' 33" East, a distance of 120.73 feet to the true point of beginning; thence South 41° 47' 33" East, a distance of 345.00 feet; thence North 48° 12' 27" East, a distance of 249.98 feet, more or less, to a point on the Southwesterly boundary of Skyway Drive as shown on a record of survey map in Book 82, of record of surveys at Page 67, records of said County; thence North 41° 45' 42" West, along said Southwesterly boundary a distance of 345.00 feet thence South 48° 12' 27" West, a distance of 250.16 feet to the true point of beginning.

Excepting therefrom all oil, gas and other hydrocarbon substances and minerals under said land and mineral rights, without the right of surface entry on said land.

Also excepting all oil, gas and other hydrocarbon substances and minerals in and under said land

and mineral rights, without the right of surface entry on said land, as reserved by Santa Maria Public Airport District in the lease recorded November 21, 1984 as Instrument No. 1984-062713 of Official Records.

Also excepting from said Parcel One, all uranium, thorium and all other minerals determined pursuant to Section 5B, 1 of Atomic Energy Act of 1946, 60 stat., 761, Executive Order No. 9908 approved December 12, 1947 as reserved in Deed from The United States of America to the County of Santa Barbara, recorded in Book 857, Page 309, and in the deed from the County of Santa Barbara to the City of Santa Maria, recorded in Book 890 at Page 12 of Official Records of said County.

**RECORDING REQUESTED BY:**

APN:

**AND WHEN RECORDED, MAIL TO:**

**The Mortgage Capital Development Corp.  
1720 Broadway, 3<sup>rd</sup> Floor  
Oakland, CA 94612**

**Loan Name: Radisson Inn, Santa Maria  
Attn: Closing Department  
Loan #:**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**ADDENDUM TO GROUND LEASE**

**THIS ADDENDUM TO GROUND LEASE** is made this \_\_\_ day of \_\_\_\_\_, 20\_\_, to modify that certain Lease dated \_\_\_\_\_, ("Lease") by and between **Santa Maria Public Airport District** ("Landlord") and **United Lions Corporation, a California corporation** ("Tenant"), a memorandum of which lease was recorded as Document \_\_\_\_\_, on \_\_\_\_\_, in the Records of Santa Barbara County, for the premises located at 3455 Skyway Drive, Santa Maria, California 93455, comprising the real property described in Exhibit A attached hereto, and further described in the Lease ("Premises").

**RECITALS**

**WHEREAS**, The Mortgage Capital Development Corporation ("TMCD") is providing an SBA Section 504 Loan to Tenant in the principal sum of \$\_\_\_\_\_.00 ("Loan"), to be secured by a Deed of Trust ("Deed of Trust") on the Lease and the leasehold interest of Tenant, and

**WHEREAS**, the Deed of Trust will be assigned to the U.S. Small Business Administration ("SBA"). TMCD and SBA may be referred to individually and collectively as "Lender".

**NOW, THEREFORE**, it is hereby agreed by the Landlord and Tenant that the following provisions are added to the Lease, superseding any and all provisions of the Lease inconsistent therewith:

- a. Tenant shall have the right to encumber the leasehold estate created by the Lease ("Leasehold Estate") of the Premises with the Deed of Trust;
- b. So long as the Loan is outstanding:
  - (1) Neither Landlord nor Tenant shall modify or cancel the Lease without SBA's written approval;
  - (2) So long as neither SBA nor TMCD has entered into possession of the Premises pursuant to a foreclosure or transfer in lieu of foreclosure,

neither SBA nor TMCD shall be liable for performance of the terms of the Lease;

- (3) SBA shall have the right to acquire the Leasehold Estate at a foreclosure sale or by assignment in lieu of foreclosure, and SBA shall have the right of reassignment of the Leasehold Estate and the Lease (along with right to exercise any options thereunder);
- (4) In the event SBA acquires the Leasehold Estate by foreclosure or assignment in lieu of foreclosure, SBA shall have the right to sublease all or any portion of the Premises without further consent of Landlord;
- (5) Landlord shall furnish to SBA written notice of default by the Tenant of any term, condition or provision of the Lease within thirty (30) days of the date of default and give SBA sixty (60) days written notice prior to (i) any exercise of any right to terminate the Lease, (ii) initiating any Notice to Quit, or (iii) filing any suit or action, including but not limited to, any unlawful detainer action;
- (6) In the event Landlord gives SBA a sixty (60) day written notice of intent to exercise any right to terminate the Lease, initiate any Notice to Quit, or file any suit or action against Tenant ("Sixty Day Notice"), SBA shall have the right, but not the obligation, during the period of the Sixty Day Notice, to cure such default, or, if such default cannot reasonably be cured within such sixty (60) day period, SBA shall have such longer time as may be reasonably necessary to cure the default; provided that SBA commences the cure within such period and continuously and diligently pursues the cure to completion;
- (7) In the event Landlord gives SBA a Sixty Day Notice and if SBA gives written notice to Landlord during the period of such Sixty Day Notice that SBA intends to initiate proceedings for foreclosure and sale of its interest in the Leasehold Estate, then Landlord will refrain from terminating the lease, initiating any notice to quit, or filing any suit or action against Tenant for such period of time as may be necessary for SBA to complete such foreclosure and sale proceedings, provided that SBA cures any outstanding monetary defaults of Tenant and continues to do so during the period of its foreclosure and sale proceedings, and further provided that SBA pursues its foreclosure and sale proceedings diligently and continuously to completion;
- (8) Landlord acknowledges and consents to SBA's security interest in any and all of Tenant's personal property and fixtures ("FF&E"), agrees to, and hereby does, subordinate any interest Landlord may have in said FF&E to the security interest of SBA, and agrees that, in the event of default by Tenant under the Loan or the Deed of Trust, SBA may at any time enter onto the Premises and may remove or

dispose of all or any part of said FF&E from the Premises. The entry on the Premises for such removal shall not be deemed entering on, taking possession of or operating the Premises, for purposes of imposing on SBA any responsibility or obligation for any term, provision, or condition provided in the Lease;

- (9) Subject to any rights of lenders with liens superior to SBA's lien, SBA shall have the right to any proceeds of any insurance policy covering any damage to the improvements made on the Premises, not to exceed the remaining balance of the Loan;
- (10) Subject to any rights of lenders with liens superior to SBA's lien, SBA shall have the right to any condemnation proceeds for improvements made on the Premises, not to exceed the remaining balance of the Loan;
- (11) When SBA is the successor in interest and seeking to enforce any document evidencing or securing this loan, the document will be interpreted and enforced under federal law, including SBA regulations, and, to the extent not inconsistent therewith, the laws of the state where the Project Parcel is located, without regard to its choice of law principles. SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. No Borrower or Guarantor or Landlord may claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA or preempt federal law. No arbitration clause shall be enforceable while SBA is the holder of the Loan or a beneficiary under the Deed of Trust;
- (12) SBA shall have the right to assign all of its rights and obligations under the Loan to any assignee, and, upon such assignment, this Addendum shall be binding upon and shall inure to the benefit of such assignee;
- (13) Due to federal anti-deficiency statutes, the parties agree that any obligations imposed on the Tenant under the Lease to indemnify or hold the Landlord or any other party harmless, which obligations if paid by an agency of the United States Government would violate the Federal Antideficiency Act, are not applicable to and cannot be imposed upon the U.S. Small Business Administration, an Agency of the United States Government, or any other agency or entity of the United States Government, but shall be binding upon SBA's successors and assigns that are not agencies or entities of the United States Government, in accordance with their terms; and
- (14) The Landlord will provide a written notice of the existence of this Addendum to Ground Lease to any subsequent holder of a security

interest in or purchaser of the property of which the Premises are a part.

(15) This Addendum shall be recorded in the office of the Santa Barbara County Recorder.

c. Any and all notices shall be in writing and shall be delivered personally, or sent by registered or certified United States mail, postage prepaid, to SBA at the address set forth below or at such other address within the United States as may hereafter be designated in writing. The date of personal delivery or two (2) business days following the date of mailing, as the case may be, shall be the effective date of such notice. The address of SBA is:

U.S. Small Business Administration  
c/o The Mortgage Capital Development Corporation  
1720 Broadway, 3rd Floor  
Oakland, CA 94612  
Loan #:

With a copy to:

SBA Commercial Loan Servicing Center  
801 R Street, Suite 101  
Fresno, CA 93721  
Loan #:

d. It is the intent of the parties that The Mortgage Capital Development Corporation and SBA shall be third party beneficiaries of this Addendum to Ground Lease with the right to enforce its terms.

Dated: \_\_\_\_\_

**LANDLORD**

**TENANT**

**SANTA MARIA PUBLIC AIRPORT DISTRICT**

**UNITED LIONS CORPORATION, A CALIFORNIA CORPORATION**

By: \_\_\_\_\_

By: \_\_\_\_\_

ADD NOTARY ACKNOWLEDGEMENTS

### THIRD AMENDMENT OF LEASE

This Third Amendment of Lease (the "Third Amendment") dated October 27, 2022 is made and executed by the SANTA MARIA PUBLIC AIRPORT DISTRICT, a public agency ("District") and G3, LLC ("Tenant.")

A. The District and the Tenant entered into a LAND LEASE on or about April 25, 2019, covering 5 acres at Santa Maria Public Airport (the "Lease.")

B. Biological issues with the Department of Fish and Wildlife have prevented the commencement of the term of the Lease. The District and the Tenant would like to amend the Lease to clarify that the term shall commence once these biological issues are resolved, such that the Tenant may move forward with the grading and building permit process.

C. The undersigned SANTA MARIA PUBLIC AIRPORT DISTRICT and G3, LLC do hereby agree to amend the above-referenced Lease, as follows:

Section 2 a. Initial Lease Term is deleted in its entirety and replaced with the following:

2. Lease Term.

a. Initial Lease Term. The term of this Lease shall be for a thirty (30) year period commencing at the time when all unresolved biological issues with the Department of Fish and Wildlife that interfere with developer's ability to obtain grading and building permits ("**Commencement Date**"), are resolved, and expiring, unless sooner terminated as hereinafter provided, at midnight thirty (30) years later (herein referred to as the "**Initial Lease Term**", "**Initial Term**" or "**term of this lease**").

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

[INTENTIONALLY LEFT BLANK – SIGNATURES OF THE FOLLOWING PAGE]

*SIGNATURE PAGE FOR THE THIRD AMENDMENT OF LEASE BETWEEN THE SANTA MARIA PUBLIC AIRPORT DISTRICT and G3, LLC.*

Dated: October 27, 2022

SANTA MARIA PUBLIC AIRPORT DISTRICT

Approved as to content for District:

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

By: \_\_\_\_\_  
Carl Engel, President

Approved as to form for District:

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

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

TENANT:  
G3, LLC, a California limited liability company

By: \_\_\_\_\_  
Erik Justesen, Manager



October 27, 2022

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

**Subject:** Authorization for tuition reimbursement for one staff member

**Summary**

Based upon section 10.5 of the Personnel Manual I am requesting reimbursement for Carla Osborn. Ms. Osborn has completed and passed this course at Embry-Riddle Aeronautical University.

**Budget**

Course	Tuition	Books	Total
Technology & Modern Civilization	\$1,346.00		\$1,346.00

**Overall Impact**

Approved 2022-2023 Budget for Education	\$21,400.00
Previously Approved for Education	\$ 4,067.00
Current Balance for Education	\$17,333.00
Amount of this Request	\$1,346.00
Balance Remaining if Approved	\$15,987.00

**Recommendation**

I recommend we repay Mrs. Osborn. The District will benefit as a result of additional training and these classes will assist the Operations Officer's pursuit of her bachelor's degree.

Sincerely,

A handwritten signature in blue ink, appearing to read "Veroneka Reade", is written over a faint background image of an airplane.

Veroneka Reade  
Manager of Finance & Administration

# EMBRY-RIDDLE

Aeronautical University

Carla Osborn  
[REDACTED]

**Account No:** 2513380  
**Statement Print Date:** 10/17/2022 12:00 PM  
**Statement From/To Date:** 9/1/2022 To 9/30/2022

Charges				
Date Posted	Term	Item Description	Amount	Currency
09/26/2022	Worldwide 2022-10 October	WW Tuition Undergrad	1,395.00	USD
<b>Total Charges:</b>			<b>1,395.00</b>	

Payments				
Date Posted	Term	Item Description	Amount	Currency
09/12/2022	Student Financials CR	Payment by PayPath	-1,395.00	USD
<b>Total Payments:</b>			<b>-1,395.00</b>	

Refunds				
Date Posted	Term	Item Description	Amount	Currency
<b>Total Refunds:</b>			<b>.00</b>	

Financial Aid				
Date Posted	Term	Item Description	Amount	Currency
<b>Total Financial Aid:</b>			<b>.00</b>	

**Net Total for Statement Date Range: .00**

*Charges are based on your home campus published rates. Residential and Worldwide students are only eligible for your campus specific rates regardless of modality.*

*Embry-Riddle will not provide refunds of tuition or fees due to suspension, modification, or cancellation of operations resulting from an act of God, strike, riot, disruption, health or safety emergency, or for any other reason beyond the control of the University.*

**Daytona Beach Campus:**  
1 Aerospace Boulevard  
Daytona Beach, FL 32114  
386-226-6285

**Prescott Campus:**  
3700 Willow Creek Rd.  
Prescott, AZ 86301  
928-777-3726

**Worldwide Campus:**  
Campus of Attendance  
386-226-6280

# EMBRY-RIDDLE

## Aeronautical University

**Name:** Osborn,Carla

**ID:** 2513380

**Term:** Worldwide 2022-08 August

**Cumulative GPA:** 3.939

<b>Class</b>	<b>Course Title</b>	<b>Units</b>	<b>Grade</b>
COMD 335	Technology & Modern Civilizatn	3.00	A