SANTA MARIA PUBLIC AIRPORT DISTRICT
BOARD OF DIRECTORS

Wednesday
July 29, 2026

Administration Building
Airport Boardroom
6:00 P.M.

CALL AND NOTICE OF A SPECIAL MEETING
A G E N D A

This special meeting 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: Brown, Guy, Clayton

1. MINUTES OF THE REGULAR MEETING HELD JULY 9, 2026.

2. COMMITTEE REPORT(S):

- **a) EXECUTIVE**
- **b) ADMINISTRATION & FINANCIAL**
- **c) SAFETY & SECURITY**
- **d) REAL ESTATE**
- **e) AIRPORT PLANNING & CAPITAL IMPROVEMENT**
- **f) GOVERNMENT AFFAIRS**
- **g) MARKETING & PROMOTIONS**
- **h) GENERAL AVIATION**

3. GENERAL MANAGER'S REPORT

4. MANAGER OF FINANCE & ADMINISTRATION REPORT

- **a) Demand Register**
- **b) Financial Statements**

5. **PUBLIC SESSION: Statements from the floor regarding items on this agenda only 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. 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 a time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.**

6. **APPOINTMENT TO FILL DIRECTOR ADAMS'S VACANCY ON THE BOARD.**

7. **NOTICE OF VACANCY TO THE GOVERNING BOARD AND OPTIONS FOR FILLING THE VACANCY.**

8. **CONSENT CALENDAR: The following items are considered routine and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member or member of the public requests that an item be removed for separate consideration and action.**

a) **AUTHORIZATION FOR THE GENERAL MANAGER TO APPROVE AND EXECUTE THE COLLATERAL ACCESS AGREEMENT BETWEEN ROTORCRAFT LEASING COMPANY, LLC AND NORTHPOINT COMMERCIAL FINANCE LLC**

b) **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO APPROVE THE SUBLEASE BETWEEN REACH/CALSTAR AND MALDONADO COMPANIES, LLC**

c) **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE A CONSENT TO LEASE ASSIGNMENT AND ASSUMPTION REGARDING THE BUILDING SPACE LEASE WITH MILT GUGGIA ENTERPRISES, INC., A CALFORNIA CORPORATION, DBA PEPPER GARCIA'S RESTAURANT**

d) **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE A FIRST AMENDMENT TO "ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE" REGARDING GROUND LEASE WITH UNITED LIONS CORPORATION**

9. **DIRECTORS' COMMENTS.**

10. **ADJOURNMENT**

MINUTES OF THE REGULAR BOARD
MEETING OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT
DISTRICT HELD JULY 9, 2026

The Board of Directors of the Santa Maria Public Airport District held a Regular Meeting at the regular meeting place at 6:00 p.m. Present were Directors Brown, Guy, Clayton, and Rodriguez. General Manager, Pehl, Manager of Finance & Administration, Flores, and District Counsel O'Sullivan.

1. ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS-ELECTION OF OFFICERS PURSUANT TO ARTICLE 1, SECTION 5, OF THE OFFICIAL ADMINISTRATIVE CODE OF THE DISTRICT. President Brown proposed that the officers be seated as follows: President, Brown; Vice President, Guy; Secretary, Clayton; and Vice Secretary, Rodriguez. Director Guy made a Motion to approve the officers as proposed. Director Clayton Seconded, and it was carried by a 4-0 vote.

2. APPOINTMENT OF MEMBERS TO COMMITTEES AND ASSIGNMENT TO LIAISON POSITIONS. President Brown announced the following committee appointments:

   a) EXECUTIVE – Directors Brown and Guy

   b) ADMINISTRATION & FINANCIAL – Directors Brown and Guy

   c) SAFETY & SECURITY – Directors Brown and Clayton

   d) REAL ESTATE – Directors Brown and Guy

   e) AIRPORT PLANNING & CAPITAL IMPROVEMENT – Directors Clayton and Guy

   f) GOVERNMENT AFFAIRS – Directors Clayton and Guy

   g) MARKETING & PROMOTIONS – Directors Clayton and Guy

   h) GENERAL AVIATION – Directors Brown and Clayton

3. MINUTES OF THE REGULAR MEETING HELD June 25, 2026. Director Guy made a Motion to approve the minutes of the regular meeting held June 25, 2026. Director Clayton Seconded, and it was carried by a 3-0-1 vote. Director Brown abstained from the vote.

4. COMMITTEE REPORT(S):

   a) EXECUTIVE – The committee met to set the agenda on July 1, 2026.

   b) ADMINISTRATION & FINANCIAL – No meeting scheduled.

   c) SAFETY & SECURITY – No meeting scheduled.

   d) REAL ESTATE – The committee met on July 6, 2026.

   e) AIRPORT PLANNING & CAPITAL IMPROVEMENT – No meeting scheduled.

   f) GOVERNMENT AFFAIRS – No meeting scheduled.

g) MARKETING & PROMOTIONS – No meeting scheduled.

h) GENERAL AVIATION – No meeting scheduled.

5. GENERAL MANAGER'S REPORT: Mr. Pehl reported that he, President Brown, and Director Guy attended the EconAlliance CEO reception the previous evening, where the community had the opportunity to meet the organization's new CEO, former president of the Board Nash Moreno. Director Rodriguez also attended.

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

a) Demand Register. The Demand Register, covering warrants 074800 through 074828 in the amount of $654,072.27, was recommended for approval as presented. Director Guy made a Motion to accept the Demand Register as presented. Director Clayton Seconded, and it was carried by a 4-0 vote.

7. 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 a time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.

There were three requests to speak during public session.

Alex Arredondo, Artcraft Paint, addressed the Board regarding the recent community event held at the main hangar. He stated the event was very successful, thanked Director Rodriguez for attending and helping families, and thanked District staff, without whom the event would not have happened. He noted that local pilots gave tours to many youth, whom he hoped would be future aviators, acknowledged some bumps in the planning, and stated that any future event would be done with more time and planning.

Kim Huntington, a tenant and AOPA support network volunteer, echoed the previous speaker's remarks, specifically thanking General Manager Pehl for helping get the event done, and Director Rodriguez for being there and assisting with escorts. She reported that a special Young Eagles Day held with the event provided at least 15 to 20 rides for children despite the wind coming up, and thanked staff for making the event happen in short order.

Mike Brown, thanked everyone in the room, stating the event began as an idea between him and his wife and that he was impressed with the outcome. He stated his goal is to bring the community to the airport, expressed hope that the event would be held again next year with smoother planning and coordination, and thanked Teresa and Alex for bringing the event to Artcraft.

8. Presentation by Tartaglia Engineering regarding Airport Improvement Program (AIP) projects and consideration of Resolution No. 973 approving and adopting the AIP projects as presented.

John Smith, Tartaglia Engineering, presented the current FAA-approved airport capital improvement program, covering the Taxilane Pavement Rehabilitation Project and the Rehabilitate Taxiways A, S, T, & U Project. The presenter and staff answered questions from the Board regarding project phasing, tenant access to aircraft during work phases, grant amounts and timing, whether additional abandoned fuel tanks beneath the pavement should be investigated before construction, and an invitation for Board members to visit the project during construction.

The item was opened for public comment. A speaker commented that the phasing appears to address the least busy portion of the taxiway system first, while the busiest areas fall in a later phase. The presenter responded that documented pavement failures on Taxiway A are being addressed first, consistent with the areas of heaviest pavement impact, and that the phasing is tied to the project funding; no change was recommended.

Kim Huntington stated the taxilane project is long overdue and suggested that active aircraft that cannot sit outside for a month be allowed to relocate temporarily into vacant hangars outside the active construction phase; it was responded that the matter had already been addressed. Public comment was closed.

Director Clayton made a Motion to approve. Director Rodriguez Seconded, and it was carried by the following roll call vote. Directors Brown, Guy, Clayton, and Rodriguez voted “Yes”.

9. NOTICE OF VACANCY TO THE GOVERNING BOARD AND OPTIONS FOR FILLING THE VACANCY. Staff reported that the Division One seat remains vacant following the posting and extension of the notice of vacancy, and that the July 23, 2026 meeting would be the last at which the Board could appoint someone to fill the seat. District Counsel noted that, under the election consolidation resolutions adopted June 25, 2026, the seat will be filled at the November 3, 2026 General District Election for the remainder of the term, so an appointee would serve only the interim period and could also file nomination papers to seek election. No action was taken.

10. CONSENT CALENDAR. The following items are considered routine and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member or member of the public requests that an item be removed for separate consideration and action.

a) AUTHORIZATION TO AWARD THE CONTRACT FOR BIDS ON THE TAXILANE PAVEMENT REHABILITATION PROJECT AND FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE CONTRACT BETWEEN THE DISTRICT AND JOHN MADONNA CONSTRUCTION SUBJECT TO REVIEW AND APPROVAL BY DISTRICT COUNSEL.

b) AUTHORIZATION TO AWARD THE CONTRACT FOR BIDS ON THE REHABILITATE TAXIWAYS A, S, T, & U PROJECT AND FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE CONTRACT BETWEEN THE DISTRICT AND GRANITE CONSTRUCTION SUBJECT TO REVIEW AND APPROVAL BY DISTRICT COUNSEL.

c) CONSIDERATION OF RESOLUTION NO. 974 AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE BUILDING SPACE LEASE BETWEEN THE DISTRICT AND CENTRAL CITY PPG, LLC FOR THE PROPERTY LOCATED AT 3944 MITCHELL ROAD, IN A FORM SATISFACTORY TO DISTRICT COUNSEL.

d) AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE FIRST AMENDMENT OF LAND LEASE BETWEEN THE DISTRICT AND MAHONEY LEASING, LCC.

District Counsel noted that item 10c includes a resolution and that the vote should be taken by roll call. Director Guy made a Motion to approve items 10a-d as presented. Director Rodriguez Seconded, and it was carried by the following roll call vote. Directors Brown, Guy, Clayton, and Rodriguez voted “Yes”.

11. Closed Session. At 6:37 p.m. the Board went into Closed Session to discuss the following item:

a) Conference with Real Property Negotiators: APN: 111-231-2 and 111-231-17. Agency negotiators: General Manager and District Counsel. Negotiating parties: Aerostar Properties. Under Negotiation: Through the Fence Agreement (Gov. Code Section 54956.8).

Director Guy recused himself due to an ongoing conflict of interest.

At 6:45 p.m. the Board and staff reconvened to Open Public Session.

There were no reportable actions.

12. Directors' Comments. Director Rodriguez stated he was glad to see more of the tenants and members of the public attending.

Director Guy reported that on Tuesday he was appointed as a Planning Commissioner for Santa Barbara County District 4. He stated that he has addressed the appointment with both the District's general counsel and County counsel, that there is no conflict of interest, and that County counsel will assist him in preparing a statement he will read at County Planning Commission meetings and before this Board regarding serving in both roles in parallel. The Board congratulated him.

Director Clayton expressed excitement that the District is building and improving the airport, noting the approximately $6.7 million in capital improvements in the first round with more to follow, and stated the District is heading in the right direction.

President Brown stated for the record that he was out of town during the recent community event and otherwise would have attended, and that he heard the event was well received. He congratulated Director Guy on his appointment, stating it will provide communication, not conflict, between the District and the County, stated the District is heading in the right direction, and thanked everyone for coming.

13. Adjournment: President Brown asked for a Motion to adjourn to a Regular Meeting to be held on July 23, 2026, at the regular meeting place. Director Guy made that Motion, Director Clayton Seconded, and it was carried by a 4-0 vote.

ORDER OF ADJOURNMENT

This Regular Meeting of the Board of Directors of the Santa Maria Public Airport District is hereby adjourned at 6:47 p.m. on July 9, 2026.

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Steve Brown, President

____
Michael B. Clayton, Secretary

2026-2027

DEMAND REGISTER
SANTA MARIA PUBLIC AIRPORT DISTRICT

Full consideration has been received by the Santa Maria Public Airport District for each demand, numbers 074869 to 074925 and electronic payments on Columbia Bank and in the total amount of $ 572,965.72.

__________________________________ __________________

MARTIN PEHL DATE
GENERAL MANAGER

The undersigned certifies that the attached register of audited demands of the Santa Maria Public Airport District for each demand, numbers 074869 to 074925 and electronic payments on Columbia Bank in the total amount of $572,965.72 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.

__________________________________ __________________

MICHEAL FLORES DATE
MANAGER OF FINANCE AND ADMINISTRATION

THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVED PAYMENT OF THE ATTACHED WARRANTS AT THE MEETING OF JULY 29, 2026.

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MICHAEL B. CLAYTON
SECRETARY

Santa Maria Public Airport District

Demand Register

	Check Number	Check Date	Vendor Name	Check Amount	Description
	74829 - 74868		VOID		
*	74869	7/9/2026	Astound	$950.65	Network Services - Terminal
*	74870	7/9/2026	AT&T	$93.89	Telephone Service
*	74871	7/9/2026	BMI PacWest	$2,088.00	HVAC Service 7/1/26 - 9/30/26
*	74872	7/9/2026	Bomar Security & Investigation	$7,434.00	Security Service
*	74873	7/9/2026	Brown, Steve	$400.00	Director's Fees
*	74874	7/9/2026	C.J. Brown & Company, CPAs	$7,782.00	Annual Audit
*	74875	7/9/2026	CARR'S BOOTS	$1,338.52	Shop Safety Equipment
*	74876	7/9/2026	Coast Networx	$210.00	Network Support Services
*	74877	7/9/2026	Comcast Business	$2,696.62	Internet Service
*	74878	7/9/2026	Consolidated Electrical Distributors, Inc.	$9.08	Hangar Lighting
*	74879	7/9/2026	Emergency Repair Door Service	$300.00	Hangar Maintenance
*	74880	7/9/2026	Gsolutionz, Inc.	$95.60	GPS Cloud Services - Phones
*	74881	7/9/2026	Guy, Anthony Ted	$300.00	Director's Fees
*	74882	7/9/2026	Heath, Ray	$3,575.20	Consulting Services - Contingencies
*	74883	7/9/2026	Hunt Group Consultants	$2,475.00	Federal Grant Support
*	74884	7/9/2026	J B Dewar, Inc	$703.76	Unleaded/Diesel Fuel
*	74885	7/9/2026	JD Humann Landscaping, Inc	$1,037.58	Irrigation Repairs
*	74886	7/9/2026	L.N Curtis and sons	$5,591.65	Fire Station Equipment
*	74887	7/9/2026	Local Copies, Etc.	$72.29	Business Cards - Kerry Fenton
*	74888	7/9/2026	LSC Communications	$49.52	FAA Publications
*	74889	7/9/2026	MarTeeny Designs	$550.00	Website Maintenance
*	74890	7/9/2026	Mission Linen Service	$189.12	Uniform Service
*	74891	7/9/2026	Mr. Backflow	$300.00	Annual Testing for Backflow Devices
*	74892	7/9/2026	Nosworthy, Dennis	$692.00	Tenant Refund
*	74893	7/9/2026	Oberon3, Inc	$50.00	Terminal Maintenance
*	74894	7/9/2026	Pacific Telemanagement Services	$463.00	Pay Phone Svcs - Terminal
*	74895	7/9/2026	Petty Cash Fund	$7.92	Petty Cash Reimbursement
*	74896	7/9/2026	ProDIGIQ, Inc	$51,600.00	ProDIGIQ Support (GASB, Leases, Wildlife)
*	74897	7/9/2026	RB Clean & Sweep	$500.00	Street Sweeping
*	74898	7/9/2026	Richards, Watson & Gershon	$8,845.00	Legal Counsel Services
*	74899	7/9/2026	Rodriguez, Marvin	$100.00	Director's Fees
*	74900	7/9/2026	Safety-Kleen	$1,767.44	Hangar Maintenance
*	74901	7/9/2026	Santa Barbara LAFCO	$5,975.00	LAFCO Dues 2026-2027
*	74902	7/9/2026	Santa Maria Breakfast Rotary	$55.00	Membership Dues
*	74903	7/9/2026	Service Star	$12,063.15	Janitorial Services
*	74904	7/9/2026	Smith's Alarms & Electronics Inc.	$90.00	Monitoring Electronic Security System
*	74905	7/9/2026	Sousa Tire Service, LLC	$50.45	Vehicle Maintenance
*	74906	7/9/2026	Tower Patrol	$3,257.07	D3 Security Trailer w/Solar Panel
*	74907	7/9/2026	Tri-Counties Plant Service	$275.00	Interior Plant Service - Terminal
*	74908	7/9/2026	VTC Enterprises	$84.00	Trash - Paper Recycling
*	74909	7/16/2026	1200 Aero	$2,000.00	Airport Operations - Annual Subscription

Santa Maria Public Airport District

Demand Register

	Check Number	Check Date	Vendor Name	Check Amount	Description
*	74910	7/16/2026	Advanced Cable Systems	$2,884.55	Terminal Maintenance
*	74911	7/16/2026	AppWrap, LLC	$6,250.00	Netsuite Suite Implementation
*	74912	7/16/2026	AT&T	$52.06	Telephone Service
*	74913	7/16/2026	Bartlett, Pringle & Wolf	$25.00	Acumatica Support Services
*	74914	7/16/2026	Bedford Enterprises, Inc.	$401.79	Hangar Maintenance
*	74915	7/16/2026	City of Santa Maria	$277,506.45	ARFF Svcs /ARFF Burn Training (Apr - Jun 26)
*	74916	7/16/2026	Comcast	$1,460.72	Cable/Internet/Digital Voice
*	74917	7/16/2026	Fence Factory	$2,350.00	Fencing and Gates Maintenance
*	74918	7/16/2026	Gsolutionz, Inc.	$407.57	Voice Services - July 2026
*	74919	7/16/2026	J B Dewar, Inc	$749.48	Unleaded/Diesel Fuel
*	74920	7/16/2026	JD Humann Landscaping, Inc	$4,955.00	Landscaping - Terminal
*	74921	7/16/2026	Lowe's	$82.64	Misc Maintenance
*	74922	7/16/2026	McMaster-Carr	$93.72	Fencing and Gates
*	74923	7/16/2026	Playnetwork, Inc.	$31.95	Audio/Video Media Services
*	74924	7/16/2026	Sherwin-Williams	$118.62	Terminal Maintenance
*	74925	7/16/2026	United Rentals	$1,214.56	Vehicle Maintenance
			Subtotal	$424,701.62	
	ACH	7/7/2026	Empower Retirement	$5,710.14	Employee Paid Retirement
	ACH	7/9/2026	Hayward Lumber	$347.91	Hangar Maintenance/Shop Supplies
	ACH	7/9/2026	PG&E	$13,504.94	Terminal/Admin/Hangar Electricity
	ACH	7/10/2026	Frontier	$1,139.24	Telephone Service
	ACH	7/10/2026	CNH Industrial	$785.88	Vehicle Maintenance
	ACH	7/13/2026	Quadient	$440.67	Postage Machine Lease
	ACH	7/13/2026	De Lage Landen	$83.74	Copier
	ACH	7/13/2026	Frontier	$140.72	Telephone Service
	ACH	7/13/2026	CalPERS	$19,208.55	Employee Health Insurance
	ACH	7/14/2026	CalPERS	$7,537.14	Employee Retirement
	ACH	7/15/2026	PG&E	$15,251.60	Terminal/Admin/Hangar Electricity
	ACH	7/15/2026	Frontier	$1,685.06	Telephone Service
	ACH	7/15/2026	Advantage Plus	$496.60	Answering Service
	ACH	7/15/2026	The Gas Company	$220.41	Utilities - Gas
	ACH	7/15/2026	CA Department of Tax and Fees	$168.00	Sales and Use Tax
	ACH	7/15/2026	U.S. Bank Equipment&Finance	$589.37	RICOH Printer Lease
	ACH	7/16/2026	Paychex	$34,273.75	Payroll
	ACH	7/16/2026	Paychex	$9,562.88	Payroll Taxes
	ACH	7/16/2026	Empower Retirement	$5,710.14	Employee Paid Retirement
	ACH	7/16/2026	Primo Brands	$88.72	Water Delivery
	ACH	7/16/2026	CalPERS	$19,208.55	Employee Health Insurance

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description
ACH	7/17/2026	Paychex	$341.12	Paychex Invoice
ACH	7/21/2026	CNH Industrial	$40.90	Vehicle Maintenance
ACH	7/22/2026	Home Depot	$569.19	Shop/Office Supplies, Main Hangar Maintenance
ACH	7/22/2026	CNH Industrial	$519.02	Vehicle Maintenance
ACH	7/22/2026	Amazon Capital Services	$1,028.38	Fencing & Gates, Office Supplies, Shop Supplies
ACH	7/27/2026	Columbia Bank	$9,611.48	Airport Advertising, Vehicle Maintenance, Business Travel
		Subtotal	$148,264.10	
		Total	$572,965.72	

TO: President and Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

FROM: Mike Flores
Manager of Finance and Administration

MEETING: July 29, 2026

ITEM

Presentation of the Financial Statements for the Fiscal Year Ended June 30, 2026 (Draft, Unaudited), and Outlook for Fiscal Year 2026-27.

BACKGROUND

The District closed its books for the fiscal year ended June 30, 2026 and has prepared a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Net Position, a Statement of Cash Flows and a Treasurer's Report. All four are presented in draft, unaudited form. Independent audit fieldwork by C.J. Brown & Company, CPAs begins August 10, 2026, and the Annual Comprehensive Financial Report follows later in the fiscal year.

DISCUSSION

HOW THE YEAR ENDED. Operating revenues were $5,408,951.44, finishing $68,683.44 ahead of the adopted budget. Revenue-generating land, the District's largest operating source at $2,990,898.79, came in $104,918.79 above budget, and FBO area revenue exceeded budget by $37,561.29. Landing area revenue was $47,683.08 short of budget and hangar area revenue $29,926.76 short.

Operating expenses were $10,051,830.37. That figure includes $3,239,826.52 of depreciation and amortization, a non-cash charge recorded in June as part of the fixed-asset work performed in advance of the enterprise system conversion. Salaries and employee benefits finished $183,555.47 under budget. The two largest unfavorable operating variances were professional and contract services and advertising.

Non-operating activity produced a net $7,289,550.33. Federal AIP grant reimbursements of $6,307,310.00 exceeded budget by $1,956,503.00 on increased capital project activity, and property tax revenues were $2,505,972.05. Offsetting these were the $1,500,000.00 airline service revenue guarantee supporting Air Service to Phoenix, along with the conservation easement, SEMCO, and Airfest charges.

The result was a change in net position of $2,646,671.40 and total net position at June 30, 2026 of $36,754,388.25.

CASH POSITION. Cash and investments decreased $2,514,256.87 during the year, from $5,973,964.65 at July 1, 2025 to $3,459,707.78 at June 30, 2026. Three things account for most of the decline. First, the District reduced accounts payable by $971,219.02, paying down obligations carried into the year. Second, capital additions of $6,472,928.53 were incurred ahead of the AIP grant reimbursements of $6,307,310.00 that fund them, and reimbursement necessarily lags construction spending. Third, $1,000,000 was applied against the Fish and Wildlife settlement. The decrease should be understood as the funding of a large capital program and the paydown of liabilities as well as an operating shortfall.

SETTLEMENT OBLIGATION. The $3,000,000 balance outstanding on the Fish and Wildlife settlement at June 30, 2025 was reported in the audited prior-year statements as restricted net position. During the year $1,000,000 was paid, and the remaining $2,000,000 is carried as a settlement payable within current liabilities at June 30, 2026.

FINANCIAL IMPACT

This item is informational and receiving the financial statements has no financial impact of its own. The results reported are:

- Operating revenues: $5,408,951.44
- Operating expenses: $10,051,830.37
- Operating loss: $(4,642,878.93)
- Net non-operating revenues: $7,289,550.33
- Change in net position: $2,646,671.40
- Total net position: $36,754,388.25
- Cash and investments: $3,459,707.78

ANALYSIS

WHAT THE COMING YEAR LOOKS LIKE. Four things will shape fiscal year 2026-27.

First, the capital program continues at scale. The Taxilane Pavement Rehabilitation and the Rehabilitate Taxiways A, S, T and U projects are both moving toward construction. These projects are substantially federally funded, but the District carries the cost until reimbursement arrives. Cash planning must stay ahead of that timing gap, and staff will continue to manage it actively.

Second, the District converts to a new enterprise financial system on August 2, 2026. The conversion is expected to improve budget control, reporting and automation and to reduce the manual effort behind the statements now before the Board. The fixed-asset and depreciation work completed this year was a prerequisite to that conversion.

Third, the audit and reporting cycle begins immediately. Fieldwork starts August 10, 2026. Staff's objective is an audit with no findings and an Annual Comprehensive Financial Report suitable for submission for the Government Finance Officers Association Certificate of Achievement.

Fourth, revenue development continues. Staff continues to work on lease and rate actions intended to bring District property market return.

MATTERS THE BOARD SHOULD EXPECT TO SEE AGAIN. Liquidity warrants continued attention given the size of the capital program relative to the District's cash position. The remaining $2,000,000 settlement obligation will be satisfied on its schedule. Interest earnings finished $77,901.91 below budget and staff will review the District's investment posture. Finally, these statements are unaudited; figures may change through the audit, and staff will return to the Board with the audited results.

RECOMMENDATION

It is recommended that the Board of Directors receive and file the draft, unaudited financial statements for the fiscal year ended June 30, 2026, and direct staff to return with the audited financial statements upon completion of the annual audit.

ATTACHMENTS

Statement of Revenues, Expenses and Changes in Net Position — fiscal year ended June 30, 2026

Statement of Net Position — June 30, 2026

Statement of Cash Flows — fiscal year ended June 30, 2026

Treasurer’s Report — June 30, 2026

Financial statements summary presentation

SANTA MARIA PUBLIC AIRPORT DISTRICT
3217 TERMINAL DRIVE | SANTA MARIA CA, 93455 | PH 805.922.1726 | FX 805.922.0677 | SantaMariaAirport.com

Santa Maria Public Airport District
Statement of Net Position (Balance Sheet)
As of June 30, 2026

	6/30/2026	
ASSETS		
Current assets:		
Cash & cash equivalents	3,459,707.78	
Restricted — unrealized fair value	2,064.21	
Certificate of deposit	8,000.00	
Accounts receivable, net of allowance	(30,920.05)	
Prepaid expenses	0.40	
Leases receivable (GASB 87)	9,381,606.00	
Total current assets		**12,820,458.34**
Capital assets:		
Capital assets, not being depreciated	6,508,404.82	
Depreciable capital assets, net of depreciation	30,842,254.20	
Total capital assets, net		**37,350,659.02**
TOTAL ASSETS		**50,171,117.36**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	756,697.00	
Deferred OPEB outflows	9,450.00	
Total deferred outflows of resources		**766,147.00**
LIABILITIES		
Current liabilities:		
Accounts payable	439,193.98	
Accrued payroll & withholdings	2,530.13	
Unearned revenue	218,080.85	
Customer & hangar deposits	120,513.00	
Settlement payable	2,000,000.00	
Total current liabilities		**2,780,317.96**
Long-term liabilities:		
Compensated absences	173,743.15	
Net pension liability	2,555,369.00	
Total OPEB liability	324,853.00	
Total long-term liabilities		**3,053,965.15**
TOTAL LIABILITIES		**5,834,283.11**

DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	43,887.00	
Deferred OPEB inflows	55,136.00	
Deferred inflows — leases (GASB 87)	8,249,570.00	
Total deferred inflows of resources		**8,348,593.00**
NET POSITION		
Aviation land sale fund	5,076,213.00	
Construction fund	2,029,171.00	
Fixed assets fund	14,705,071.67	
General fund	3,982,293.31	
Prior period adjustments	411,035.72	
Retained earnings	7,903,932.15	
Change in net position (current year)	2,646,671.40	
TOTAL NET POSITION		**36,754,388.25**

Santa Maria Public Airport District
Statement of Cash Flows
For the fiscal year ended June 30, 2026

	FY2025-26	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers & tenants (operating revenues)	5,408,951.44	
Cash paid to suppliers & employees (operating expenses)	(6,812,003.85)	
Decrease in accounts receivable	93,871.18	
Decrease in prepaid expenses	10,783.36	
Decrease in accounts payable	(971,219.02)	
Decrease in accrued payroll & withholdings	(48,526.70)	
Increase in customer & hangar deposits	6,950.00	
Decrease in compensated absences	(38,557.97)	
Net cash used in operating activities		**(2,349,751.56)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property tax revenues received	2,505,972.05	
Airline service revenue guarantee paid	(1,500,000.00)	
Conservation easement	(123,405.76)	
SEMCO settlement paid	(75,000.00)	
Airfest sponsorship paid	(75,000.00)	
Fish & Wildlife settlement — cash portion	(1,000,000.00)	
Net cash used in noncapital financing activities		**(267,433.71)**
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
AIP capital grant reimbursements received	6,307,310.00	
Passenger facility charge (PFC) revenue	105,575.95	
Acquisition & construction of capital assets	(6,472,928.53)	
Net cash used in capital & related financing activities		**(60,042.58)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest & investment earnings received	144,098.09	
Decrease in interest receivable	18,872.89	
Net cash provided by investing activities		**162,970.98**
NET DECREASE IN CASH & CASH EQUIVALENTS		**(2,514,256.87)**
Cash & cash equivalents — beginning of year (7/1/25)	5,976,028.86	
Cash & cash equivalents — end of year (6/30/26)		**3,461,771.99**

Santa Maria Public Airport District
Treasurer's Report
June 30, 2026

	6/30/2026
CASH ON HAND	
Checking — General Fund (Columbia Bank)	1,060,471.28
Petty cash	450.00
Total cash on hand	**1,060,921.28**
INVESTMENTS	
LAIF	803,858.17
LAIF	0.00
California CLASS	1,461,509.84
Money market — Columbia Bank	132,418.49
Trust fund — Newport Pacific	1,000.00
Total investments	**2,398,786.50**
TOTAL CASH AND INVESTMENTS	**3,459,707.78**

Santa Maria Public Airport District
Statement of Revenues, Expenses & Changes in Net Position
For the fiscal year ended June 30, 2026

	FY2025-26	
OPERATING REVENUES		
Landing area (landing fees, tiedowns, fuel flowage)	183,989.92	
Hangar area (T-hangars, corporate, owner-build, storage)	1,134,917.24	
FBO area (main hangar, commercial aviation, land lease)	714,287.29	
Terminal area (car rental, terminal space lease)	359,441.31	
Revenue-generating land (ag, non-aviation, cell, MHP)	2,990,898.79	
Administrative income	25,416.89	
Total operating revenues		**5,408,951.44**
OPERATING EXPENSES		
Salaries & employee benefits	1,831,415.53	
ARFF / public safety services	996,929.00	
Utilities	683,243.91	
Communications	118,146.53	
Professional & contract services	1,312,251.10	
Insurance	502,472.48	
Repairs & maintenance	396,385.19	
Supplies & fuel	119,731.19	
Mobile home park operations	62,510.29	
Other operating (janitorial, landscaping, advertising, dues, travel)	788,918.63	
Depreciation & amortization	3,239,826.52	
Total operating expenses		**10,051,830.37**
OPERATING INCOME (LOSS)		**(4,642,878.93)**
NON-OPERATING REVENUES (EXPENSES)		
Property tax revenues	2,505,972.05	
AIP capital grant reimbursements	6,307,310.00	
PFC revenue	105,575.95	
Interest & investment earnings	144,098.09	
Airline Service Revenue Guarantee	(1,500,000.00)	
Conservation easement	(123,405.76)	
SEMCO settlement	(75,000.00)	
Airfest sponsorship	(75,000.00)	
Total non-operating revenues (expenses)		**7,289,550.33**
CHANGE IN NET POSITION		**2,646,671.40**

TO: President and Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

FROM: Mike Flores
Manager of Finance and Administration

MEETING: July 29, 2026

ITEM

Appointment to Fill the Director Area 1 Vacancy on the Board of Directors

BACKGROUND

The Director Area 1 seat on the Board of Directors became vacant upon the resignation of Director Charles ("Chuck") Adams. The Board of Directors was notified of the vacancy on May 28, 2026. Director Adams' term was set to expire in November 2028.

Notice of the vacancy was given as follows. On June 10, 2026, staff notified the Santa Barbara County Clerk-Recorder, Joseph E. Holland, of the vacancy pursuant to Government Code section 1780(b). Notice of the vacancy was posted publicly and letters of interest were initially accepted through June 22, 2026. Because the Board had taken no action by that date, the District posted a revised notice on July 2, 2026 reopening and extending the application period, together with a press release issued the same day, and accepted letters of interest through 5:00 p.m. on Monday, July 20, 2026. Applicants who had applied during the initial window were not required to reapply. Staff verified the residency of each applicant against the District's director area map. One applicant's stated residence was not located in Director Area 1 and that applicant is therefore not eligible for this seat. The letter of interest received from a Director Area 1 resident is transmitted with this report as Exhibit 3.

A note on terminology. The District's adopted boundary documents, including Resolution No. 910, refer to these areas as Director Areas. The notices attached as Exhibits 1, 2 and 2a were issued using the term "Division 1." Both refer to the same seat.

DISCUSSION

The posture of this seat should be stated on the record. On June 25, 2026 the Board called the November 3, 2026 general district election, and the District's June 10, 2026 letter to the County Clerk-Recorder stated that an election to fill the remainder of this term must be scheduled for that date. The revised notice posted July 2, 2026 also identified July 27, 2026 as the sixty-day outer date for the Board to appoint or call a special election, measured from the Board's May 28, 2026 notification, and identified July 23, 2026 as the last regular meeting before that date. The July 23, 2026 meeting was cancelled for lack of a quorum. District Counsel advised on July 15, 2026 that, the November election having been called for this seat, the Board may still appoint a director to serve the interim period until those results are certified, and that no further public notice is required because the vacancy had been noticed for the July 23, 2026 meeting. Staff recommends that counsel's concurrence be confirmed on the record before the Board acts.

The appointee must be a registered voter residing within Director Area 1 and otherwise qualified to hold office. Staff has verified the stated residence of each applicant forwarded to the Board against the District's director area map. Confirmation of the appointee's voter registration should be stated on the record at the time the appointment is made.

The term the appointee will serve is fixed by statute and by the Board's prior action. Because the vacancy arose in the first half of Director Adams' term and more than one hundred thirty (130) days before the November 3, 2026 general district election, Government Code section 1780(d)(2) applies: the appointee serves only until the results of the November 3, 2026 election are certified and the director elected to the seat takes office, not for the balance of the term through 2028. The remainder of the term will be filled at that election. The motion should state this so the record is unambiguous.

Filling this seat restores the Board to four seated directors. Quorum under Administrative Code Article I, Section 7 is three directors of the full authorized five, so the Board currently cannot act if any one of the three seated directors is absent. The second vacancy, created by Director Rodriguez's July 10, 2026 resignation, is addressed in a separate item.

FINANCIAL IMPACT

The appointee is entitled to the same per-meeting compensation as any other director under Administrative Code Article I, Section 15, not to exceed one hundred dollars ($100) per meeting and subject to the monthly limits in that section. No other cost to the District.

ANALYSIS

Two paths are available and both are consistent with Government Code section 1780. The Board may appoint a qualified Director Area 1 resident to serve the interim period, or it may take no action and allow the November 3, 2026 election to seat the director for the remainder of the term. If the Board appoints, a fourth director is seated for approximately four months and the Board regains quorum margin. If the Board does not appoint, the seat remains vacant until the election is certified and the Board continues at three seated directors, where every director must attend for the Board to act.

The selection of a member of the Board of Directors is committed to the Board's discretion. Staff takes no position on whether the Board should appoint, or on the choice among the applicants, and confines its recommendation to the procedural steps that follow from whichever course the Board chooses. Staff's role on this item is to confirm that the statutory prerequisites have been satisfied: the county elections official was notified on June 10, 2026; notice of the vacancy was posted and the application period was noticed twice and extended once, closing July 20, 2026; residency was verified against the District's director area map; and District Counsel confirmed on July 15, 2026 that the Board may appoint for the interim period without further public notice.

RECOMMENDATION

This item is presented for the Board's consideration and action, and the letter of interest received from a Director Area 1 resident is transmitted for the Board's review. Should the Board elect to fill the vacancy by appointment, it is recommended that the motion (i) name the appointee, (ii) state that the appointee serves until the results of the November 3, 2026 general district election are certified and the director elected to that seat takes office, and (iii) direct staff to administer the oath of office and to provide the appointee a copy of the Ralph M. Brown Act as required by Government Code section 54952.7.

ATTACHMENTS

Notice of Vacancy and letter to the Santa Barbara County Clerk-Recorder dated June 10, 2026 (Gov. Code § 1780(b))

Revised Notice of Vacancy (extended application period), posted July 2, 2026

2a. Press release dated July 2, 2026

Letter of interest received

Oath of Office

Ralph M. Brown Act manual, for delivery to the appointee (Gov. Code § 54952.7)

SANTA MARIA AIRPORT
SMX

June 10, 2026

VIA EMAIL

Joseph E. Holland, County Clerk-Recorder
Office of the County Clerk-Recorder
1100 Anacapa St
Hall of Records
Santa Barbara, CA 93101

Re: Notice of Vacancy on the Santa Maria Public Airport District Board of Directors

Dear Mr. Holland:

A vacancy on the Santa Maria Public Airport District Board of Directors has occurred due to the resignation of Director Charles ("Chuck") Adams from Division 1.

The Board of Directors was notified of the vacancy on May 28, 2026. This letter serves as notice of the vacancy pursuant to Government Code Section 1780(b). Director Adams' term is set to expire in November of 2028.

The Board of Directors will act to fill the vacancy by appointment or call a special election within 60 days of being notified of the vacancy pursuant to Government Code Section 1780. Since the vacancy occurred in the first half of Mr. Adams' term and more than 130 days prior to the next general District election, if the Board appoints a replacement, the person appointed to fill Mr. Adams' position on the Board of Directors will serve only through the next general District election called for November 3, 2026. An election to fill the remainder of this term in District 1 must be scheduled for November 3, 2026.

Please contact me if you have any questions regarding this matter.

Sincerely,

M Flores

Micheal Flores

(805) 956-2609

Manager of Finance and Administration

Santa Maria Public Airport District

SANTA MARIA AIRPORT
SMX

NOTICE OF VACANCY ON THE SANTA MARIA PUBLIC AIRPORT DISTRICT BOARD OF DIRECTORS

A vacancy on the Santa Maria Public Airport District Board of Directors, Division 1, has occurred due to the resignation of Director Charles ("Chuck") Adams.

The Board of Directors intends to fill the vacancy by appointment. The Board of Directors may make an appointment to fill the vacancy on or before July 27, 2026.

The person appointed will serve until the results of the next general District election on November 3, 2026 are certified and the new Director takes office. An election for the remainder of the term though 2028 will be conducted on November 3, 2026.

The District is accepting applications for the appointment. A person seeking appointment to this position must, at a minimum, be a resident of Division 1 and registered voter of the District, and be able to attend regular Board meetings on the 2nd and 4th Thursday of each month at 6:00 pm.

Eligible persons who are interested in being appointed to fill this vacancy may apply by submitting a brief letter of interest, including a statement of eligibility based on the criteria listed above and any relevant experience of qualifications for the Board's consideration, by email to mflores@santamariaairport.com or in person during regular business hours at the District office at:

3217 Terminal Drive, Santa Maria, CA 93455, **no later than 5:00 p.m. on Monday June 22nd, 2026.**

The Board may consider making an appointment at its next regular meeting following the close of the application period.

The Board reserves the right to appoint any eligible registered voter who is a resident of Division 1.

This notice has been posted at least 15 days before any appointment may be made at three prominent locations in the District as required by Government Code Section 1780.

M Flores

Micheal Flores

Manager of Finance and Administration

Santa Maria Public Airport District

SANTA MARIA AIRPORT
SMX

REVISED NOTICE OF VACANCY ON THE SANTA MARIA PUBLIC AIRPORT DISTRICT

BOARD OF DIRECTORS – DIVISION 1 (Extended Application Period)

Posted: July 2, 2026

A vacancy on the Santa Maria Public Airport District ("District") Board of Directors, Division 1, has occurred due to the resignation of Director Charles ("Chuck") Adams. The Board of Directors was notified of the vacancy on May 28, 2026.

The District previously accepted applications for appointment through June 22, 2026. As of this notice, the Board of Directors has not yet made an appointment. The District is re-opening and extending the application period, described below, so that additional interested, eligible residents have the opportunity to apply before the Board acts.

Pursuant to Government Code Section 1780, the Board of Directors must fill this vacancy — either by appointment or by calling a special election — no later than July 27, 2026 (60 days after the Board was notified of the vacancy). The Board intends to consider filling the vacancy by appointment at its regular meeting on Thursday, July 23, 2026, at 6:00 p.m., in the District Board Room, which is the District's last regularly scheduled Board meeting before the July 27, 2026 statutory deadline. If the Board does not appoint a qualified applicant, it may instead call a special election to fill the vacancy, as permitted under Government Code Section 1780(e).

The person appointed will serve only until the results of the District's next general election on November 3, 2026 are certified and the new Director takes office. An election for the remainder of the Division 1 term, which runs through 2028, will be conducted at that November 3, 2026 general District election.

A person seeking appointment to this position must, at a minimum, be a resident of Division 1 and a registered voter of the District, and be able to attend regular Board meetings held on the 2nd and 4th Thursday of each month at 6:00 p.m.

Eligible persons interested in being appointed to fill this vacancy may apply by submitting a brief letter of interest — including a statement of eligibility based on the criteria listed above and any relevant experience or qualifications for the Board's consideration — by email to mflores@santamariaairport.com or in person during regular business hours at the District office at:

3217 Terminal Drive, Santa Maria, CA 93455

no later than 5:00 p.m. on Monday, July 20, 2026.

Applicants who previously submitted a letter of interest during the initial application period need not re-apply; those letters remain on file for the Board's consideration.

The Board reserves the right to appoint any eligible registered voter who is a resident of Division 1, or to call a special election in lieu of appointment.

This notice was posted on July 2, 2026, in three or more conspicuous places in the District — more than 15 days before the Board's anticipated appointment date of July 23, 2026 — as required by Government Code Section 1780(d)(1).

MFlores

Micheal Flores
Manager of Finance and Administration
Santa Maria Public Airport District

FOR IMMEDIATE RELEASE

July 2, 2026

Santa Maria Public Airport District Application Period for Division 1 Board Vacancy

SANTA MARIA, Calif. — The Santa Maria Public Airport District (“District”) is extending the application period for the vacant Division 1 seat on its Board of Directors, created by the resignation of Director Charles (“Chuck”) Adams. The Board has not yet acted to fill the seat and is reopening the application window to give additional eligible residents the opportunity to apply before it does.

The Board was notified of the vacancy on May 28, 2026. The District initially accepted letters of interest through June 22, 2026, but the Board has not yet made an appointment. Under the extended timeline, the District will now accept applications through 5:00 p.m. on Monday, July 20, 2026. Applicants who already submitted a letter of interest during the initial window do not need to reapply — those letters remain on file for the Board's consideration.

Pursuant to Government Code Section 1780, the Board must act to fill the vacancy — either by appointment or by calling a special election — no later than July 27, 2026, which is 60 days after the Board was notified of the vacancy. The Board intends to consider the appointment at its regular meeting on Thursday, July 23, 2026, at 6:00 p.m., the District's last regularly scheduled meeting before the statutory deadline. If the Board does not appoint a qualified applicant, it may instead call a special election to fill the seat.

To be eligible, an applicant must be a resident of Division 1 and a registered voter of the District, and must be able to attend regular Board meetings held on the 2nd and 4th Thursday of each month at 6:00 p.m. Eligible residents may apply by submitting a brief letter of interest — including a statement of eligibility and any relevant experience or qualifications — by email to mflores@santamariaairport.com, or in person during regular business hours at the District office, 3217 Terminal Drive, Santa Maria, CA 93455.

If the Board appoints a replacement, the appointee will serve only until the results of the District's next general election on November 3, 2026 are certified. An election for the remainder of the Division 1 term, which runs through 2028, will be conducted at that November 3, 2026 general District election.

Media Contact:
Micheal Flores
Manager of Finance and Administration
Santa Maria Public Airport District
(805) 956-2609
mflores@santamariaairport.com

SANTA MARIA PUBLIC AIRPORT DISTRICT
APPLICATION FOR APPOINTMENT TO FILL BOARD VACANCY

FOR DISTRICT STAFF — COMPLETE BEFORE POSTING / DISTRIBUTING

Division No.:	1	Notice Posted:	July 2, 2026
Vacating Director / Reason:	Resignation of Director Charles ("Chuck") Adams		
Application Deadline:	5:00 p.m., Monday, July 20, 2026	Board Meeting Date:	Thursday, July 23, 2026, 6:00 p.m.
Statutory Deadline (60 days, Gov. Code §1780):	July 27, 2026		
Staff Contact:	Micheal Flores	Phone/Email:	(805) 956-2609 / mflores@santamariaairport.com
Submission Address:	3217 Terminal Drive, Santa Maria, CA 93455		

A vacancy exists on the District's Board of Directors for the Division shown above. Pursuant to Government Code Section 1780, the Board of Directors must fill the vacancy — either by appointment or by calling a special election — within 60 days of being notified of the vacancy (see Statutory Deadline above). Eligible District residents may apply for appointment as described below. If the Board appoints a replacement, the appointee will serve only until the results of the District's next general election are certified; an election for the remainder of the term will be conducted at that general District election.

Applications must be received by the Application Deadline shown above, by email or in person, to the Staff Contact and Submission Address listed above.

ELIGIBILITY CERTIFICATION

(Government Code Section 1780 minimum eligibility requirements — check all that apply)

- [x] I am a resident of the Division shown above, within the Santa Maria Public Airport District.
- [x] I am a registered voter of the Santa Maria Public Airport District.
- [x] I am able to attend regular Board meetings held the 2nd and 4th Thursday of each month at 6:00 p.m.

APPLICANT INFORMATION

Full Name: Jose Daniel Ramirez

Residential Address: 222 East Tunnel St.

City / State / ZIP: Santa Maria, CA 93454 Phone: (805) 972-0795

Email: jr1694660@gmail.com

STATEMENT OF INTEREST / RELEVANT EXPERIENCE OR QUALIFICATIONS

(attach additional pages if needed)

I would like to be considered for appointment to the Division 1 seat on the Santa Maria Public Airport District Board. I currently serve the City of Santa Maria as a Recreation and Parks Commissioner and as a member of the Block Grants Advisory Committee. These roles have given me experience reviewing community needs, working with City staff, listening to residents, and making thoughtful decisions about public resources.

My professional background includes business operations and organizational leadership. I hold a California real estate license, a contractor's license, and an MBA, and I am currently completing additional degrees at Arizona State University. I believe my community service, education, and professional experience would allow me to bring a practical and balanced perspective to the Airport District Board.

The airport plays an important role in our community and local economy. I would welcome the opportunity to support its continued success while representing the residents of Santa Maria.

CERTIFICATION

I certify that the information provided in this application is true and accurate to the best of my knowledge, and that I meet the eligibility requirements checked above.

Signature (type full name): Jose Daniel Ramirez Date: July 16, 2026

Questions about this application? Contact the Staff Contact listed above.

Certificate of Appointment

STATE OF CALIFORNIA, } *SS.*

County of Santa Barbara

THIS CERTIFIES that the undersigned, being the remaining members of the board of directors for the____District of Santa Barbara County, California, have appointed________________________________ whose residence address is;

____

to the office of District Director of the above named district to hold the office for the completion of the term expiring ________________________, ___________.

Dated ________________________________, ____________.

Board Director	Board Director
Board Director	Board Director
Board Director	Board Director

Oath of Office

STATE OF CALIFORNIA } *SS.*

County of Santa Barbara

I, ____do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

____

(Appointee Signature)

Subscribed and sworn to (or affirmed) before me, this_________ day of__________________,_________

____

(Signature Of Person Administering Oath)

____

(Title)

Before taking office, each member must take and subscribe this Oath of Office before a district director, other district officer, state or county officer, judicial officer or notary public, to be filed with the County Clerk.

California Special Districts Association

CSDA

Districts Stronger Together

Brown Act Compliance Manual

for Special Districts

(Revised January 2026)

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A GUIDE TO UNDERSTANDING CALIFORNIA'S OPEN MEETING LAWS

Introduction

The Ralph M. Brown Act (“Brown Act”)[1] was enacted in 1953 in response to a series of articles in the San Francisco Chronicle detailing the way local agencies at the time conducted secret meetings or caucuses even though state law had long required that local agencies conduct business publicly. The purpose behind the Brown Act, as originally adopted and as it remains today, is to ensure that actions of local public agencies—including their deliberations, are taken in open and public meetings, with posted agendas, and where all persons are permitted to attend and participate.

This manual provides special districts[2] with guidelines and tips for complying with the various meeting agenda, notice, public participation, and public reporting requirements of the Brown Act. Districts are permitted to and should consider adopting local policies that exceed the minimum requirements of the Brown Act in terms of providing greater public access and openness to district business.

“In enacting this chapter, the Legislature finds and declares that the public commissions, boards and councils and the other public agencies in this State exist to aid in the conduct of the people’s business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.” [3]

Printing made possible by the California Special Districts Alliance, a partnership between the California Special Districts Association (CSDA), the CSDA Finance Corporation (CSDAFC), and the Special District Risk Management Authority (SDRMA).

Table of Contents

I. Overview of the Brown Act

Note: A local agency must provide a copy of this chapter to any person elected or appointed to serve as a member of a legislative body of the local agency.

The purpose behind the Brown Act is to ensure that actions of local public agencies – including their deliberations - are taken in open and public meetings, with posted agendas, and where all persons are permitted to attend and participate. Courts construe the Brown Act liberally, in favor of openness and narrowly construe its limited exemptions.

The Brown Act and incorporated provisions of the Americans with Disabilities Act not only guarantee the public's right to attend and participate in open and public meetings but ensure that the meetings will actually be accessible to all members of the public. Violations of the Brown Act can result in the action taken being invalidated and the award of attorney's fees and costs if there is a successful legal action against a public agency. Certain intentional violations can result in criminal prosecution. And regardless of the nature of the violation, the mere fact that the public perceives that an agency is improperly conducting business behind closed doors can indelibly damage the public's trust in local government.

This manual provides special districts with guidelines and tips for complying with the various meeting agenda, notice, public participation, and public reporting requirements of the Brown Act. The manual also includes guidance on how members of a legislative body may engage with the public on social media platforms and details on how to permit remote participation in a Brown Act compliant teleconference meeting.

Scan/Click for Live Web Page

This manual provides special districts with guidelines and tips for complying with the various meeting agenda, notice, public participation, and public reporting requirements of the Brown Act.

This manual is not intended to provide legal advice on any specific issue.

This manual is not intended to provide legal advice on any specific issue. Because the statutory and case law summarized in this manual is subject to change, district staff and officials should always seek the advice of agency legal counsel as to the application of the Brown Act in a particular situation and to ascertain whether there have been recent changes to the Brown Act or its interpretation by the courts.

Purpose and Basic Rule

The purpose of the Brown Act is elegantly stated in the opening declaration:

> *"In enacting this chapter, the Legislature finds and declares that the public commissions, boards and councils and the other public agencies in this State exist to aid in the conduct of the people's business."*

It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.[3]

The Brown Act's basic and unchanged rule provides:

> *"All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body."*[4]

As summarized by one court: "It is clearly the policy of this state that the proceedings of public agencies, and the conduct of the people's business, [must] take place at open meetings, and that the deliberative process by which decisions related to the public's business are made [must] be conducted in full view of the public." Thus, except for certain closed session items, all aspects of the decision-making process by legislative bodies—including the acquisition of information, discussion and debate—must be conducted in public.

II. District Legislative Bodies and Other Groups Covered and Not Covered

The Brown Act only applies to a district "legislative body" as defined in Section 54952. Therefore, understanding the scope of that term is the critical first step in determining whether the Brown Act applies to a particular district body or group.

What bodies are considered a "legislative body" subject to the Brown Act?

1. **The Governing Body** of a district (i.e., the board of directors) is considered a "legislative body" subject to the Brown Act.[6]

> ***Note:*** The Brown Act also applies to persons elected to serve on a legislative body covered by the Brown Act but who have not yet assumed the duties of office.[7]

2. **Standing committees** of a legislative body, regardless of their composition (i.e., including less than a quorum of the legislative body), that have either (a) continuing subject matter jurisdiction or (b) a meeting schedule fixed by formal action of a legislative body are subject to the Brown Act.[8]
3. **Appointed bodies**, whether permanent or temporary, decision-making or advisory, created by a formal act of the governing body are subject to the Brown Act.[9] The "formal act" required to create a Brown Act legislative body includes any official action and is not necessarily limited to formation by a formal vote or adoption of a resolution.[10]
4. **Joint Powers Authority** legislative bodies of a legally separate entity established by districts under the Joint Exercise of Powers Act must comply with the Brown Act.[11]
5. **Private organizations and other separate entities.** The board or other governing body of a private organization, such as a nonprofit corporation, is subject to the Brown Act, if: (a) a district legislative body created or was involved in bringing the organization into existence to exercise lawfully delegated authority, or (b) if both of the following requirements are met: (i) the organization receives funds from the

district and (ii) a member has been appointed as a full voting member of such board by the district's legislative body.[12, 13]

What district bodies or groups are not considered a "legislative body" subject to the Brown Act?

1. **A temporary advisory committee** (often referred to as an **ad hoc committee**) composed solely of less than a quorum of the legislative body that is created for a single or limited purpose (e.g., a recruitment committee for a vacant position or a committee to investigate a particular incident or issue) that will dissolve once its task is completed is not subject to the Brown Act.
2. **Groups advisory to a single member of a legislative body** created by the informal action of the particular member to advise the member are not covered by the Brown Act.[14]
3. **A group appointed by district staff** (e.g., a committee to assist with a district social or community event) is not subject to the Brown Act.

Compliance Tip

Forming a true ad hoc advisory committee that is composed solely of less than a quorum of the legislative body and that is not subject to the Brown Act requires careful consideration of these restrictions.

III. Meetings Covered and Exempted

The Brown Act only applies to "meetings" of district legislative bodies. Thus, it is critical to understand what meetings are covered and what gatherings are not considered a meeting.

Definition of Meeting

The Brown Act defines a **"meeting" as any congregation of a majority of the members of a legislative body at the same time and location, including a teleconference location, to hear, discuss, deliberate, or take action on any item that is within the legislative body's subject matter jurisdiction.**[15] As defined, the term "meeting" is not limited to gatherings at which action is taken but applies equally to situations where a quorum of the legislative body merely hears, discusses, or deliberates on district business. These terms have their ordinary meaning, but there is a specific definition for "action taken," which includes:

1. a collective decision by a majority of the members of a legislative body;
2. a collective commitment, or promise by a majority of the members to make a positive or negative decision; or
3. an actual vote by a majority of the members of the legislative body sitting as a body or entity, upon a motion, proposal, resolution, order, or ordinance.[16]

Prohibition Against Serial Meetings

Outside of a properly noticed and conducted Brown Act meeting, a majority of the members of a legislative body may not use a series of communication of any kind, directly or through intermediaries, to discuss, deliberate, or take action on any item that is within the body's subject matter jurisdiction.[17]

This type of prohibited "serial meeting" can occur in two ways:

1. Chain: If member A contacts member B, and B contacts member C, and C contacts member D, and so on, until a quorum of the legislative body has been involved.
2. Hub-and-spoke: An intermediary, such as the general manager, contacts at least a quorum of the members of the legislative body to develop a collective concurrence (or communicate each member's respective positions) on an action to be taken by the legislative body.

Compliance Tip

The use of e-mail can easily result in a serial meeting along with a paper trail establishing a potential violation of the Brown Act.[18] District legislative body members must be extremely careful with the use of e-mail, except to pass along general information. For example, members should refrain in e-mails from stating or taking a position on matters that may come before the district. Members should also refrain from giving instructions or directions to staff members unless they have clear authority to do so. One never knows where, or in how many inboxes an e-mail may end up. This tip is equally applicable to members posting comments on social media and other technological platforms.

Teleconferencing Meetings

Standard Teleconferencing

Meetings may be conducted by teleconferencing (i.e., any electronic audio or video connection) under the following conditions:[19]

1. agendas are posted at teleconferencing locations specifying all teleconference locations;
2. public access is provided at each teleconference location;
3. public opportunity to speak is provided at each teleconference location; and
4. all votes are taken by roll call.

At least a quorum of the members of the legislative body must participate in the teleconference within the boundaries of the district.

Alternative Teleconferencing

A legislative body of a local agency may utilize teleconferencing without complying with the aforementioned requirements for ‘standard teleconferencing’ in any of the circumstances described in Government Code sections 54953.8.1 to 54953.8.7. However, the local agency must comply with each of the following mandatory procedures:

1. The legislative body must provide either a 1) two-way audiovisual platform or 2) a two-way telephonic service and live webcasting of the meeting.
2. Each agenda and notice for the meeting must include information for all persons to attend via a call-in option or an internet-based service option.
3. In the event of a disruption that prevents broadcasting the meeting or the receipt of public comments, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting is restored. (Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.)
4. The public must have an opportunity to address the legislative body and offer comments in real time. In addition, the public cannot be required to submit comments in advance of the meeting.
5. The minutes of the meeting must identify any member of the legislative body who participated from a remote location as well as the specific provision of law that permitted their remote participation. Every member participating from a remote location shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member’s relationship with those individuals.
6. The legislative body must adopt and implement a procedure for resolving requests for reasonable accommodation consistent with the federal Americans with Disabilities Act.
7. A local agency must identify a list of one or more meeting locations that may be available for use by the legislative bodies to conduct their meetings.

Compliance Tip

Districts should consider adopting a policy on the use of teleconferencing that addresses the circumstances under which it may be appropriate to use this technology, how much advance notice must be given, and the procedures the agency must follow.

Alternative Teleconferencing - Categories

In addition to the circumstances described below in further detail, alternative teleconferencing is permitted for use by the following, with each category having its own requirements for compliance:

- A health authority.[128]
- An eligible neighborhood council.[129]
- An eligible community college student organization.[130]
- An eligible multijurisdictional body.[131]
    - "Eligible multijurisdictional body" means a multijurisdictional board, commission, or advisory body of a multijurisdictional, cross-county agency, the membership of which board, commission, or advisory body is appointed, and the board, commission, or advisory body is otherwise subject to this chapter. "Multijurisdictional" means either of the following: (A) A legislative body that includes representatives from more than one county, city, city and county, or special district, or (B) A legislative body of a joint powers entity formed pursuant to an agreement entered into in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1.

Compliance Tip

A legislative body seeking to use alternative teleconferencing pursuant to one of these bulleted options should refer to the statute authorizing the respective provision in order to understand the specific requirements for that type of alternative teleconferencing, which may vary depending on the category of alternative teleconferencing used. See the Appendix for a full copy of the Brown Act and more information on the aforementioned alternative teleconferencing categories.

Emergency Teleconferencing

In response to the need for greater flexibility in teleconferencing meetings in the wake of the COVID-19 pandemic, the Brown Act was amended to allow legislative bodies to meet remotely during proclaimed emergencies under modified teleconferencing procedures that do not require compliance with the "standard" procedures noted above, provided that the special emergency procedures are followed.[22]

Summary of circumstances and process authorizing emergency teleconferencing procedures:

1. An emergency situation arises that poses an imminent risk to public health and safety.
2. A local emergency or state of emergency is declared.
3. A district wishes to meet remotely via teleconferencing as a result of the emergency. The meeting agenda includes an item for consideration of a resolution to authorize the use of teleconferencing for meetings consistent with Section 54953.8.2.
4. A resolution is passed by majority vote determining that meeting in person would present imminent risks to the health or safety of attendees. The resolution is valid for up to 45 days.

5. If the state of emergency remains, the district must renew its emergency teleconferencing resolution at least every 45 days, which includes findings that the legislative body has both (1) reconsidered the circumstances of the state of emergency, and (2) the state of emergency continues to directly impact the ability of the members to meet safely in person.

Compliance Tip

The emergency teleconferencing procedures can only be used in the event that a gubernatorial state of emergency (1) has been issued AND (2) remains active, or a local emergency is declared with extreme peril to persons or property in accordance with Section 8630 of the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), as defined in Section 8680.9, or a local health emergency declared pursuant to Section 101080 of the Health and Safety Code. Local emergency refers only to local emergencies in the boundaries of the territory over which the local agency exercises jurisdiction.

Teleconferencing for "Just Cause" Circumstances

Expanded teleconferencing procedures were added to the Brown Act in recent years to permit a member of a legislative body to attend a meeting by teleconferencing via a two-way audiovisual platform or "webcast" on a limited basis.[121] The member may only request to participate from a remote location under these guidelines if one of the following circumstances applies:

1. The member must participate remotely for "just cause," defined as:
   a. A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely.
   b. A contagious illness that prevents a member from attending in person.
   c. A need related to a physical or mental disability, as defined.
   d. Travel while on official business of the legislative body or another state or local agency.
   e. An immunocompromised child, parent, grandparent, grandchild, sibling, spouse, or domestic partner of the member that requires the member to participate remotely.
   f. A physical or family medical emergency that prevents a member from attending in person.
   g. Military service obligations that result in a member being unable to attend in person because they are serving under official written orders for active duty, drill, annual training, or any other duty required as a member of the California National Guard or a United States Military Reserve organization that requires the member to be at least 50 miles outside the boundaries of the local agency.
2. In order for a member of the legislative body to participate remotely under these provisions, they must comply with the alternative teleconferencing provisions discussed previously, including:
   a. At least a quorum of the members of the Legislative Body participate in-person from a single physical location accessible to the public, which is within the boundaries of the agency and clearly identified in the posted agenda.
   b. The public is permitted to attend the meeting either by teleconference or videoconference in a manner such that the public can remotely attend and offer real-time comment during the meeting.
   c. Notice of the means by which the public can remotely attend the meeting via teleconference or videoconference and offer comment during the meeting is included within the posted agenda.

d. The member has done the following:

   i. For a "just cause" circumstance, notify the legislative body at the earliest opportunity, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstance relating to their need to appear remotely at the given meeting.

   ii. The member shall participate through both audio and visual technology.

e. The member shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the nature of the member's relationship with such individuals.

A member of a legislative body may not participate in meetings of the legislative body solely by teleconference from a remote location under these provisions for more than the following number of meetings, as applicable:

1. Two meetings per year, if the legislative body regularly meets once per month or less.
2. Five meetings per year, if the legislative body regularly meets twice per month.
3. Seven meetings per year, if the legislative body regularly meets three or more times per month.

Any meetings that begin on the same calendar day shall be considered a single occurrence for the purpose of counting meetings.

Teleconferencing under the Americans with Disabilities Act (ADA)

The Brown Act requires an agency's legislative body to allow remote participation in a meeting as a reasonable accommodation for a member with a qualifying disability that precludes in-person attendance at meetings of the legislative body by the member.[124] The member's remote participation must be conducted in a manner that simulates in-person attendance at meetings held in person at a location open to the public. To do this, a member that participates remotely in a meeting as an accommodation under ADA must do the following:

1. Use two-way video and audio streaming in real time, except that any member may use audio only if a physical condition related to their disability results in a need to participate off camera.
2. Disclose the identity of any adults who are present with the member at the remote location, and the general nature of the member's relationship with any of the individuals.

Local agencies should consult with counsel when receiving a request for accommodation under ADA to participate in a meeting remotely.

Teleconferencing by an Eligible Subsidiary Body

An eligible subsidiary body may conduct a teleconference meeting by complying with the alternative teleconferencing requirements, and:

1. Designating one physical meeting location within the boundaries of the legislative body that created the eligible subsidiary body where members of the subsidiary body who are not participating remotely shall be present and members of the public may physically attend, observe, hear, and participate in the meeting. At least one staff member of the eligible subsidiary body or the legislative body that created the eligible subsidiary body shall be present at the physical meeting location during the meeting. The eligible subsidiary body shall post the agenda at the physical meeting location but need not post the agenda at a remote location.
2. A member of the eligible subsidiary body shall visibly appear on camera during the open portion of a meeting that is publicly accessible via the internet or other online platform, except if the member has a physical or mental condition that results in a need to participate off camera.
3. The visual appearance of a member of the eligible subsidiary body on camera may cease only when

the appearance would be technologically infeasible, including, but not limited to, when the member experiences a lack of reliable broadband or internet connectivity that would be remedied by joining without video.

4. If a member of the eligible subsidiary body does not appear on camera due to challenges with internet connectivity, the member shall announce the reason for their nonappearance prior to turning off their camera.
5. An elected official serving as a member of an eligible subsidiary body in their official capacity shall not participate in a meeting of the eligible subsidiary body by teleconferencing pursuant to this section unless the use of teleconferencing complies with the requirements of paragraph (3) of subdivision (b) of Section 54953.
6. Before an eligible subsidiary body uses teleconferencing for the first time, the legislative body that established the eligible subsidiary body must adopt certain findings by a majority vote, and every six months thereafter.[127]

"Eligible subsidiary body" means a legislative body that meets all of the following:

1. Is described in subdivision (b) of Section 54952.
2. Serves exclusively in an advisory capacity.
3. Is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, grants, or allocations of funds.
4. Does not have primary subject matter jurisdiction, as defined by the charter, an ordinance, a resolution, or any formal action of the legislative body that created the subsidiary body, that focuses on elections, budgets, police oversight, privacy, removing from, or restricting access to, materials available in public libraries, or taxes or related proposals.

What is not a meeting?

The Brown Act lists seven circumstances that are not considered a regulated "meeting."

1. **Individual Contacts.** Individual district legislative body members may engage in separate conversations or communications with staff, the public, and even another member of a legislative body, provided that the official or the person they contact "does not communicate to members of the legislative body the comments or position of any other member or members of the legislative body."[26] In other words, the Brown Act does not restrain a member of a legislative body's individual actions, but such contacts cannot lead to the type of prohibited serial meeting described above.

Recent Brown Act amendments clarified that a member of a legislative body may engage in conversations of communications on an internet-based social media platform (e.g., Facebook or Twitter) to answer questions, provide information to the public, or to solicit information from the public regarding a matter that is within the subject matter jurisdiction of the legislative body, provided that a majority of the members of the legislative body do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body. In addition, a member of the legislative body may not respond directly to any communication on an internet-based social media platform regarding a matter that is within the subject matter jurisdiction of the legislative body that is made, posted, or shared by any other member of the legislative body.[27]

Quorum Exceptions

Attendance by a quorum of members of a legislative body is permitted in the following circumstances, provided that a majority of the members do not discuss district business amongst themselves (other than as part of the scheduled meeting, occasion or program):[23]

2. **Standing Committee Meetings.** Members may attend an open and noticed meeting of a standing committee of the legislative body (provided that the members of the body who are not members of the committee attend only as observers).
3. **Meetings of a different body of the local agency** that are open and publicized.

Compliance Tip

"Liking" or "upvoting" (or other similar actions) can be construed as a legislative body discussion. The Brown Act defines "discuss among themselves" as: "communications made, posted, or shared on an internet-based social media platform between members of a legislative body, including comments or use of digital icons that express reactions to communications made by other members of the legislative body." [28]

4. **Meetings of a legislative body of another local agency** that are open and publicized (e.g., county board of supervisors, city council, or the board of directors of another district).
5. **Community meetings** organized to address topics of local community concern by a person or organization other than the district, provided the meeting is open and publicized. However, agencies should be mindful that the Attorney General has opined that a "State of the City" or "State of [Special District]" event is a meeting for the purposes of the Brown Act.[123]
6. **Conferences or similar gatherings** that are open to the public and are for purposes of discussing issues of general interest to the public or to public agencies such as the district.

> ***Note:*** The Brown Act does not define what "publicized" means for the purposes of the community meeting exemption, but notice in a newspaper, a mass mailing, physical posting in multiple locations around a community, or posting internet websites should be sufficient to satisfy the Brown Act's openness requirements.

7. **Social or ceremonial events** such as parties, weddings, funerals, retirement celebrations or charitable fundraisers.

Practice Tip: Public officials do not have to stop engaging with the public because of the Brown Act. But they should take some simple precautions to avoid unintentional violations of the law. This includes warning members of the public when engaging with them outside of a Brown Act open meeting that you cannot discuss the views of other officials and stopping any such discussion by a member of the public as soon as possible.

IV. Categories of Meetings, and Applicable Notice, Location, Agenda and Procedural Requirements

Categories of meetings subject to the Brown Act

1. **Regular meetings** are meetings held at the dates, times and location set by ordinance, resolution, bylaws or other formal action of a legislative body.[30]
2. **Special meetings** are meetings called by the presiding officer or a majority of the legislative body and may be held at any time subject to a 24-hour notice requirement. Such written notice must be delivered to each member of the legislative body (unless waived in writing by that member) and to each local newspaper of general circulation, and to each radio and television station that has requested such notice in writing. Only the business set forth in the notice may be considered at the meeting.[25]
3. **Adjourned meetings** are regular or special meetings that have been adjourned to a time and place specified in the order of adjournment.[32]
4. **Emergency meetings** are meetings that may occur where the legislative body determines there is an emergency situation that severely impairs public health or safety or there is an existing or threatened situation that poses immediate and significant peril. The special meeting provisions apply to emergency meetings, except the 24-hour notice is not required. News media must be notified by telephone at least one hour in advance of an emergency meeting (except for "dire" emergencies), and all telephone numbers provided must be tried. If telephones are not working, the notice requirements are deemed waived, but the news media must be notified as soon as possible of the meeting and any action taken. Closed sessions are permitted during an emergency meeting under Section 54957 if agreed to by 2/3 vote of the members present (or all of the members if less than 2/3 present). The minutes of the meeting, a list of the persons notified or attempted to be notified, a copy of any roll call vote, and any action taken at the meeting must be posted in a public place for a minimum of ten days as soon after the emergency meeting as possible.[33]

Permitted Locations for Meetings

1. **Regular and special meetings** must be held within the boundaries of the agency's jurisdiction except when:
   a. meeting by remote teleconferencing during a proclaimed state of emergency;[34]
   b. complying with federal or state law or court order;
   c. inspecting real property or personal property that cannot be conveniently brought to the agency;
   d. participating in multi-agency meetings (provided the meeting takes place in a member agency's jurisdiction and is properly noticed);
   e. meeting in the closest meeting facility if the district has no meeting facility within its boundaries;
   f. meeting with elected or appointed federal or state officials when a local meeting would be impractical (solely to discuss local issues over which such officials have jurisdiction);
   g. meeting in or nearby a facility owned by the agency (provided the meeting is limited to items directly related to the facility); and
   h. visiting the office of its legal counsel for a closed session on pending litigation when to do so would reduce legal costs.[35]

> ***Note:*** Retreats and workshops for agencies other than statewide JPAs must be held within the territory of the agency.

2. **Joint powers agencies** may meet within the territory of any member, or if members are located throughout the state, then they can meet anywhere in the state, provided such facility is open to all members of the public.[36]
3. **Emergency meetings** are subject to the same locational rules as regular and special meetings except that the presiding officer may move them to another location if it is unsafe to meet in the regular designated meeting location, or, if the meeting is being conducted during a proclaimed state of emergency by remote teleconferencing pursuant to the provisions of Section 54953.8.2.[37]

Agenda Requirements

General Rules

- A written agenda must be prepared for each regular or adjourned regular meeting of the legislative body.
- The agenda must be posted at least 72 hours in advance of the regular meeting to which it relates.
- Each item of business to be transacted or discussed, including items to be discussed in closed session, must be the subject of a brief general description, which generally need not exceed 20 words.[36]
- If the agency has an internet website, agendas must be posted at least 72 hours before a regular meeting and at least 24 hours before a special meeting on the agency's website. The special meeting Internet posting requirement only applies to an agenda of either (a) the governing body, or (b) the participating members are compensated, and one or more members attending are also members of the governing body.[39]

Compliance Tip

Drafting an agenda description that is brief but discloses enough information for the public to understand a proposed action is not an easy task. Including information such as the location of a project, the purpose of a project (as opposed to just an agency or applicant given name), the parties involved, and the costs associated with the action will help deflect claims of lack of proper notice.

Note: Agendas at physical locations must be posted in areas that are freely accessible to the public at all times. Posting on a bulletin board inside the district's office that is locked after business hours is not in compliance. With limited exceptions, independent special districts must establish and maintain an Internet website that must have contact information for the district listed in addition to the agenda and any meeting materials. The internet website posting requirement may be excused if there are technical difficulties, provided that the district continues to comply with all other notice requirements. Internet website posting requires the agenda to be posted as a direct link on homepage of the agency's website and in an open format that permits the public to retrieve, download, index, and search for the agenda through the internet, in a manner that is "platform independent and machine readable".[42]

Non-Agenda Items

Action or discussion on any item not appearing on the posted agenda is generally prohibited except that members of the legislative body may:[43]

- briefly respond to statements made or questions posed by the public;
- ask a question for clarification;
- make a brief announcement;
- make a brief report on activities;
- provide a reference to staff or other sources for factual information;
- request staff to report back to the legislative body at a subsequent meeting; or
- direct staff to place a matter of business on a future agenda.[44]

Statutory exceptions to action on non-agenda items

A legislative body may take action on items of business not appearing on the agenda under the following conditions:

- **Emergency:** When a majority decides that an emergency situation exists (i.e., work stoppage, crippling disaster, etc.).
- **Subsequent need urgency item:** When 2/3 present (or all members if less than 2/3 are present) determine there is a need to take immediate action and that the need for action came to the attention of the district subsequent to the agenda being posted.
- **Hold over item:** When the item appeared on the agenda of, and was continued from, a regular meeting held not more than five days earlier.[45]

Special agenda disclosure for concurrent meetings

A legislative body that convenes a meeting and whose membership constitutes a quorum of another legislative body may convene a meeting of the other legislative body, either simultaneously or in serial order, only if a clerk or member of the body verbally announces, prior to convening any simultaneous or serial meeting, the amount of "compensation" or "stipend" that each member will receive as a result of convening the simultaneous or serial meeting of the subsequent legislative body. No agenda announcement is required if:

1. The amount of compensation is prescribed by statute; and
2. No additional compensation for the simultaneous or subsequent meeting has been authorized by the district.

The terms "compensation" and "stipend" do not include reimbursement for actual and necessary expenses incurred by a member in the performance of official duties, including travel, meals, and lodging.[46]

Compliance Tip

The agenda must designate the address where documents may be inspected by the public.[52]

Documents and other writings related to a meeting must be made available to the public at the time of distribution to a majority of the legislative body meeting if prepared by the district or a member of a legislative body, or after the meeting if prepared by some other person.[62] If a district is distributing agenda-related materials to the majority of a legislative body less than 72 hours before a meeting, it must ensure immediate public access to those materials in one of two ways:

1) by making the material immediately available for public inspection at a public office or location designated for that purpose and listing the address of the designated place on all agendas, or

2) by making an initial report (i.e., a document containing a summary and staff recommendation) of the material available for public inspection at a designated location at least 72 hours before the meeting, posting the material on the local agency's internet website in a position and manner that makes it clear that the material relates to an agenda item for an upcoming meeting, listing the web address where the material can be found on all agendas, and making physical copies available for public inspection beginning the next regular business hours for the agency, though this last requirement can only be fulfilled if the next regular business hours of the local agency commence at least 24 hours before that meeting; otherwise the legislative body cannot fulfill all of the requirements of these provisions and may be forced to delay the agenda item the materials relate to.[119]

If requested in writing in advance, a member of the public may be mailed copies of the agenda or agenda packet at the time it is distributed to a majority of the legislative body. Such a request is valid for the calendar year filed. A public agency may establish a mailing fee not to exceed the cost of providing this service.[63,64]

Any audio or video tape record of a public meeting made by or at the direction of the district is subject to inspection under the Public Records Act and such inspection must be provided without charge on equipment made available by the district. If copies of the audio or video tape are desired, the agency may impose its ordinary charge for copies. Audio and video tapes may, however, be erased or destroyed 30 days after the taping or recording.[65]

Meetings of an "Eligible Legislative Body"

Beginning July 1, 2026, all meetings of an "eligible legislative body" are subject to enhanced mandates under the Brown Act to provide increased public access as well as possible translation of agendas and meetings into additional languages.[132]

These additional requirements only apply to an "eligible legislative body" and not to a "legislative body" as traditionally defined in the Brown Act.

For a special district, eligible legislative body means:

1. The board of directors of a special district that has an internet website and meets any one of the following conditions –
   a. The boundaries of the special district include the entirety of a county with a population of 600,000 or more, and the special district has over 200 full-time equivalent employees; or
   b. The special district has over 1,000 full-time equivalent employees; or
   c. The special district has annual revenues, based on the most recent Financial Transaction Report data

published by the California State Controller, that exceed four hundred million dollars ($400,000,000), adjusted annually for inflation commencing January 1, 2027, as measured by the percentage change in the California Consumer Price Index from January 1 of the prior year to January 1 of the current year, and the special district employs over 200 full-time equivalent employees.

2. An eligible legislative body also includes a city council of a city with a population of 30,000 or more; a county board of supervisors of a county, or city and county, with a population of 30,000 or more; and a city council of a city located in a county with a population of 600,000 or more.

Two-Way Audiovisual or Telephonic Access

Every meeting of an eligible legislative body must include an opportunity for members of the public to attend via a two-way telephonic service or a two-way audiovisual platform, except if adequate telephonic or internet service is not operational at the meeting location.

"Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic service. "Two-way telephonic service" means a telephone service that does not require internet access and allows participants to dial a telephone number to listen and verbally participate.

> ***Note:*** If adequate telephonic or internet service is operational at the meeting location during only a portion of the meeting, the legislative body shall include an opportunity for members of the public to attend via a two-way telephonic service or a two-way audiovisual platform during that portion of the meeting.

IV. Meeting Categories & Requirements (continued)

Compliance Tip

By July 1, 2026, an eligible legislative body must adopt a policy in open session related to disruption of service during meetings that includes procedures for recessing and reconvening a meeting in the event of disruption and describes the efforts that the eligible legislative body shall make to attempt to restore the service. If a disruption of service that prevents members of the public from attending or observing the meeting occurs during the meeting, the eligible legislative body shall recess the open session of the meeting for at least one hour and make a good faith attempt to restore the service. The eligible legislative body may meet in closed session during this period. The eligible legislative body shall not reconvene the open session of the meeting until at least one hour following the disruption, or until service is restored, whichever is earlier. If service is not restored upon reconvening the session, the eligible legislative body shall adopt a finding by rollcall vote that good faith efforts to restore the service have been made in accordance with the policy by the agency, and that the public interest in continuing the meeting outweighs the public interest in remote public access.

When an eligible legislative body elects to provide two-way audiovisual access (rather than telephonic access), the eligible legislative body shall publicly post and provide a call-in option and activate any automatic captioning function during the meeting if an automatic captioning function is included with the two-way audiovisual platform. The public must be provided with an opportunity to provide comments as they would with any other open and public meeting, with the same time allotment as a person attending in person.

Meeting Translation

Although an eligible legislative body is not required to provide interpretation of any meeting, it may elect to provide interpretation, and must reasonably assist members of the public who wish to translate a public meeting into any language or wish to receive interpretation provided by another member of the public, so long as the interpretation is not disrupting to the meeting as defined in Section 54957.95. Examples of assistance may include allowing extra time or allowing participants to use personal equipment to assist them.

An eligible legislative body must also take affirmative actions to encourage underrepresented and non-English speaking communities to participate in meetings, including: having in place a system for electronically accepting and fulfilling requests for meeting agendas and documents pursuant to Section 54954.1 through email or through an integrated agenda management platform; maintaining an accessible internet webpage translated in all "applicable languages" (discussed below) dedicated to public meetings; making reasonable efforts, as determined by the legislative body, to invite groups that do not traditionally participate in public meetings to attend those meetings.

Compliance Tip

Every eligible legislative body should have a webpage dedicated to public meetings that includes: a general explanation of the public meeting process, an explanation of the procedures for a member of the public to provide in-person or remote oral public comment during a public meeting or to submit written public comment, a calendar of all public meeting dates with calendar listings that include the date, time, and location of each public meeting, the most recent agenda, and a link from the homepage of the agency to the required webpage.

Agenda Translation

The agenda for each meeting of an eligible legislative body must be translated into all "applicable languages," with each translated agenda posted in accordance with agenda posting requirements. This applies only to the agenda, and not the entire agenda packet. Each translation shall include instructions in the applicable language describing how to join the meeting by the telephonic or internet-based service option, including any requirements for registration for public comment.

"Applicable languages" means languages, according to data from the most recent American Community Survey, spoken jointly by 20 percent or more of the applicable population, provided that 20 percent or more of the population that speaks that language in that city or county speaks English less than "very well." "Applicable population" is determined as follows:

1. For an eligible legislative body of a special district, the applicable population shall be either of the following, at the discretion of the board of directors of the special district:

IV. Meeting Categories & Requirements (continued)

   a. The population of the county with the greatest population within the boundaries of the special district.

   b. The population of the service area of the special district, if the special district has the data to determine what languages are spoken by the population within its service area.

2. For an eligible legislative body that is a city council or county board of supervisors, the applicable population shall be the population of the city or county.

If more than three languages meet the criteria set forth for "applicable languages," the agency shall translate for the three languages that are spoken by the largest percentage of the population. Translation may be done using a digital translation service, and the eligible legislative body must also accept additional translations of the agenda from the public to post in physical locations where agendas are posted.

V. Rights of the Public at Meetings

Public Attendance

The Brown Act's mandate that all persons must be "permitted to attend any meeting of a legislative body"[47] is implemented in a variety of ways:

- Members of the public cannot be required to register their names, provide other information, complete a questionnaire, or otherwise fulfill any condition precedent to attending. If an attendance list, register, questionnaire or similar document is circulated to persons present during the meeting, it must state that the signing, registering or completion of the document is voluntary.[48]
- No meeting or any other function can be held in a facility that prohibits attendance based on race, religious creed, color, national origin, ancestry, or sex, or which is inaccessible to the disabled.[49]
- No meeting may be held where the public must pay or make a purchase to attend (this includes remote locations where teleconferencing is used).[50]
- And if teleconferencing is used, members of the public must be given notice of the teleconference location and be able to address the legislative body from such location.[51]

Public Accommodation (Americans With Disabilities Act)

All open meetings under the Brown Act must also comply with Section 202 of the Americans with Disabilities Act ("ADA") and its implementing rules and regulations. The ADA prohibits a governmental entity from discriminating against individuals with disabilities in the programs, services, and activities it offers. Programs and activities are required to be readily accessible to and usable by disabled individuals.[54] Therefore, public entities must make accommodations for disabled individuals to participate in the meetings unless doing so would be an undue burden or cause a fundamental alteration in the program or activity. [55] This is accomplished in the following two ways:

1. **Physical facilities:** In addition to the meeting room being accessible, the telephones and bathrooms must also be made accessible if phones and bathrooms are provided for non-disabled individuals.[56] Meeting rooms must also have wheelchair seating and assistive listening systems.[57]
2. **Agenda and written materials:** Agendas must include information regarding how, to whom and when a request for disability-related modification or accommodation may be made in order for a person with a disability to participate in the meeting. When requested by a person with a disability, the agenda and documents in the agenda packet must be made available in "appropriate alternative formats," and writings distributed at a public meeting must also be made available in "appropriate alternative formats," even when the materials are handed out by members of the public.[58]

PC: Ability Ministry on Disability Is Beautiful (disabilityisbeautiful.com)

Public Access to Meeting Records

The public has the right to review agendas and documents and other writings distributed to a majority of the legislative body (except for privileged documents). A fee or deposit may be charged for a copy of these public records.[59] *See Compliance Tip on Page 18 for more information.*

Compliance Tip

With the advent of digital files, most agencies maintain copies of meeting recordings on their website, either permanently or for an extended period of time, to ensure continued public access and as an aid for reminding officials and staff precisely what transpired in such meetings.

Public Participation

A regular meeting agenda must allow an opportunity for members of the public to speak on any item of interest, so long as the item is within the subject matter jurisdiction of the legislative body.[66]

The public must be allowed to speak on a specific item of business before or during the legislative body's consideration of it.[67] However, an agenda need not provide an opportunity for members of the public to address the legislative body on any item that has already been considered by a committee, composed exclusively of members of the legislative body, at a public meeting where members of the public were given the opportunity to address the committee on the item, before or during the committee's consideration of the item. This shall not apply in some circumstances, such as when the item has been substantially changed since the committee heard the item, or if the committee members did not participate from a singular location when considering the item. Every notice for a *special* meeting shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before or during consideration of that item.[125]

Public Conduct

Disturbances. The legislative body may remove any person from a meeting who willfully interrupts the proceedings. Removal is only justified, however, when an audience member actually disrupts the meeting.[71] If order still cannot be restored, the meeting room may be cleared.[72] Members of the news media who have not participated in the disturbance must be allowed to continue to attend the meeting. The legislative body may also re-admit individuals not responsible for the disturbance.[73] The authority of a legislative body to remove a person who disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting shall apply to members of the public participating in a meeting via two-way telephonic service or two-way audiovisual platform.[126]

Removal of disruptive individuals. The presiding member of the legislative body conducting a meeting or their designee may remove, or cause the removal of, an individual for disrupting the meeting if, prior to removing the individual, the presiding member or their designee warns the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. The presiding member or their designee may then remove the individual if they do not promptly cease their disruptive behavior.

"Disrupting" means engaging in behavior during a meeting of a legislative body that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, one of the following:

1. A failure to comply with reasonable and lawful regulations adopted by a legislative body pursuant to Section 54954.3 or any other law.
2. Engaging in behavior that constitutes use of force or a true threat of force.

No warning is required if the individual is engaging in behavior that constitutes use of force or a true threat of force. "True threat of force" is defined to mean a threat that has sufficient indicia of intent and seriousness, that a reasonable observer would perceive it to be an actual threat to use force by the person making the threat.[120]

Non-disruptive criticism. The legislative body cannot prohibit public criticism of policies, procedures, programs, or services of the agency or the acts or omissions of the legislative body itself.[74] Expressions of opposition to actions of the district (provided they are not overly disruptive) constitute protected speech.[75]

Compliance Tip

If a closed session is held before the start of the regular open session agenda, the public must be provided an opportunity to address the legislative body on any closed session item before the legislative body adjourns to closed session.

The legislative body may adopt reasonable regulations, including time limits, on public comments (e.g., 3-5 minutes/speaker).[68] However, when a legislative body limits time for public comment, the legislative body must provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the legislative body.[69]

The public is allowed to use audio or video tape recorders or still or motion picture cameras at an open meeting, absent a reasonable finding by the legislative body that such recording, if continued, would persistently disrupt the proceedings due to noise, illumination, or obstruction of view.[70]

VI. Closed Sessions

The Brown Act recognizes that not all local agency business should be conducted in the open and provides limited exceptions termed “closed sessions” for sensitive matters such as litigation, security threats and certain personnel matters. If a matter is not listed in the Brown Act as an appropriate subject for a closed session, the matter must be discussed in public even if the subject is sensitive, embarrassing or controversial. In addition to listing the permissible subjects for closed sessions, the Brown Act outlines how such matters should be agendized,[76] and when and how the matters must be disclosed in an open meeting or otherwise made public.

Matters appropriate for closed session and applicable agenda description[77]

1. **Public employment.** A closed session may be held to appoint, employ, evaluate the performance of, discipline, or dismiss a public employee.[78] A closed session may also be used to hear specific complaints or charges brought against a public employee unless the employee requests a public session upon 24 hours’ advance written notice.[79] The applicable safe harbor agenda descriptions for these matters are:
   a. PUBLIC EMPLOYMENT
   Government Code section 54957
   Title: (Specify description of position to be filled)

   b. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
   Government Code section 54957
   Title: (Specify position title of employee being reviewed)

   c. PUBLIC EMPLOYEE DISCIPLINE/ DISMISSAL/RELEASE
   Government Code section 54957
   (No description is required.)

Note: The public employment exception only applies to “public employees.” This includes independent contractors that function as an officer or employee such as a contract general counsel or human resources officer. Discussions or action taken on persons other than employees (e.g., elected officials, appointed members of a committee, and independent contractors that do not function as an officer or employee) must be taken in open session unless there is another applicable exception such as potential litigation.[70]

Compliance Tip

Interviews for appointments to district legislative or advisory bodies must be conducted in open session. While candidates for such positions cannot be compelled to stay outside the room where the interview is held while other candidates are being interviewed, most will comply with a request to do so.

The Brown Act recognizes that not all local agency business should be conducted in the open and provides limited exceptions termed "closed sessions" for certain sensitive matters.

Note: The personnel exception does not authorize action on proposed compensation in closed session, except for a reduction in pay as a result of proposed disciplinary action. Reviewing an employee's job performance and making threshold decisions about whether any salary increase should be granted is permissible for closed session, but any action concerning the amount of any salary increase must be held in an open session.[81] As noted below, a legislative body may address compensation of an unrepresented employee, such as a general manager, under the labor negotiation exception.

2. **Labor negotiations.** A closed session is appropriate to discuss, with the agency's bargaining representative, salaries, salary schedules, fringe benefits, funding priorities and other matters within the statutory scope of employee representation for both represented (e.g., union or other recognized employee organization) and unrepresented employees (e.g., management). Final action must be taken in open session.[82] The applicable safe harbor agenda description is:

   CONFERENCE WITH LABOR NEGOTIATORS
   Government Code section 54957.6
   Agency designated representatives: (Specify names of designated representatives attending the closed session)
   Employee organization: (Specify name of organization representing employee or employees in question)

   or

   Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations)

Note: The Brown Act requires an oral report in open session at the meeting where final action is to be taken that summarizes the recommendation for final action on the salary, salary schedule, or compensation paid in the form of fringe benefits of a "local agency executive" as that term is defined in Government Code section 3511.1, or a department head or other similar administrative officer of the local agency.[83] The intent appears to be to preclude placing such items on a consent calendar or similar action item that may involve no discussion of the matter.

3. **Litigation.** A closed session is appropriate to discuss (1) threatened litigation against the district; (2) potential exposure to litigation; (3) potential initiation of litigation; and (4) existing litigation.

   Potential litigation against or to be initiated by the district. A closed session may be held in situations where there is anticipated litigation against the district or when the district is contemplating bringing a legal action. Where the agency seeks to discuss with its legal counsel threatened or anticipated litigation, there must be "existing facts and circumstances" to support the closed session. Existing facts and circumstances include:

   a. facts and circumstances that the agency believes are not known to a potential plaintiff;

   b. the receipt by the agency of a claim pursuant to the Government Claims Act or some other written communication threatening litigation;

   c. a statement made by a person in a public meeting threatening litigation on a specific matter within the responsibility of the legislative body; or

   d. a statement made outside a public meeting so long as the official or employee of the agency receiving knowledge of the threat makes a record of the statement prior to the meeting, and the statement is available for public inspection.[84]

A legislative body may also meet in closed session to decide if the above facts and circumstances are present and thus whether the closed session is authorized.[85] The applicable safe harbor agenda descriptions are:

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) or (3) [as applicable]: (Specify number of potential cases)[86]

or

Initiation of litigation pursuant to Government Code section 54956.9(d)(4): (Specify number of potential cases)

Existing litigation. Where a legal action has already been initiated by or against the district, a closed session may be held to provide updates to the board and discuss strategy. The applicable safe harbor agenda description is:

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
Government Code section 54956.9(d)(1)

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers)

or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations)

> ***Notes:*** The ability to meet in closed session for existing litigation only applies to litigation to which the district is a party. It is generally understood, consistent with the safe harbor description, that the agency's attorney must be a participant in all litigation-related closed sessions.[76]

4. **Real estate negotiations.** A closed session is permitted for the legislative body to discuss with its real property negotiator the purchase, sale, exchange or lease of real property by or for the district. As part

of the discussion, the legislative body may discuss the price and terms of the transaction. According to the Attorney General, this includes only the following:

a. The amount of consideration that the district is willing to pay or accept in exchange for the real property rights to be acquired or transferred in the particular transaction;

b. The form, manner, and timing of how that consideration will be paid; and

c. Items that are essential to arriving at the authorized price and payment terms, such that their public disclosure would be tantamount to revealing the information that the exception permits to be kept confidential.[88]

The real estate exemption is very limited. Discussions regarding related policy matters such as design work for the project, traffic, and EIR considerations, etc., are beyond the scope of the exemption.[89] The applicable safe harbor agenda description is:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Government Code section 54956.8
Property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation)

Agency negotiator: (Specify names of negotiators attending the closed session) (If circumstances necessitate the absence of a specified negotiator, an agent or designee may participate in place of the absent negotiator so long as the name of the agent or designee is announced at an open session held prior to the closed session.)

Negotiating parties: (Specify name of party (not agent))

Under negotiation: (Specify whether instruction to negotiator will concern price, terms of payment, or both)

5. **License applications.** A closed session is appropriate if the legislative body finds it necessary to discuss the license application of an applicant with a criminal record, and whether that applicant is sufficiently rehabilitated to obtain the license.[90] The applicable safe harbor description is:

   LICENSE/PERMIT DETERMINATION
   Government Code section 54956.7
   Applicant(s): (Specify number of applicants)

6. **Security of public facilities and services or a threat to critical infrastructure controls or critical infrastructure information relating to cybersecurity.** A closed session is appropriate for the legislative body to discuss matters posing a threat to the security of public buildings and facilities as well as essential public services, or a threat to critical infrastructure controls or critical infrastructure information relating to cybersecurity, and threats

to the public's right of access to public services or facilities.[91] The applicable safe harbor description is:

THREAT TO PUBLIC SERVICES OR FACILITIES
Government Code section 54957
Consultation with: (Specify name of law enforcement agency and title of officer, or name of applicable agency representative and title)

Procedure for Adjourning to Closed Session

Prior to holding any closed session, the legislative body must disclose, in an open meeting, the item or items to be discussed in the closed session. The disclosure may simply refer to the items as they are listed on the closed session agenda. This announcement may be made at the location announced in the agenda for the closed session, as long as the public is allowed to be present at that location for the purpose of hearing the announcement.[92]

Who may be present at the closed session?

Closed sessions should only include those members of the legislative body and support staff necessary to conduct business regarding the specific item (e.g., legal counsel, consultants, real estate or labor negotiators, etc.).[93]

Reporting After Closed Sessions

The legislative body must reconvene in open session to report any "action taken" in closed session. In general, only final action on a matter need be reported (e.g., an agreement to buy property, settlement of a lawsuit where the other party has signed the agreement, acceptance of a resignation, etc.). Thus, for example, the dismissal or nonrenewal of an employment contract is not reported until the first public meeting following exhaustion of administrative remedies, if any. Once final approval occurs, the agency must disclose the action taken "upon inquiry by any person."[94] Copies of contracts, settlement agreements, or other documents finalized in closed session must be made available within 24 hours of the action, or, in the case of substantial amendments or retyping, when complete.[95, 96]

Compliance Tip

For convenience, many districts schedule closed sessions prior to commencement of the regular agenda and often hold such closed sessions in separate locations. Under § 54957, the public has the right to be present at such location and has the right to address the legislative body regarding any agendized closed session items under § 54954.3 prior to the legislative body adjourning into closed session.

Improper Disclosure of Closed Session Information

The disclosure of confidential information acquired in a closed session is prohibited unless the legislative body authorizes the disclosure of the information. "Confidential information" means communication made in closed session that is specifically related to the basis for the closed session meeting. Violations of this disclosure prohibition may be addressed by any legal remedy, including: injunctive relief to prevent future disclosures; disciplinary action (against employees); or referral to a grand jury (for violations by members of the legislative body).[97]

Compliance Tip

Although § 54957.1(a)(1) indicates that real estate agreements may be approved in closed session, as a practical and political matter, it is prudent to take final action on such agreements in open session so that the public may more fully participate in the deliberations.

> ***Note:*** A joint powers agency may authorize in its agreement or bylaws the disclosure of confidential information by members of the agency's legislative body to their district legislative body in a closed session as well as to legal counsel of a member district.[98]

VII. Adjournments and Continuances

Adjournments

The legislative body may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may adjourn such meetings and if all members are absent, the clerk or secretary of the legislative body may declare the meeting adjourned. Written notice of the adjournment must be provided in the same manner as notice for special meetings. A copy of the order or notice of adjournment must be conspicuously posted on or near the door of the place where the meeting was held within 24 hours of adjournment. When a regular or adjourned regular meeting is adjourned, the resulting adjourned meeting is a regular meeting for all purposes. If the order of adjournment fails to state a specific hour for the next meeting, the meeting must be held at the hour designated for regular meetings.[99]

Continuances

A duly noticed hearing may also be continued in the same manner as adjourned meetings. However, if the hearing is continued to a meeting that will occur in less than 24 hours, a copy of a notice of continuance must be posted immediately following the meeting at which the continuance was adopted.[100]

VIII. Remedies and Penalties for Violations

Note: If the challenged meeting involves only deliberation and no action is taken, there can be no misdemeanor penalty. Moreover, as with most criminal statutes, it is often difficult to prove criminal intent. As a result, criminal enforcement of the Brown Act is rare.

Criminal Penalties

A member of a legislative body may be charged with a misdemeanor where (a) the member attends a meeting where an action is taken in violation of the Brown Act, and (b) the member intends to deprive the public of information to which the public is entitled under the Brown Act.[101]

Civil Action to Prevent Future Violations

The district attorney or any interested person may file a civil action to:

- Stop or prevent a threatened violation of the Brown Act.[102]
- Determine the applicability of the Brown Act to ongoing actions or threatened future action of the legislative body.[103]
- Determine whether any rule or action by the legislative body to penalize or otherwise discourage the expression of one or more of its members is valid under state or federal law.[104]
- Compel the legislative body to tape record its closed sessions.[105]
- Determine that an action of a legislative body violated the Brown Act and the action is null and void.[106]

Opportunity for the legislative body to cure and correct alleged violations [107]

Before filing a legal action alleging that a legislative body violated the Brown Act, the complaining party must send a written "cure or correct" demand to the legislative body. The demand must clearly describe the challenged action, the nature of the alleged violation, and the "cure" sought, and must be sent within 90 days of the alleged violation (or 30 days if the action was taken in open session but in violation of § 54952.2, which defines "meetings"). The legislative body has up to 30 days to cure and correct its action. If it does not act, any lawsuit must commence within 15 days after (a) receipt of written notice from the legislative body of such non-action, or (b) the expiration of the 30-day cure period if the legislative body does not respond to the cure request.

Opportunity for the legislative body to commit to cease & desist alleged past actions or practices [108]

Prior to commencing an action to determine if past actions of a legislative body are a violation of the Brown Act under § 54960, the complaining party must send a "cease and desist letter." The cease-and-desist letter must be sent within nine months of the alleged violation. The legislative body may respond to the cease-and-desist letter within 30 days by making an unconditional commitment to cease and desist from the past action in open session at a regular or special meeting as a separate item of business, and not on its consent agenda, and providing such commitment to the complaining party. The commitment must state that:

- The legislative body has received the cease-and-desist letter; and
- The legislative body unconditionally commits to cease and desist from the challenged action; and

If the legislative body chooses to send an unconditional commitment agreeing to cease-and-desist from the challenged conduct within 30 days of receipt of the cease and desist letter, then no legal action can be commenced. Any party sending a cease-and-desist letter can commence a legal action challenging past conduct of a legislative body on whichever is earlier: (a) 60 days of receiving a response other than an unconditional commitment to cease-and-desist; or (b) within 60 days of the expiration of the legislative body's 30-day time period to respond to the cease-and-desist letter.

Compliance Tip

The cure & correct and cease & desist options allow a legislative body to avoid litigation over alleged Brown Act violations unless it is abundantly clear that no violation occurred, and a district wants to defend what it believes to be a correct policy or procedure. And even if a legislative body waits to cure or correct an alleged violation until after a lawsuit is commenced, an action seeking invalidation must be dismissed. Because a subsequent cure or correction cannot be introduced as evidence of a violation of the Brown Act, there is rarely a legitimate reason for a legislative body not to take any post-lawsuit steps to cure or correct an alleged violation if there is any question as to Brown Act compliance. [109]

If a court finds that a legislative body violated the Brown Act, the plaintiff may be awarded costs and attorney fees.

Invalidation of Certain Types of Actions

Only actions taken in violation of the Brown Act under the following circumstances may be invalidated:[110]

- the basic open meeting provision;[111]
- notice and agenda requirements for regular meetings and closed sessions;[112]
- tax hearings;[113]
- special meetings;[114] and
- emergency situations.[115]

Certain actions taken in violation of the Brown Action will not be invalidated if they involve:[116]

- substantial compliance;
- sale or issuance of notes, bonds or other indebtedness, or related contracts or agreements;
- a contractual obligation upon which a party has in good faith relied to its detriment;
- the collection of any tax; or
- the complaining party had actual notice at least 72 hours prior to the meeting at which the action is taken.

Award of Costs and Attorney Fees

If a court finds that a legislative body violated the Brown Act, the plaintiff may be awarded costs and attorney fees.[117] The costs and fees are the liability of the district and not its officers or employees. A district may only recover its costs and attorney fees if it wins, and the court determines that the lawsuit was "clearly frivolous and totally lacking in merit."[118]

Acknowledgment and Endnotes

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Endnotes

1. The Brown Act is codified in the Government Code starting at Section 54950. Unless otherwise indicated, all statutory references are to the California Government Code.
2. Please note that school districts and community college districts have a number of unique Brown Act provisions applicable only to such special districts that are outside the scope of this manual.
3. § 54950.
4. § 54953(a).
5. Epstein v. Hollywood Entertainment Dist. II Bus. Improvement Dist. (2001) 87 Cal.App.4th 862, 867.
6. § 54952(a).
7. § 54952.1.
8. § 54952(b).
9. § 54952(b).
10. See *Joiner v. City of Sebastopol (1981) 125 Cal.App.3d 799, 805; Frazer v. Dixon Unified School District (1993)* 18 Cal.App.4th 781, 792-793.
11. See *McKee v. Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (2005)* 134 Cal.App.4th 354.
12. § 54952(c).
13. See also 107 Ops.Cal.Atty.Gen. 1; 85 Ops.Cal.Atty.Gen. 55; and *International Longshoreman's & Warehouseman's Union v. L.A. Export Terminal, Inc. (1999)* 69 Cal.App.4th 287.
14. See 56 Ops. Cal Atty Gen 14 (1973).
15. § 54952.2(a).
16. § 54952.6.
17. § 54952.2(b)(1).
18. See Op.Cal.Atty.Gen. No. 00-906 (2001), available at https://oag.ca.gov/system/files/opinions/pdfs/00-906.pdf.
19. § 54953(b).
20. § 54953(b)(3).
21. § 54953(b)(4).
22. § 54953.8.2
23. § 8625.
24. Visit www.csda.net to find a copy of the CSDA Emergency Teleconferencing ("AB 361") Implementation Guide and Sample Resolutions to assist with transitioning to remote emergency teleconferencing meetings.
25. § 54953(e).
26. §§ 54952.2(b)(2), 54952.2(c)(1).
27. § 54952.2(b)(3). These changes are in effect only until January 1, 2026, unless extended or made permanent by the Legislature and Governor.
28. § 54952.2(b)(3)(B)(i).

Endnotes (continued)

29. § 54952.2(c)(2)-(6).
30. § 54954(a).
31. § 54956.
32. § 54955.
33. § 54956.5.
34. § 54953(e).
35. § 54954(b).
36. § 54954(d).
37. § 54954(e).
38. § 54954.2; See also San Joaquin Raptor Rescue v. County of Merced (2013) 216 Cal.App.4th 1167 [Brown Act violated where agenda description for project approval did not include proposed approval of CEQA action (mitigated negative declaration)].
39. §§ 54954.2 and 54956.
40. § 53087.8(a)(3).
41. See Op.Cal.Atty.Gen. No. 14-1203 (2016), available at https://oag.ca.gov/system/files/opinions/pdfs/14-1203.pdf.
42. §§ 54954.2.
43. § 54954.2(a).
44. See Cruz v. City of Culver City (2016) 2 Cal.App.5th 239, 250.
45. § 54954.2(b).
46. § 54952.3.
47. § 54953.
48. § 54953.3.
49. § 54961(a).
50. § 54961(a).
51. § 54953(b)(3).
52. § 54953.2.
53. 42 U.S.C. § 12101 et seq.
54. 42 U.S.C. § 12132; 28 C.F.R. § 35.149.
55. 28 C.F.R. §§ 35.149, 35.150.
56. Department of Justice Technical Assistance Manual (Title II), Section II-5.1000. The Manual is available at: https://www.ada.gov/taman2.html.
57. 28 C.F.R. §§ 35.150, 35.151.
58. §§ 54954.2(a), 54954.1, 54957.5(b).
59. § 54957.5.
60. § 54957.5(b)(2).
61. § 54957.5(c).
62. Sierra Watch v. Placer County (2021) 69 Cal.App.5th 1.
63. § 54954.1.
64. § 54957.5 (c).
65. § 54953.5(b); see also § 6253(b).
66. § 54954.3.
67. § 54954.3(a).
68. § 54954.3; See Chaffee v. San Francisco Public Library Commission (2005) 134 Cal.App.4th 109.
69. § 54954.3(b)(2). Exception may apply if simultaneous translation equipment is provided.
70. §§ 54957.5 and 54953.5.
71. Acosta v. City of Costa Mesa (9th Cir. 2013) 718 F.3d 800 ["insolent" remarks did not constitute actual disruption]; Norse v. City of Santa Cruz ((9th Cir. 2010) 629 F.3d 966 [silent Nazi salute directed at mayor is not a disruption].
72. § 54957.9.
73. § 54957.9.
74. § 54954.3(c).
75. White v. City of Norwalk (9th Cir. 1990) 900 F.2d 1421.
76. The Brown Act provides a format for describing closed sessions, which if substantially followed, create a "safe harbor" from any alleged notice violations of the Brown Act. See § 54954.5. This manual provides adapted versions of such safe harbor descriptions.
77. For a complete list of all permissible closed session matters see § 54954.5.
78. § 54957(b)(1).
79. § 54957(b)(2); see also Fischer v. Los Angeles Unified School District (1999) 70 Cal.App.4th 87 [decision by school board not to reemploy probationary employees based on the evaluation of performance, but not specific complaints or charges, does not require 24 hours' advance written notice]; and San Diego Civil Service Com. v. Bollinger (1999) 71 Cal.App.4th 568 [if charges have already been heard and sustained at a public evidentiary hearing, employee notice of closed session is not required].
80. § 54957(b)(4).
81. San Diego Union v. City Council (1983) 146 Cal.App.3d 947 [two-step process contemplated: (1) closed session for evaluation of performance or appointment; (2) open session for setting employee's salary].
82. § 54957.6.
83. § 54953(d).
84. See Fowler v. City of Lafayette (2020) 45 Cal.App.5th 68.
85. § 54956.9.
86. In addition, the agency may be required to provide additional information on the agenda or in an oral statement prior to the closed session pursuant to Section 54956.9(e)(2) to (5).
87. See for example, "The Brown Act," California Attorney General (2003), p.40.
88. See Op.Cal.Atty.Gen. No. 10-206 (2011), available at https://oag.ca.gov/system/files/opinions/pdfs/10-206.pdf.
89. See Shapiro v. San Diego City Council (2002) 96 Cal.App. 4th 904.
90. § 54956.7.
91. § 54957(a).
92. § 54957.7.
93. See Op.Cal.Atty.Gen. No. 03-604 (2003), available at https://oag.ca.gov/system/files/opinions/pdfs/03-604.pdf.
94. See §§ 54957.1 and 54957.7.
95. § 54957.1.
96. See §§ 54957.1 and 54957.7.
97. § 54963.
98. § 54956.96.
99. § 54955.
100. § 54955.1.
101. § 54959.
102. § 54960(a).
103. § 54960 (a).
104. § 54960 (a).
105. § 54960 (b).

106. § 54960.1(a).
107. § 54960.1.
108. § 54960.2.
109. § 54960.1(e) and (f).
110. § 54960.1(a).
111. § 54953.
112. §§ 54954.2 and 54954.5.
113. § 54954.6.
114. § 54956.
115. § 54956.5; see also § 54960.1.
116. § 54960.1(d).
117. See Los Angeles Times Communications v. Los Angeles County Board of Supervisors (2003) 112 Cal.App.4th 1313 ["fees are 'presumptively appropriate' and a successful plaintiff 'should ordinarily recover attorney's fees unless special circumstances would render such an award unjust'"].
118. § 54960.5.
119. § 54957.5.
120. § 54957.95.
121. Section 54953.8.3.
122. 107 Ops.Cal.Atty.Gen. 107.
123. 107 Cal.Ops.Atty.Gen. 47.
124. § 54953(c).
125. § 54954.3(a)(2).
126. § 54957.96.
127. § 54953.8.6.
128. § 54953.8.1.
129. § 54953.8.4.
130. § 54953.8.5.
131. § 54953.8.7.
132. § 54953.4.

Notes:

Appendix – Copy of Ralph M. Brown Act*

GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57607]

(Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821]

(Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7] *(Part 1 added by Stats. 1949, Ch. 81.)*

CHAPTER 9. Meetings [54950 - 54963]

(Chapter 9 added by Stats. 1953, Ch. 1588.)

54950. In enacting this chapter, the Legislature finds and declares that the public commissions, boards and councils and the other public agencies in this State exist to aid in the conduct of the people's business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.

The people of this State do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created.

(Added by Stats. 1953, Ch. 1588.)

54950.5. This chapter shall be known as the Ralph M. Brown Act.

(Added by Stats. 1961, Ch. 115.)

54951. As used in this chapter, "local agency" means a county, city, whether general law or chartered, city and county, town, school district, municipal corporation, district, political subdivision, or any board, commission or agency thereof, or other local public agency.

(Amended by Stats. 1959, Ch. 1417.)

54952. As used in this chapter, "legislative body" means:

(a) The governing body of a local agency or any other local body created by state or federal statute.

(b) A commission, committee, board, or other body of a local agency, whether permanent or temporary, decisionmaking or advisory, created by charter, ordinance, resolution, or formal action of a legislative body. However, advisory committees, composed solely of the members of the legislative body that are less than a quorum of the legislative body are not legislative bodies, except that standing committees of a legislative body, irrespective of their composition, which have a continuing subject matter jurisdiction, or a meeting schedule fixed by charter, ordinance, resolution, or formal action of a legislative body are legislative bodies for purposes of this chapter.

(c) (1) A board, commission, committee, or other multimember body that governs a private corporation, limited liability company, or other entity that either:

(A) Is created by the elected legislative body in order to exercise authority that may lawfully be delegated by the elected governing body to a private corporation, limited liability company, or other entity.

(B) Receives funds from a local agency and the membership of whose governing body includes a member of the legislative body of the local agency appointed to that governing body as a full voting member by the legislative body of the local agency.

(2) Notwithstanding subparagraph (B) of paragraph (1), no board, commission, committee, or other multimember body that governs a private corporation, limited liability company, or other entity that receives funds from a local agency and, as of February 9, 1996, has a member of the legislative body of the local agency as a full voting member of the governing body of that private corporation, limited liability company, or other entity shall be relieved from the public meeting requirements of this chapter by virtue of a change in status of the full voting member to a nonvoting member.

(d) The lessee of any hospital the whole or part of which is first leased pursuant to subdivision (p) of Section 32121 of the Health and Safety

Code after January 1, 1994, where the lessee exercises any material authority of a legislative body of a local agency delegated to it by that legislative body whether the lessee is organized and operated by the local agency or by a delegated authority.

(Amended by Stats. 2002, Ch. 1073, Sec. 2. Effective January 1, 2003.)

54952.1. Any person elected to serve as a member of a legislative body who has not yet assumed the duties of office shall conform his or her conduct to the requirements of this chapter and shall be treated for purposes of enforcement of this chapter as if he or she has already assumed office.

(Amended by Stats. 1994, Ch. 32, Sec. 2. Effective March 30, 1994. Operative April 1, 1994, by Sec. 23 of Ch. 32.)

54952.2. (a) As used in this chapter, "meeting" means any congregation of a majority of the members of a legislative body at the same time and location, including teleconference location as permitted by Section 54953, to hear, discuss, deliberate, or take action on any item that is within the subject matter jurisdiction of the legislative body.

(b) (1) A majority of the members of a legislative body shall not, outside a meeting authorized by this chapter, use a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body.

(2) Paragraph (1) shall not be construed as preventing an employee or official of a local agency, from engaging in separate conversations or communications outside of a meeting authorized by this chapter with members of a legislative body in order to answer questions or provide information regarding a matter that is within the subject matter jurisdiction of the local agency, if that person does not communicate to members of the legislative body the comments or position of any other member or members of the legislative body.

(3) (A) Paragraph (1) shall not be construed as preventing a member of the legislative body from engaging in separate conversations or communications on an internet-based social media platform to answer questions, provide information to the public, or to solicit information from the public regarding a matter that is within the subject matter jurisdiction of the legislative body provided that a majority of the members of the legislative body do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body. A member of the legislative body shall not respond directly to any communication on an internet-based social media platform regarding a matter that is within the subject matter jurisdiction of the legislative body that is made, posted, or shared by any other member of the legislative body.

(B) For purposes of this paragraph, all of the following definitions shall apply:

(i) "Discuss among themselves" means communications made, posted, or shared on an internet-based social media platform between members of a legislative body, including comments or use of digital icons that express reactions to communications made by other members of the legislative body.

(ii) "Internet-based social media platform" means an online service that is open and accessible to the public.

(iii) "Open and accessible to the public" means that members of the general public have the ability to access and participate, free of charge, in the social media platform without the approval by the social media platform or a person or entity other than the social media platform, including any forum and chatroom, and cannot be blocked from doing so, except when the internet-based social media platform determines that an individual violated its protocols or rules.

(c) Nothing in this section shall impose the requirements of this chapter upon any of the following:

(1) Individual contacts or conversations between a member of a legislative body and any other person that do not violate subdivision (b).

(2) The attendance of a majority of the members of a legislative body at a conference or similar gathering open to the public that involves a discussion of issues of general interest to the public or to public agencies of the type represented by the legislative body, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled program, business of a specified nature that is within the subject matter jurisdiction of the local agency. Nothing in this paragraph is intended to allow members of the public free admission to a conference or similar gathering at which the organizers have required other participants or registrants to pay fees or charges as a condition of attendance.

(3) The attendance of a majority of the members of a legislative body at an open and publicized meeting organized to address a topic of local community concern by a person or organization other than the local agency, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled program, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(4) The attendance of a majority of the members of a legislative body at an open and noticed meeting of another body of the local agency, or at an open and noticed meeting of a legislative body of another local agency, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled meeting, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(5) The attendance of a majority of the members of a legislative body at a purely social or ceremonial occasion, provided that a majority of the members do not discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(6) The attendance of a majority of the members of a legislative body at an open and noticed meeting of a standing committee of that body, provided that the members of the legislative body who are not members of the standing committee attend only as observers.

(Amended (as amended by Stats. 2020, Ch. 89, Sec. 1) by Stats. 2025, Ch. 327, Sec. 1. (SB 707) Effective January 1, 2026.)

54952.3. (a) A legislative body that has convened a meeting and whose membership constitutes a quorum of any other legislative body may convene a meeting of that other legislative body, simultaneously or in serial order, only if a clerk or a member of the convened legislative body verbally announces, prior to convening any simultaneous or serial order meeting of that subsequent legislative body, the amount of compensation or stipend, if any, that each member will be entitled to receive as a result of convening the simultaneous or serial meeting of the subsequent legislative body and identifies that the compensation or stipend shall be provided as a result of convening a meeting for which each member is entitled to collect compensation or a stipend. However, the clerk or member of the legislative body shall not be required to announce the amount of compensation if the amount of compensation is prescribed in statute and no additional compensation has been authorized by a local agency.

(b) For purposes of this section, compensation and stipend shall not include amounts reimbursed for actual and necessary expenses incurred by a member in the performance of the member's official duties, including, but not limited to, reimbursement of expenses relating to travel, meals, and lodging.

(Added by Stats. 2011, Ch. 91, Sec. 1. (AB 23) Effective January 1, 2012.)

54952.6. As used in this chapter, "action taken" means a collective decision made by a majority of the members of a legislative body, a collective commitment or promise by a majority of the members of a legislative body to make a positive or a negative decision, or an actual vote by a majority of the members of a legislative body when sitting as a body or entity, upon a motion, proposal, resolution, order or ordinance.

(Added by Stats. 1961, Ch. 1671.)

54952.7. A local agency shall provide a copy of this chapter to any person elected or appointed to serve as a member of a legislative body of the local agency.

(Amended by Stats. 2025, Ch. 327, Sec. 3. (SB 707) Effective January 1, 2026.)

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as expressly provided in this chapter.

(4) The teleconferencing requirements of this subdivision shall not apply to remote participation described in subdivision (c).

(c) (1) Nothing in this chapter shall be construed to prohibit a member of a legislative body with a disability from participating in any meeting of the legislative body by remote participation as a reasonable accommodation pursuant to any applicable law.

(2) A member of a legislative body participating in a meeting by remote participation pursuant to this subdivision shall do both of the following:

(A) The member shall participate through both audio and visual technology, except that any member with a disability, as defined in Section 12102 of Title 42 of the United States Code, may participate only through audio technology if a physical condition related to their disability results in a need to participate off camera.

(B) The member shall disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any of those individuals.

(3) Remote participation under this subdivision shall be treated as in-person attendance at the physical meeting location for all purposes, including any requirement that a quorum of the legislative body participate from any particular location. The provisions of subdivision (b) and Sections 54953.8 to 54953.8.7, inclusive, shall not apply to remote participation under this subdivision.

(d) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) (A) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of either of the following during the open meeting in which the final action is to be taken:

(i) A local agency executive, as defined in subdivision (d) of Section 3511.1.

(ii) A department head or other similar administrative officer of the local agency.

(B) This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(e) For purposes of this section, both of the following definitions apply:

(1) "Disability" means a physical disability or a mental disability as those

terms are defined in Section 12926 and used in Section 12926.1, or a disability as defined in Section 12102 of Title 42 of the United States Code.

(2) (A) "Teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(B) Notwithstanding subparagraph (A), "teleconference" does not include one or more members watching or listening to a meeting via webcasting or any other similar electronic medium that does not permit members to interactively speak, discuss, or deliberate on matters.

(3) "Remote participation" means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting.

(Amended (as amended by Stats. 2023, Ch. 534, Sec. 2) by Stats. 2025, Ch. 327, Sec. 4. (SB 707) Effective January 1, 2026.)

54953.1. The provisions of this chapter shall not be construed to prohibit the members of the legislative body of a local agency from giving testimony in private before a grand jury, either as individuals or as a body.

(Added by Stats. 1979, Ch. 950.)

54953.2. All meetings of a legislative body of a local agency that are open and public shall meet the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

(Added by Stats. 2002, Ch. 300, Sec. 5. Effective January 1, 2003.)

54953.3. A member of the public shall not be required, as a condition to attendance at a meeting of a legislative body of a local agency, to register his or her name, to provide other information, to complete a questionnaire, or otherwise to fulfill any condition precedent to his or her attendance.

If an attendance list, register, questionnaire, or other similar document is posted at or near the entrance to the room where the meeting is to be held, or is circulated to the persons present during the meeting, it shall state clearly that the signing, registering, or completion of the document is voluntary, and that all persons may attend the meeting regardless of whether a person signs, registers, or completes the document.

(Amended by Stats. 1981, Ch. 968, Sec. 28.)

54953.4. (a) The Legislature finds and declares that public access, including through translation of agendas as required by this section, is necessary for an informed populace. The Legislature encourages local agencies to adopt public access requirements that exceed the requirements of this chapter by translating additional languages, employing human translators, and conducting additional outreach.

(b) (1) In addition to any other applicable requirements of this chapter, a meeting held by a eligible legislative body pursuant to this chapter shall comply with both of the following requirements:

(A) (i) (I) (ia) All open and public meetings shall include an opportunity for members of the public to attend via a two-way telephonic service or a two-way audiovisual platform, except if adequate telephonic or internet service is not operational at the meeting location. If adequate telephonic or internet service is operational at the meeting location during only a portion of the meeting, the legislative body shall include an opportunity for members of the public to attend via a two-way telephonic service or a two-way audiovisual platform during that portion of the meeting.

(ib) (Ia) On or before July 1, 2026, an eligible legislative body shall approve at a noticed public meeting in open session, not on the consent calendar, a policy regarding disruption of telephonic or internet service occurring during meetings subject to this sub-subclause. The policy shall address the procedures for recessing and reconvening a meeting in the event of disruption and the efforts that the eligible legislative body shall make to attempt to restore the service.

(Ib) If a disruption of telephonic or internet service that prevents members of the public from attending or observing the meeting via the two-way telephonic service or two-way audiovisual platform occurs during the meeting, the eligible legislative body shall recess the open session of the meeting for at least one hour and make a good faith attempt to restore the service. The eligible legislative body may meet in closed session during this period. The eligible legislative body shall not reconvene the open session of the meeting until at least one hour following the disruption, or until telephonic or internet service is restored, whichever is earlier.

(Ic) Upon reconvening the open session, if telephonic or internet service has not been restored, the eligible legislative body shall adopt a finding by rollcall vote that good faith efforts to restore the telephonic or internet service have been made in accordance with the policy adopted pursuant to sub-sub-subclause (Ia) and that the public interest in continuing the meeting outweighs the public interest in remote public access.

(II) Subclause (I) does not apply to a meeting that is held to do any of the following:

(ia) Attend a judicial or administrative proceeding to which the local agency is a party.

(ib) Inspect real or personal property provided that the topic of the meeting is limited to items directly related to the real or personal property.

(ic) Meet with elected or appointed officials of the United States or the State of California, solely to discuss a legislative or regulatory issue affecting the local agency and over which the federal or state officials have jurisdiction.

(id) Meet in or nearby a facility owned by the agency, provided that the topic of the meeting is limited to items directly related to the facility.

(ie) Meet in an emergency situation pursuant to Section 54956.5.

(ii) If an eligible legislative body elects to provide a two-way audiovisual platform, the eligible legislative body shall publicly post and provide a call-in option, and activate any automatic captioning function during the meeting if an automatic captioning function is included with the two-way audiovisual platform. If an eligible legislative body does not elect to provide a two-way audiovisual platform, the eligible legislative body shall provide a two-way telephonic service for the public to participate in the meeting, pursuant to subclause (I).

(B) (i) All open and public meetings for which attendance via a two-way telephonic service or a two-way audiovisual platform is provided in accordance with paragraph (1) shall provide the public with an opportunity to provide public comment in accordance with Section 54954.3 via the two-way telephonic or two-way audiovisual platform, and ensure the opportunity for the members of the public participating via a two-way telephonic or two-way audiovisual platform to provide public comment with the same time allotment as a person attending a meeting in person.

(2) (A) An eligible legislative body shall reasonably assist members of the public who wish to translate a public meeting into any language or wish to receive interpretation provided by another member of the public, so long as the interpretation is not disrupting to the meeting, as defined in Section 54957.95. The eligible legislative body shall publicize instructions on how to request assistance under this subdivision. Assistance may include any of the following, as determined by the eligible legislative body:

(i) Arranging space for one or more interpreters at the meeting location.

(ii) Allowing extra time during the meeting for interpretation to occur.

(iii) Ensuring participants may utilize their personal equipment or reasonably access facilities for participants to access commercially available interpretation services.

(B) This section does not require an eligible legislative body to provide interpretation of any public meeting, however, an eligible legislative body may elect to provide interpretation of any public meeting.

(C) The eligible legislative body is not responsible for the content or accuracy of any interpretation facilitated, assisted with, or provided under this subdivision. An action shall not be commenced or maintained against the eligible legislative body arising from the content or accuracy of any interpretation facilitated, assisted with, or provided under this subdivision.

(3) An eligible legislative body shall take the following actions to encourage residents, including those in underrepresented communities and non-English-speaking communities, to participate in public meetings:

(A) Have in place a system for electronically accepting and fulfilling requests for meeting agendas and documents pursuant to Section 54954.1 through email or through an integrated agenda management platform. Information about how to make a request using this system shall be accessible through a prominent direct link posted on the primary internet website home page of the eligible legislative body.

(B) (i) Create and maintain an accessible internet webpage dedicated to public meetings that includes, or provides a link to, all of the following information:

(I) A general explanation of the public meeting process for the eligible legislative body.

(II) An explanation of the procedures for a member of the public to provide in-person or remote oral public comment during a public meeting or to submit written public comment.

(III) A calendar of all public meeting dates with calendar listings that include the date, time, and location of each public meeting.

(IV) The agenda posted online pursuant to paragraph (2) of subdivision (a) of Section 54954.2.

(ii) The eligible legislative body shall include a link to the webpage required by subparagraph (A) on the home page of the eligible legislative body's internet website.

(C) (i) Make reasonable efforts, as determined by the legislative body, to invite groups that do not traditionally participate in public meetings to attend those meetings, which may include, but are not limited to, all the following:

(I) Media organizations that provide news coverage in the jurisdiction of the eligible legislative body, including media organizations that serve non-English-speaking communities.

(II) Good government, civil rights, civic engagement, neighborhood, and community group organizations, or similar organizations that are active in the jurisdiction of the eligible legislative body, including organizations active in non-English-speaking communities.

(ii) Legislative bodies shall have broad discretion in the choice of reasonable efforts they make under this subparagraph. No action shall be commenced or maintained against an eligible legislative body arising from failing to provide public meeting information to any specific group pursuant to this subparagraph.

(c) (1) (A) The agenda for each meeting of an eligible legislative body shall be translated into all applicable languages, and each translation shall be posted in accordance with Section 54954.2. Each translation shall include instructions in the applicable language describing how to join the meeting by the telephonic or internet-based service option, including any requirements for registration for public comment.

(B) The accessible internet webpage provided under subparagraph (B) of paragraph (3) of subdivision (b) shall be translated into all applicable languages, and each translation shall be accessible through a prominent direct link posted on the primary internet website home page of the eligible legislative body.

(2) A translation made using a digital translation service shall satisfy the requirements of paragraph (1).

(3) The eligible legislative body shall make available a physical location that is freely accessible to the public in reasonable proximity to the physical location in which the agenda and translations are posted as described in paragraph (1), and shall allow members of the public to post additional translations of the agenda in that location.

(4) The eligible legislative body is not responsible for the content or accuracy of any translation provided pursuant to this subdivision. No action shall be commenced or maintained against an eligible legislative body arising from the content, accuracy, posting, or removal of any translation provided by the eligible legislative body or posted by any person pursuant to this subdivision.

(5) For the purposes of this section, the agenda does not include the entire agenda packet.

(d) This section shall not be construed to affect or supersede any other applicable civil rights, nondiscrimination, or public access laws.

(e) For purposes of this section, all of the following definitions apply:

(1) (A) "Applicable languages" means languages, according to data from the most recent American Community Survey, spoken jointly by 20 percent or more of the applicable population, provided that 20 percent or more of the population that speaks that language in that city or county speaks English less than "very well."

(B) For the purposes of subparagraph (A), the applicable population shall be determined as follows:

(i) For an eligible legislative body that is a city council or county board of supervisors, the applicable population shall be the population of the city or county.

(ii) For an eligible legislative body of a special district, the applicable population shall be either of the following, at the discretion of the board of directors of the special district:

(I) The population of the county with the greatest population within the boundaries of the special district.

(II) The population of the service area of the special district, if the special district has the data to determine what languages spoken by the population within its service area meet the requirements of paragraph (A).

(C) If more than three languages meet the criteria set forth in subparagraph (A), "applicable languages" shall mean the three languages described in subparagraph (A) that are spoken by the largest percentage of the population.

(D) An eligible legislative body may elect to determine the applicable languages based upon a source other than the most recent American Community Survey if it makes a finding, based upon substantial evidence, that the other source provides equally or more reliable data for the territory over which the eligible legislative body exercises jurisdiction.

(2) "Eligible legislative body" means any of the following:

(A) A city council of a city with a population of 30,000 or more.

(B) A county board of supervisors of a county, or city and county, with a population of 30,000 or more.

(C) A city council of a city located in a county with a population of 600,000 or more.

(D) The board of directors of a special district that has an internet website and meets any of the following conditions:

(i) The boundaries of the special district include the entirety of a county with a population of 600,000 or more, and the special district has over 200 full-time equivalent employees.

(ii) The special district has over 1,000 full-time equivalent employees.

(iii) The special district has annual revenues, based on the most recent Financial Transaction Report data published by the California State Controller, that exceed four hundred million dollars ($400,000,000), adjusted annually for inflation commencing January 1, 2027, as measured by the percentage change in the California Consumer Price Index from January 1 of the prior year to January 1 of the current year, and the special district employs over 200 full-time equivalent employees.

(3) "Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic service.

(4) "Two-way telephonic service" means a telephone service that does not require internet access and allows participants to dial a telephone number to listen and verbally participate.

(f) This section shall become operative on July 1, 2026.

(g) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2025, Ch. 327, Sec. 5. (SB 707) Effective January 1, 2026. Operative July 1, 2026, by its own provisions. Repealed as of January 1, 2030, by its own provisions.)

54953.5. (a) Any person attending an open and public meeting of a legislative body of a local agency shall have the right to record the proceedings in the absence of a reasonable finding by the legislative body of the local agency that the recording cannot continue without noise, illumination, or obstruction of view that constitutes, or would constitute, a persistent disruption of the proceedings.

(b) Any recording of an open and public meeting made for whatever purpose by or at the direction of the local agency shall be subject to inspection pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), but, notwithstanding Section 34090, may be erased or destroyed 30 days after the recording. Any inspection of an audio or video recording shall be provided without charge on equipment made available by the local agency.

(Amended by Stats. 2025, Ch. 327, Sec. 6. (SB 707) Effective January 1, 2026.)

54953.6. No legislative body of a local agency shall prohibit or otherwise restrict the broadcast of its open and public meetings in the absence of a reasonable finding that the broadcast cannot be accomplished without noise, illumination, or obstruction of view that would constitute a persistent disruption of the proceedings.

(Amended by Stats. 1994, Ch. 32, Sec. 6. Effective March 30, 1994. Operative April 1, 1994, by Sec. 23 of Ch. 32.)

54953.7. Notwithstanding any other provision of law, legislative bodies of local agencies may impose requirements upon themselves which allow greater access to their meetings than prescribed by the minimal standards set forth in this chapter. In addition thereto, an elected legislative body of a local agency may impose those requirements on appointed legislative bodies of the local agency.

(Amended by Stats. 2025, Ch. 327, Sec. 7. (SB 707) Effective January 1, 2026.)

54953.8. (a) The legislative body of a local agency may use teleconferencing as authorized by subdivision (b) of Section 54953 without complying with the requirements of paragraph (3) of subdivision (b) of Section 54953 in any of the circumstances described in Sections 54953.8.1 to 54953.8.7, inclusive.

(b) A legislative body that holds a teleconference meeting pursuant to this section shall, in addition to any other applicable requirements of this chapter, comply with all of the following:

(1) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(A) A two-way audiovisual platform.

(B) A two-way telephonic service and a live webcasting of the meeting.

(2) In each instance in which notice of the time of the teleconference meeting held pursuant to this section is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.

(3) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(4) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(5) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(6) (A) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to paragraph (5), to provide public comment until that timed public comment period has elapsed.

(B) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to paragraph (5), or otherwise be recognized for the purpose of providing public comment.

(C) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to paragraph (5), until the timed general public comment period has elapsed.

(7) Any member of the legislative body who participates in a teleconference meeting from a remote location pursuant to this section and the specific provision of law that the member relied upon to permit their participation by teleconferencing shall be listed in the minutes of the meeting.

(8) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(9) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(c) A local agency shall identify and make available to legislative bodies a list of one or more meeting locations that may be available for use by the legislative bodies to conduct their meetings.

(d) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(e) A member of a legislative body who participates in a teleconference meeting from a remote location pursuant to this section shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with those individuals.

(f) The teleconferencing provisions described in Section 54953 and Sections 54953.8.1 to 54953.8.7, inclusive, are cumulative. A legislative body may elect to use any teleconferencing provisions that are applicable to a meeting, regardless of whether any other teleconferencing provisions would also be applicable to that meeting.

(g) For purposes of this section, the following definitions apply:

(1) "Remote location" means a location from which a member of a legislative body participates in a meeting pursuant to paragraph (7) of subdivision (b), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(2) "Teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(3) "Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic service. A two-way audiovisual platform may be structured to disable the use of video for the public participants.

(4) "Two-way telephonic service" means a telephone service that does not require internet access and allows participants to dial a telephone number to listen and verbally participate.

(5) "Webcasting" means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(Added by Stats. 2025, Ch. 327, Sec. 8. (SB 707) Effective January 1, 2026.)

54953.8.1. (a) A health authority may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section.

(b) Nothing in this section or Section 54953.8 shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority.

(c) For purposes of this section, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(Added by Stats. 2025, Ch. 327, Sec. 9. (SB 707) Effective January 1, 2026.)

54953.8.2. (a) A legislative body of a local agency may conduct a teleconference meeting pursuant to Section 54953.8 during a proclaimed state of emergency or local emergency, provided that it complies with the requirements of that section and the teleconferencing is used in either of the following circumstances:

(1) For the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) After a determination described in paragraph (1) is made that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(b) If the state of emergency or local emergency remains active, in order to continue to teleconference pursuant to this section, the legislative body shall, no later than 45 days after teleconferencing for the first time pursuant to this section, and every 45 days thereafter, make the following findings by majority vote:

(1) The legislative body has reconsidered the circumstances of the state of emergency or local emergency.

(2) The state of emergency or local emergency continues to directly impact the ability of the members to meet safely in person.

(c) This section shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(d) Notwithstanding paragraph (1) of subdivision (b) of Section 54953.8, a legislative body conducting a teleconference meeting pursuant to this section may elect to use a two-way telephonic service without a live webcasting of the meeting.

(e) For purposes of this section, the following definitions apply:

(1) "Local emergency" means a condition of extreme peril to persons or property proclaimed by the governing body of the local agency affected, in accordance with Section 8630 of the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), as defined in Section 8680.9, or a local health emergency declared pursuant to Section 101080 of the Health and Safety Code. Local emergency, as used in this section, refers only to local emergencies in the boundaries of the territory over which the local agency exercises jurisdiction.

(2) "State of emergency" means state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2).

(Added by Stats. 2025, Ch. 327, Sec. 10. (SB 707) Effective January 1, 2026.)

54953.8.3. (a) A legislative body of a local agency may conduct a teleconference meeting pursuant to Section 54953.8 if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, provided that the legislative body complies with the requirements of Section 54953.8 and all of the following additional requirements:

(1) A member of the legislative body notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting.

(2) The member shall participate through both audio and visual technology.

(3) (A) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for just cause for more than the following number of meetings, as applicable:

(i) Two meetings per year, if the legislative body regularly meets once per month or less.

(ii) Five meetings per year, if the legislative body regularly meets twice per month.

(iii) Seven meetings per year, if the legislative body regularly meets three or more times per month.

(B) For the purpose of counting meetings attended by teleconference under this paragraph, a "meeting" shall be defined as any number of meetings of the legislative body of a local agency that begin on the same calendar day.

(b) The minutes for the meeting shall identify the specific provision in subdivision (c) that each member relied upon to participate remotely. This subdivision shall not be construed to require the member to disclose any medical diagnosis or disability, or any personal medical information that is otherwise exempt under existing law, including, but not limited to, the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code).

(c) For purposes of this section, "just cause" means any of the following:

(1) Childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. "Child," "parent," "grandparent," "grandchild," and "sibling" have the same meaning as those terms do in Section 12945.2.

(2) A contagious illness that prevents a member from attending in person.

(3) A need related to a physical or mental condition that is not subject to subdivision (c) of Section 54953.

(4) Travel while on official business of the legislative body or another state or local agency.

(5) An immunocompromised child, parent, grandparent, grandchild, sibling, spouse, or domestic partner of the member that requires the member to participate remotely.

(6) A physical or family medical emergency that prevents a member from attending in person.

(7) Military service obligations that result in a member being unable to attend in person because they are serving under official written orders

for active duty, drill, annual training, or any other duty required as a member of the California National Guard or a United States Military Reserve organization that requires the member to be at least 50 miles outside the boundaries of the local agency.

(d) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2025, Ch. 327, Sec. 11. (SB 707) Effective January 1, 2026. Repealed as of January 1, 2030, by its own provisions.)

54953.8.4. (a) An eligible neighborhood council may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following have occurred:

(1) (A) The city council for a city described in paragraph (2) of subdivision (b) considers whether to adopt a resolution to authorize eligible neighborhood councils to use teleconferencing as described in this section at an open and regular meeting.

(B) If the city council adopts a resolution described in subparagraph (A), an eligible neighborhood council may elect to use teleconferencing pursuant to this section if a majority of the eligible neighborhood council votes to do so. The eligible neighborhood council shall notify the city council if it elects to use teleconferencing pursuant to this section and its justification for doing so.

(C) Upon receiving notification from an eligible neighborhood council described in subparagraph (B), the city council may adopt a resolution to prohibit the eligible neighborhood council from using teleconferencing pursuant to this section.

(2) After completing the requirements of subparagraph (A) of paragraph (1), an eligible neighborhood council that holds a meeting pursuant to this subdivision shall do all of the following:

(A) At least a quorum of the members of the eligible neighborhood council shall participate from locations within the boundaries of the city in which the eligible neighborhood council is established.

(B) At least once per year, at least a quorum of the members of the eligible neighborhood council shall participate in person from a singular physical location that is open to the public and within the boundaries of the eligible neighborhood council.

(3) If the meeting is during regular business hours of the offices of the city council member that represents the area that includes the eligible neighborhood council, the eligible neighborhood council shall provide a publicly accessible physical location from which the public may attend or comment, which shall be the offices of the city council member who represents the area where the eligible neighborhood council is located, unless the eligible neighborhood council identifies an alternative location.

(4) If the meeting is outside regular business hours, the eligible neighborhood council shall make reasonable efforts to accommodate any member of the public that requests an accommodation to participate in the meeting.

(b) For purposes of this section, the following definitions apply:

(1) "Accommodation" means providing a publicly accessible physical location for the member of the public to participate from, providing access to technology necessary to participate in the meeting, or identifying locations or resources available that could provide the member of the public with an opportunity to participate in the meeting.

(2) "Eligible neighborhood council" means a neighborhood council that is an advisory body with the purpose to promote more citizen participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to this chapter.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2025, Ch. 327, Sec. 12. (SB 707) Effective January 1, 2026. Repealed as of January 1, 2030, by its own provisions.)

54953.8.5. (a) An eligible community college student organization may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following additional requirements:

(1) An eligible community college student organization may only use teleconferencing as described in Section 54953.8 after all the following have occurred:

(A) The board of trustees for a community college district considers whether to adopt a resolution to authorize eligible community college student organizations to use teleconferencing as described in this section at an open and regular meeting.

(B) If the board of trustees for a community college district adopts a resolution described in subparagraph (A), an eligible community college student organization may elect to use teleconferencing pursuant to this section if a majority of the eligible community college student organization votes to do so. The eligible community college student organization shall notify the board of trustees if it elects to use teleconferencing pursuant to this section and its justification for doing so.

(C) Upon receiving notification from an eligible community college student organization as described in subparagraph (B), the board of trustees may adopt a resolution to prohibit the eligible community college student organization from using teleconferencing pursuant to this section.

(D) (i) Except as specified in clause (ii), at least a quorum of the members of the eligible community college student organization shall participate from a singular physical location that is accessible to the public and is within the community college district in which the eligible community college student organization is established.

(ii) The requirements described in clause (i) shall not apply to the California Online Community College.

(iii) Notwithstanding the requirements of clause (i), a person may count toward the establishment of a quorum pursuant to clause (i) regardless of whether the person is participating at the in-person location of the meeting or remotely if the person meets any of the following criteria:

(I) The person is under 18 years of age.

(II) The person is incarcerated.

(III) The person is unable to disclose the location that they are participating from because of either of the following circumstances:

(ia) The person has been issued a protective court order, including, but not limited to, a domestic violence restraining order.

(ib) The person is participating in a program that has to remain confidential, including, but not limited to, an independent living program.

(IV) The person provides childcare or caregiving to a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. For purposes of this subclause, "child," "parent," "grandparent," "grandchild," and "sibling" have the same meaning as those terms are defined in Section 12945.2.

(2) An eligible community college student organization that holds a meeting by teleconference as described in Section 54953.8 shall do the following, as applicable:

(A) (i) Except as specified in subparagraph (B), if the meeting is during regular business hours of the offices of the board of trustees of the community college district, the eligible community college student organization shall provide a publicly accessible physical location from which the public may attend or comment, which shall be the offices of the board of trustees of the community college district, unless the eligible community college student organization identifies an alternative location.

(ii) Except as specified in subparagraph (B), if the meeting is outside regular business hours, the eligible community college student organization shall make reasonable efforts to accommodate any member of the public that requests an accommodation to participate in the meeting. For the purposes of this subparagraph, "accommodation" means providing a publicly accessible physical location for the member of the public to participate from, providing access to technology necessary to participate in the meeting, or identifying locations or resources available that could provide the member of the public with an opportunity to participate in the meeting.

(B) The requirements described in subparagraph (A) shall not apply to the California Online Community College.

(b) For purposes of this section, "eligible community college student organization" means a student body association organized pursuant to Section 76060 of the Education Code, or any other student-run community college organization that is required to comply with the meeting requirements of this chapter, that is in any community college recognized within the California Community Colleges system and includes the Student Senate for California Community Colleges.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2025, Ch. 327, Sec. 13. (SB 707) Effective January 1, 2026. Repealed as of January 1, 2030, by its own provisions.)

54953.8.6. (a) An eligible subsidiary body may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following additional requirements:

(1) The eligible subsidiary body shall designate one physical meeting location within the boundaries of the legislative body that created the eligible subsidiary body where members of the subsidiary body who are not participating remotely shall be present and members of the public may physically attend, observe, hear, and participate in the meeting. At least one staff member of the eligible subsidiary body or the legislative body that created the eligible subsidiary body shall be present at the physical meeting location during the meeting. The eligible subsidiary body shall post the agenda at the physical meeting location, but need not post the agenda at a remote location.

(2) (A) A member of the eligible subsidiary body shall visibly appear on camera during the open portion of a meeting that is publicly accessible via the internet or other online platform, except if the member has a physical or mental condition not subject to subdivision (c) of Section 54953 that results in a need to participate off camera.

(B) The visual appearance of a member of the eligible subsidiary body on camera may cease only when the appearance would be technologically infeasible, including, but not limited to, when the member experiences a lack of reliable broadband or internet connectivity that would be remedied by joining without video.

(C) If a member of the eligible subsidiary body does not appear on camera due to challenges with internet connectivity, the member shall announce the reason for their nonappearance prior to turning off their camera.

(3) An elected official serving as a member of an eligible subsidiary body in their official capacity shall not participate in a meeting of the eligible subsidiary body by teleconferencing pursuant to this section unless the use of teleconferencing complies with the requirements of paragraph (3) of subdivision (b) of Section 54953.

(4) (A) In order to use teleconferencing pursuant to this section, the legislative body that established the eligible subsidiary body by charter, ordinance, resolution, or other formal action shall make the following findings by majority vote before the eligible subsidiary body uses teleconferencing pursuant to this section for the first time, and every six months thereafter:

(i) The legislative body has considered the circumstances of the eligible subsidiary body.

(ii) Teleconference meetings of the eligible subsidiary body would enhance public access to meetings of the eligible subsidiary body, and the public has been made aware of the type of remote participation, including audio-visual or telephonic, that will be made available at a regularly scheduled meeting and has been provided the opportunity to comment at an in-person meeting of the legislative body authorizing the subsidiary body to meet entirely remotely.

(iii) Teleconference meetings of the eligible subsidiary body would promote the attraction, retention, and diversity of eligible subsidiary body members.

(B) (i) An eligible subsidiary body authorized to use teleconferencing pursuant to this section may request to present any recommendations it develops to the legislative body that created it.

(ii) Upon receiving a request described in clause (i), the legislative body that created the subsidiary body shall hold a discussion at a regular meeting held within 60 days after the legislative body receives the request, or if the legislative body does not have another regular meeting scheduled within 60 days after the legislative body receives the request, at the next regular meeting after the request is received.

(iii) The discussion required by clause (ii) shall not be placed on a consent calendar, but may be combined with the legislative body's subsequent consideration of the findings described in subparagraph (A) for the following 12 months.

(iv) The legislative body shall not take any action on any recommendations included in the report of a subsidiary body until the next regular meeting of the legislative body following the discussion described in clause (ii).

(C) After the legislative body makes the findings described in subparagraph (A), the eligible subsidiary body shall approve the use of teleconferencing by majority vote before using teleconference pursuant to this section.

(D) The legislative body that created the eligible subsidiary body may elect to prohibit the eligible subsidiary body from using teleconferencing pursuant to this section at any time.

(b) (1) For purposes of this section, "eligible subsidiary body" means a legislative body that meets all of the following:

(A) Is described in subdivision (b) of Section 54952.

(B) Serves exclusively in an advisory capacity.

(C) Is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, grants, or allocations of funds.

(D) Does not have primary subject matter jurisdiction, as defined by the charter, an ordinance, a resolution, or any formal action of the legislative body that created the subsidiary body, that focuses on elections, budgets, police oversight, privacy, removing from, or restricting access to, materials available in public libraries, or taxes or related spending proposals.

(2) An eligible subsidiary body may include members who are elected officials, members who are not elected officials, or any combination thereof.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2025, Ch. 327, Sec. 14. (SB 707) Effective January 1, 2026. Repealed as of January 1, 2030, by its own provisions.)

54953.8.7. (a) An eligible multijurisdictional body may conduct a teleconference meeting pursuant to Section 54953.8, provided that it complies with the requirements of that section and all of the following additional requirements:

(1) The eligible multijurisdictional body has adopted a resolution that authorizes the eligible multijurisdictional body to use teleconferencing pursuant to this section at a regular meeting in open session.

(2) At least a quorum of the members of the eligible multijurisdictional body shall participate from one or more physical locations that are open to the public and within the boundaries of the territory over which the local agency exercises jurisdiction.

(3) A member of the eligible multijurisdictional body who receives compensation for their service on the eligible multijurisdictional body shall participate from a physical location that is open to the public. For purposes of this paragraph, "compensation" does not include reimbursement for actual and necessary expenses.

(4) A member of the eligible multijurisdictional body may participate from a remote location provided that:

(A) The eligible multijurisdictional body identifies each member of the eligible multijurisdictional body who plans to participate remotely in the agenda.

(B) The member shall participate through both audio and visual technology.

(5) A member of the eligible multijurisdictional body shall not participate in a meeting remotely pursuant to this section, unless the location from which the member participates is more than 20 miles each way from any physical location of the meeting described in paragraph (2).

(6) The provisions of this section shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for more than the following number of meetings, as applicable:

(A) Two meetings per year, if the legislative body regularly meets once per month or less.

(B) Five meetings per year, if the legislative body regularly meets twice per month.

(C) Seven meetings per year, if the legislative body regularly meets three or more times per month.

(D) For the purpose of counting meetings attended by teleconference under this paragraph, a "meeting" shall be defined as any number of meetings of the legislative body of a local agency that begin on the same calendar day.

(b) For the purposes of this section, both of the following definitions apply:

(1) "Eligible multijurisdictional body" means a multijurisdictional board, commission, or advisory body of a multijurisdictional, cross-county agency, the membership of which board, commission, or advisory body is appointed, and the board, commission, or advisory body is otherwise subject to this chapter.

(2) "Multijurisdictional" means either of the following:

(A) A legislative body that includes representatives from more than one county, city, city and county, or special district.

(B) A legislative body of a joint powers entity formed pursuant to an agreement entered into in accordance with Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2025, Ch. 327, Sec. 15. (SB 707) Effective January 1, 2026. Repealed as of January 1, 2030, by its own provisions.)

54954. (a) Each legislative body of a local agency, except for advisory committees or standing committees, shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings. Meetings of advisory committees or standing committees, for which an agenda is posted at least 72 hours in advance of the meeting pursuant to subdivision (a) of Section 54954.2, shall be considered for purposes of this chapter as regular meetings of the legislative body.

(b) Regular and special meetings of the legislative body shall be held within the boundaries of the territory over which the local agency exercises jurisdiction, except to do any of the following:

(1) Comply with state or federal law or court order, or attend a judicial or administrative proceeding to which the local agency is a party.

(2) Inspect real or personal property which cannot be conveniently brought within the boundaries of the territory over which the local agency exercises jurisdiction provided that the topic of the meeting is

limited to items directly related to the real or personal property.

(3) Participate in meetings or discussions of multiagency significance that are outside the boundaries of a local agency's jurisdiction. However, any meeting or discussion held pursuant to this subdivision shall take place within the jurisdiction of one of the participating local agencies and be noticed by all participating agencies as provided for in this chapter.

(4) Meet in the closest meeting facility if the local agency has no meeting facility within the boundaries of the territory over which the local agency exercises jurisdiction, or at the principal office of the local agency if that office is located outside the territory over which the agency exercises jurisdiction.

(5) Meet outside their immediate jurisdiction with elected or appointed officials of the United States or the State of California when a local meeting would be impractical, solely to discuss a legislative or regulatory issue affecting the local agency and over which the federal or state officials have jurisdiction.

(6) Meet outside their immediate jurisdiction if the meeting takes place in or nearby a facility owned by the agency, provided that the topic of the meeting is limited to items directly related to the facility.

(7) Visit the office of the local agency's legal counsel for a closed session on pending litigation held pursuant to Section 54956.9, when to do so would reduce legal fees or costs.

(c) Meetings of the governing board of a school district shall be held within the district, except under the circumstances enumerated in subdivision (b), or to do any of the following:

(1) Attend a conference on nonadversarial collective bargaining techniques.

(2) Interview members of the public residing in another district with reference to the trustees' potential employment of an applicant for the position of the superintendent of the district.

(3) Interview a potential employee from another district.

(d) Meetings of a joint powers authority shall occur within the territory of at least one of its member agencies, or as provided in subdivision (b). However, a joint powers authority which has members throughout the state may meet at any facility in the state which complies with the requirements of Section 54961.

(e) If, by reason of fire, flood, earthquake, or other emergency, it shall be unsafe to meet in the place designated, the meetings shall be held for the duration of the emergency at the place designated by the presiding officer of the legislative body or his or her designee in a notice to the local media that have requested notice pursuant to Section 54956, by the most rapid means of communication available at the time.

(Amended by Stats. 2004, Ch. 257, Sec. 1. Effective January 1, 2005.)

54954.1. Any person may request that a copy of the agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. If a local agency has an internet website, the legislative body or its designee shall email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the item or items be delivered by email. If the local agency determines it is technologically infeasible to send a copy of all documents constituting the agenda packet or a link to a website that contains the documents by email or by other electronic means, the legislative body or its designee shall send by mail a copy of the agenda or a website link to the agenda and mail a copy of all other documents constituting the agenda packet in accordance with the mailing requirements established pursuant to this section. If requested, the agenda and documents in the agenda packet shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Upon receipt of the written request, the legislative body or its designee shall cause the requested materials to be mailed at the time the agenda is posted pursuant to Section 54954.2 and 54956 or upon distribution to all, or a majority of all, of the members of a legislative body, whichever occurs first. Any request for mailed copies of agendas or agenda packets shall be valid for the calendar year in which it is filed, and must be renewed following January 1 of each year. The legislative body may establish a fee for mailing the agenda or agenda packet, which fee shall not exceed the cost of providing the service. Failure of the requesting person to receive the agenda or agenda packet pursuant to this section shall not constitute grounds for invalidation of the actions of the legislative body taken at the meeting for which the agenda or agenda packet was not received.

(Amended by Stats. 2021, Ch. 763, Sec. 1. (SB 274) Effective January 1, 2022.)

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda that meets all of the following requirements:

(A) The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words.

(B) The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's internet website, if the local agency has one.

(C) (i) If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

(ii) The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an internet website, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary internet website home page of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda, including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an internet website and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary internet website home page of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an internet website with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(E) For purposes of this paragraph, both of the following definitions apply:

(1) "Integrated agenda management platform" means an internet website of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(2) "Legislative body" means a legislative body that meets the definition of subdivision (a) of Section 54952.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on their own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's internet website, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(Amended (as amended by Stats. 2023, Ch. 131, Sec. 92) by Stats. 2025, Ch. 327, Sec. 16. (SB 707) Effective January 1, 2026.)

54954.3. (a) (1) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2.

(2) (A) Notwithstanding paragraph (1), the agenda need not provide an opportunity for members of the public to address the legislative body on any item that has already been considered by a committee, composed exclusively of members of the legislative body, at a public meeting wherein all interested members of the public were afforded the opportunity to address the committee on the item, before or during the committee's consideration of the item.

(B) Subparagraph (A) shall not apply if any of the following conditions are met:

(i) The item has been substantially changed since the committee heard the item, as determined by the legislative body.

(ii) When considering the item, a quorum of the committee members did not participate from a singular physical location, that was clearly identified on the agenda, open to the public, and situated within the boundaries of the territory over which the local agency exercises jurisdiction.

(iii) The committee has primary subject matter jurisdiction, as defined by the charter, an ordinance, a resolution, or any formal action of the legislative body that created the subsidiary body, that focuses on elections, budgets, police oversight, privacy, removing from, or restricting access to, materials available in public libraries, or taxes or related spending proposals. This clause shall not apply to an item if the local agency has adopted a law applicable to the meeting of the committee at which the item that was considered prohibits the committee from placing a limit on the total amount of time for public comment on the item.

(3) Every notice for a special meeting shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before or during consideration of that item.

(b) (1) The legislative body of a local agency may adopt reasonable regulations to ensure that the intent of subdivision (a) is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(2) Notwithstanding paragraph (1), when the legislative body of a local agency limits time for public comment, the legislative body of a local agency shall provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the legislative body of a local agency.

(3) Paragraph (2) shall not apply if the legislative body of a local agency utilizes simultaneous translation equipment in a manner that allows the legislative body of a local agency to hear the translated public testimony simultaneously.

(c) The legislative body of a local agency shall not prohibit public criticism of the policies, procedures, programs, or services of the agency, or of the acts or omissions of the legislative body. Nothing in this subdivision shall confer any privilege or protection for expression beyond that otherwise provided by law.

(Amended by Stats. 2025, Ch. 327, Sec. 17. (SB 707) Effective January 1, 2026.)

54954.4. (a) The Legislature hereby finds and declares that Section 12 of Chapter 641 of the Statutes of 1986, authorizing reimbursement to local agencies and school districts for costs mandated by the state pursuant to that act, shall be interpreted strictly. The intent of the Legislature is to provide reimbursement for only those costs which are clearly and unequivocally incurred as the direct and necessary result of compliance with Chapter 641 of the Statutes of 1986.

(b) In this regard, the Legislature directs all state employees and officials involved in reviewing or authorizing claims for reimbursement, or otherwise participating in the reimbursement process, to rigorously review each claim and authorize only those claims, or parts thereof, which represent costs which are clearly and unequivocally incurred as the direct and necessary result of compliance with Chapter 641 of the Statutes of 1986 and for which complete documentation exists. For purposes of Section 54954.2, costs eligible for reimbursement shall only include the actual cost to post a single agenda for any one meeting.

(c) The Legislature hereby finds and declares that complete, faithful, and uninterrupted compliance with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code) is a matter of overriding public importance. Unless specifically stated, no future Budget Act, or related budget enactments, shall, in any manner, be interpreted to suspend, eliminate, or otherwise modify the legal obligation and duty of local agencies to fully comply with Chapter 641 of the Statutes of 1986 in a complete, faithful, and uninterrupted manner.

(Added by Stats. 1991, Ch. 238, Sec. 1.)

54954.5. For purposes of describing closed session items pursuant to Section 54954.2, the agenda may describe closed sessions as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items were described in substantial compliance with this section. Substantial compliance is satisfied by including the information provided below, irrespective of its format.

(a) With respect to a closed session held pursuant to Section 54956.7:

LICENSE/PERMIT DETERMINATION

Applicant(s): (Specify number of applicants)

(b) With respect to every item of business to be discussed in closed session pursuant to Section 54956.8:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation)

Agency negotiator: (Specify names of negotiators attending the closed session) (If circumstances necessitate the absence of a specified negotiator, an agent or designee may participate in place of the absent negotiator so long as the name of the agent or designee is announced at an open session held prior to the closed session.)

Negotiating parties: (Specify name of party (not agent))

Under negotiation: (Specify whether instruction to negotiator will concern price, terms of payment, or both)

(c) With respect to every item of business to be discussed in closed session pursuant to Section 54956.9:

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

(Paragraph (1) of subdivision (d) of Section 54956.9)

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers)

or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations)

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: (Specify number of potential cases)

(In addition to the information noticed above, the agency may be required to provide additional information on the agenda or in an oral statement prior to the closed session pursuant to paragraphs (2) to (5), inclusive, of subdivision (e) of Section 54956.9.)

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (Specify number of potential cases)

(d) With respect to every item of business to be discussed in closed session pursuant to Section 54956.95:

LIABILITY CLAIMS

Claimant: (Specify name unless unspecified pursuant to Section 54961)

Agency claimed against: (Specify name)

(e) With respect to every item of business to be discussed in closed session pursuant to Section 54957:

THREAT TO PUBLIC SERVICES OR FACILITIES

Consultation with: (Specify name of law enforcement agency and title of officer, or name of applicable agency representative and title)

PUBLIC EMPLOYEE APPOINTMENT

Title: (Specify description of position to be filled)

PUBLIC EMPLOYMENT

Title: (Specify description of position to be filled)

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: (Specify position title of employee being reviewed)

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

(f) With respect to every item of business to be discussed in closed session pursuant to Section 54957.6:

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: (Specify names of designated representatives attending the closed session) (If circumstances necessitate the absence of a specified designated representative, an agent or designee may participate in place of the absent representative so long as the name of the agent or designee is announced at an open session held prior to the closed session.)

Employee organization: (Specify name of organization representing employee or employees in question)

or

Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations)

(g) With respect to closed sessions called pursuant to Section 54957.8:

CASE REVIEW/PLANNING

(No additional information is required in connection with a closed session to consider case review or planning.)

(h) With respect to every item of business to be discussed in closed session pursuant to Sections 1461, 32106, and 32155 of the Health and Safety Code or Sections 37606 and 37624.3 of the Government Code:

REPORT INVOLVING TRADE SECRET

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility)

Estimated date of public disclosure: (Specify month and year)

HEARINGS

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee)

(i) With respect to every item of business to be discussed in closed session pursuant to Section 54956.86:

CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW

(No additional information is required in connection with a closed session to discuss a charge or complaint pursuant to Section 54956.86.)

(j) With respect to every item of business to be discussed in closed session pursuant to Section 54956.96:

CONFERENCE INVOLVING A JOINT POWERS AGENCY (Specify by name)

Discussion will concern: (Specify closed session description used by the joint powers agency)

Name of local agency representative on joint powers agency board: (Specify name)

(Additional information listing the names of agencies or titles of representatives attending the closed session as consultants or other representatives.)

(k) With respect to every item of business to be discussed in closed session pursuant to Section 54956.75:

AUDIT BY CALIFORNIA STATE AUDITOR'S OFFICE

(Amended by Stats. 2012, Ch. 759, Sec. 6.1. (AB 2690) Effective January 1, 2013.)

54954.6. (a) (1) Before adopting any new or increased general tax or any new or increased assessment, the legislative body of a local agency shall conduct at least one public meeting at which local officials shall allow public testimony regarding the proposed new or increased general tax or new or increased assessment in addition to the noticed public hearing at which the legislative body proposes to enact or increase the general tax or assessment.

For purposes of this section, the term "new or increased assessment" does not include any of the following:

(A) A fee that does not exceed the reasonable cost of providing the services, facilities, or regulatory activity for which the fee is charged.

(B) A service charge, rate, or charge, unless a special district's principal act requires the service charge, rate, or charge to conform to the requirements of this section.

(C) An ongoing annual assessment if it is imposed at the same or lower amount as any previous year.

(D) An assessment that does not exceed an assessment formula or range of assessments previously specified in the notice given to the public pursuant to subparagraph (G) of paragraph (2) of subdivision (c) and that was previously adopted by the agency or approved by the voters in the area where the assessment is imposed.

(E) Standby or immediate availability charges.

(2) The legislative body shall provide at least 45 days' public notice of the public hearing at which the legislative body proposes to enact or increase the general tax or assessment. The legislative body shall provide notice for the public meeting at the same time and in the same document as the notice for the public hearing, but the meeting shall occur prior to the hearing.

(b) (1) The joint notice of both the public meeting and the public hearing required by subdivision (a) with respect to a proposal for a new or increased general tax shall be accomplished by placing a display advertisement of at least one-eighth page in a newspaper of general circulation for three weeks pursuant to Section 6063 and by a first-class mailing to those interested parties who have filed a written request with the local agency for mailed notice of public meetings or hearings on new or increased general taxes. The public meeting pursuant to subdivision (a) shall take place no earlier than 10 days after the first publication of the joint notice pursuant to this subdivision. The public hearing shall take place no earlier than seven days after the public meeting pursuant to this subdivision. Notwithstanding paragraph (2) of subdivision (a), the joint notice need not include notice of the public meeting after the meeting has taken place. The public hearing pursuant to subdivision (a) shall take place no earlier than 45 days after the first publication of the joint notice pursuant to this subdivision. Any written request for mailed notices shall be effective for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service.

(2) The notice required by paragraph (1) of this subdivision shall include, but not be limited to, the following:

(A) The amount or rate of the tax. If the tax is proposed to be increased from any previous year, the joint notice shall separately state both the existing tax rate and the proposed tax rate increase.

(B) The activity to be taxed.

(C) The estimated amount of revenue to be raised by the tax annually.

(D) The method and frequency for collecting the tax.

(E) The dates, times, and locations of the public meeting and hearing described in subdivision (a).

(F) The telephone number and address of an individual, office, or organization that interested persons may contact to receive additional information about the tax.

(c) (1) The joint notice of both the public meeting and the public hearing required by subdivision (a) with respect to a proposal for a new or increased assessment on real property or businesses shall be accomplished through a mailing, postage prepaid, in the United States mail and shall be deemed given when so deposited. The public meeting pursuant to subdivision (a) shall take place no earlier than 10 days after the joint mailing pursuant to this subdivision. The public hearing shall take place no earlier than seven days after the public meeting pursuant to this subdivision. The envelope or the cover of the mailing shall include the name of the local agency and the return address of the sender. This mailed notice shall be in at least 10-point type and shall be given to all property owners or business owners proposed to be subject to the new or increased assessment by a mailing by name to those persons whose names and addresses appear on the last equalized county assessment roll, the State Board of Equalization assessment roll, or the local agency's records pertaining to business ownership, as the case may be.

(2) The joint notice required by paragraph (1) of this subdivision shall include, but not be limited to, the following:

(A) In the case of an assessment proposed to be levied on property, the estimated amount of the assessment per parcel. In the case of an assessment proposed to be levied on businesses, the proposed method and basis of levying the assessment in sufficient detail to allow each business owner to calculate the amount of assessment to be levied against each business. If the assessment is proposed to be increased from any previous year, the joint notice shall separately state both the amount of the existing assessment and the proposed assessment increase.

(B) A general description of the purpose or improvements that the assessment will fund.

(C) The address to which property owners may mail a protest against the assessment.

(D) The telephone number and address of an individual, office, or organization that interested persons may contact to receive additional information about the assessment.

(E) A statement that a majority protest will cause the assessment to be abandoned if the assessment act used to levy the assessment so provides. Notice shall also state the percentage of protests required to trigger an election, if applicable.

(F) The dates, times, and locations of the public meeting and hearing described in subdivision (a).

(G) A proposed assessment formula or range as described in subparagraph (D) of paragraph (1) of subdivision (a) if applicable and that is noticed pursuant to this section.

(3) Notwithstanding paragraph (1), in the case of an assessment that is proposed exclusively for operation and maintenance expenses imposed throughout the entire local agency, or exclusively for operation and maintenance assessments proposed to be levied on 50,000 parcels or more, notice may be provided pursuant to this subdivision or pursuant to paragraph (1) of subdivision (b) and shall include the estimated amount of the assessment of various types, amounts, or uses of property and the information required by subparagraphs (B) to (G), inclusive, of paragraph (2) of subdivision (c).

(4) Notwithstanding paragraph (1), in the case of an assessment proposed to be levied pursuant to Part 2 (commencing with Section 22500) of Division 2 of the Streets and Highways Code by a regional park district, regional park and open-space district, or regional open-space district formed pursuant to Article 3 (commencing with Section 5500) of Chapter 3 of Division 5 of, or pursuant to Division 26 (commencing with Section 35100) of, the Public Resources Code, notice may be provided pursuant to paragraph (1) of subdivision (b).

(d) The notice requirements imposed by this section shall be construed as additional to, and not to supersede, existing provisions of law, and shall be applied concurrently with the existing provisions so as to not delay or prolong the governmental decisionmaking process.

(e) This section shall not apply to any new or increased general tax or any new or increased assessment that requires an election of either of the following:

(1) The property owners subject to the assessment.

(2) The voters within the local agency imposing the tax or assessment.

(f) Nothing in this section shall prohibit a local agency from holding a consolidated meeting or hearing at which the legislative body discusses multiple tax or assessment proposals.

(g) The local agency may recover the reasonable costs of public meetings, public hearings, and notice required by this section from the proceeds of the tax or assessment. The costs recovered for these purposes, whether recovered pursuant to this subdivision or any other provision of law, shall not exceed the reasonable costs of the public meetings, public hearings, and notice.

(h) Any new or increased assessment that is subject to the notice and hearing provisions of Article XIII C or XIII D of the California Constitution is not subject to the notice and hearing requirements of this section.

(Amended by Stats. 2011, Ch. 382, Sec. 3.5. (SB 194) Effective January 1, 2012.)

54955. The legislative body of a local agency may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members are absent from any regular or adjourned regular meeting the clerk or secretary of the legislative body may declare the meeting adjourned to a stated time and place and he shall cause a written notice of the adjournment to be given in the same manner as provided in Section 54956 for special meetings, unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings by ordinance, resolution, bylaw, or other rule.

(Amended by Stats. 1959, Ch. 647.)

54955.1. Any hearing being held, or noticed or ordered to be held, by a legislative body of a local agency at any meeting may by order or notice of continuance be continued or recontinued to any subsequent meeting of the legislative body in the same manner and to the same extent set forth in Section 54955 for the adjournment of meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing, a copy of the order or notice of continuance of hearing shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

(Added by Stats. 1965, Ch. 469.)

54956. (a) (1) A special meeting may be called at any time by the presiding officer of the legislative body of a local agency, or by a majority of the members of the legislative body, by delivering written notice to each member of the legislative body and to each local newspaper of general circulation and radio or television station requesting notice in writing and posting a notice on the local agency's internet website, if the local agency has one. The notice shall be delivered personally or by any other means and shall be received at least 24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the legislative body. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the clerk or secretary of the legislative body a written waiver of notice. The waiver may be given by telephone or electronic mail. The written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.

(2) The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

(b) Notwithstanding any other law, a legislative body shall not call a special meeting regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits, of the legislative body or of a local agency executive, as defined in subdivision (d) of Section 3511.1. However, this subdivision does not apply to a local agency calling a special meeting to discuss the local agency's budget.

(Amended by Stats. 2025, Ch. 327, Sec. 18. (SB 707) Effective January 1, 2026.)

54956.5. (a) For purposes of this section, "emergency situation" means both of the following:

(1) An emergency, which shall be defined as a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body.

(2) A dire emergency, which shall be defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting under this section may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body.

(b) (1) Subject to paragraph (2), in the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, a legislative body may hold an emergency meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement of Section 54956 or both of the notice and posting requirements.

(2) Each local newspaper of general circulation and radio or television station that has requested notice of special meetings pursuant to Section 54956 shall be notified by the presiding officer of the legislative body, or designee thereof, one hour prior to the emergency meeting, or, in the case of a dire emergency, at or near the time that the presiding officer or designee notifies the members of the legislative body of the emergency meeting.

(A) Except as provided in subparagraph (B), the notice required by this paragraph shall be given by telephone and all telephone numbers provided in the most recent request of a newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this paragraph shall be deemed waived, and the legislative body, or designee of the legislative body, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

(B) For an emergency meeting held pursuant to this section, the presiding officer of the legislative body, or designee thereof, may send the notifications required by this paragraph by email instead of by telephone, as provided in subparagraph (A), to all local newspapers of general circulation, and radio or television stations, that have requested those notifications by email, and all email addresses provided by representatives of those newspapers or stations shall be exhausted. In the event that internet services and telephone services are not functioning, the notice requirements of this paragraph shall be deemed waived, and the legislative body, or designee of the legislative body, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

(c) During a meeting held pursuant to this section, the legislative body may meet in closed session pursuant to Section 54957 if agreed to by a two-thirds vote of the members of the legislative body present, or, if less than two-thirds of the members are present, by a unanimous vote of the members present.

(d) All special meeting requirements, as prescribed in Section 54956 shall be applicable to a meeting called pursuant to this section, with the exception of the 24-hour notice requirement.

(e) The minutes of a meeting called pursuant to this section, a list of persons who the presiding officer of the legislative body, or designee of the legislative body, notified or attempted to notify, a copy of the rollcall vote, and any actions taken at the meeting shall be posted for a minimum of 10 days in a public place as soon after the meeting as possible.

(Amended by Stats. 2025, Ch. 327, Sec. 19. (SB 707) Effective January 1, 2026.)

54956.6. No fees may be charged by the legislative body of a local agency for carrying out any provision of this chapter, except as specifically authorized by this chapter.

(Added by Stats. 1980, Ch. 1284.)

54956.7. Whenever a legislative body of a local agency determines that it is necessary to discuss and determine whether an applicant for a license or license renewal, who has a criminal record, is sufficiently rehabilitated to obtain the license, the legislative body may hold a closed session with the applicant and the applicant's attorney, if any, for the purpose of holding the discussion and making the determination. If the legislative body determines, as a result of the closed session, that the issuance or renewal of the license should be denied, the applicant shall be offered the opportunity to withdraw the application. If the applicant withdraws the application, no record shall be kept of the discussions or decisions made at the closed session and all matters relating to the closed session shall be confidential. If the applicant does not withdraw the application, the legislative body shall take action at the public meeting during which the closed session is held or at its next public meeting denying the application for the license but all matters relating to the closed session are confidential and shall not be disclosed without the consent of the applicant, except in an action by an applicant who has been denied a license challenging the denial of the license.

(Added by Stats. 1982, Ch. 298, Sec. 1.)

54956.75. (a) Nothing contained in this chapter shall be construed to prevent the legislative body of a local agency that has received a confidential final draft audit report from the Bureau of State Audits from holding closed sessions to discuss its response to that report.

(b) After the public release of an audit report by the Bureau of State Audits, if a legislative body of a local agency meets to discuss the audit report, it shall do so in an open session unless exempted from that requirement by some other provision of law.

(Added by Stats. 2004, Ch. 576, Sec. 4. Effective January 1, 2005.)

54956.8. Notwithstanding any other provision of this chapter, a legislative body of a local agency may hold a closed session with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the local agency to grant authority to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease.

However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its negotiators, the real property or real properties which the negotiations may concern, and the person or persons with whom its negotiators may negotiate.

For purposes of this section, negotiators may be members of the legislative body of the local agency.

For purposes of this section, "lease" includes renewal or renegotiation of a lease.

Nothing in this section shall preclude a local agency from holding a closed session for discussions regarding eminent domain proceedings pursuant to Section 54956.9.

(Amended by Stats. 1998, Ch. 260, Sec. 3. Effective January 1, 1999.)

54956.81. Notwithstanding any other provision of this chapter, a legislative body of a local agency that invests pension funds may hold a closed session to consider the purchase or sale of particular, specific pension fund investments. All investment transaction decisions made during the closed session shall be made by rollcall vote entered into the minutes of the closed session as provided in subdivision (a) of Section 54957.2.

(Added by Stats. 2004, Ch. 533, Sec. 20. Effective January 1, 2005.)

54956.86. Notwithstanding any other provision of this chapter, a legislative body of a local agency which provides services pursuant to Section 14087.3 of the Welfare and Institutions Code may hold a closed session to hear a charge or complaint from a member enrolled in its health plan if the member does not wish to have his or her name, medical status, or other information that is protected by federal law publicly disclosed. Prior to holding a closed session pursuant to this section, the legislative body shall inform the member, in writing, of his or her right to have the charge or complaint heard in an open session rather than a closed session.

(Added by Stats. 1996, Ch. 182, Sec. 2. Effective January 1, 1997.)

54956.87. (a) Notwithstanding any other provision of this chapter, the records of a health plan that is licensed pursuant to the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code) and that is governed by a county board of supervisors, whether paper records, records maintained in the management information system, or records in any other form, that relate to provider rate or payment determinations, allocation or distribution methodologies for provider payments, formulas or calculations for these payments, and contract negotiations with providers of health care for alternative rates are exempt from disclosure for a period of three years after the contract is fully executed. The transmission of the records, or the information contained therein in an alternative form, to the board of supervisors shall not constitute a waiver of exemption from disclosure, and the records and information once transmitted to the board of supervisors shall be subject to this same exemption.

(b) Notwithstanding any other provision of law, the governing board of a health plan that is licensed pursuant to the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code) and that is governed by a county board of supervisors may order that a meeting held solely for the purpose of discussion or taking action on health plan trade secrets, as defined in subdivision (f), shall be held in closed session. The requirements of making a public report of action taken in closed session, and the vote or abstention of every member present, may be limited to a brief general description without the information constituting the trade secret.

(c) Notwithstanding any other provision of law, the governing board of a health plan may meet in closed session to consider and take action on matters pertaining to contracts and contract negotiations by the health plan with providers of health care services concerning all matters related to rates of payment. The governing board may delete the portion or portions containing trade secrets from any documents that were finally approved in the closed session held pursuant to subdivision (b) that are provided to persons who have made the timely or standing request.

(d) Nothing in this section shall be construed as preventing the governing board from meeting in closed session as otherwise provided by law.

(e) The provisions of this section shall not prevent access to any records by the Joint Legislative Audit Committee in the exercise of its powers pursuant to Article 1 (commencing with Section 10500) of Chapter 4 of Part 2 of Division 2 of Title 2. The provisions of this section also shall not prevent access to any records by the Department of Managed Health Care in the exercise of its powers pursuant to Article 1 (commencing with Section 1340) of Chapter 2.2 of Division 2 of the Health and Safety Code.

(f) For purposes of this section, "health plan trade secret" means a trade secret, as defined in subdivision (d) of Section 3426.1 of the Civil Code, that also meets both of the following criteria:

(1) The secrecy of the information is necessary for the health plan to initiate a new service, program, marketing strategy, business plan, or technology, or to add a benefit or product.

(2) Premature disclosure of the trade secret would create a substantial probability of depriving the health plan of a substantial economic benefit or opportunity.

(Amended by Stats. 2015, Ch. 190, Sec. 65. (AB 1517) Effective January 1, 2016.)

54956.9. (a) Nothing in this chapter shall be construed to prevent a legislative body of a local agency, based on advice of its legal counsel, from holding a closed session to confer with, or receive advice from, its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the local agency in the litigation.

(b) For purposes of this chapter, all expressions of the lawyer-client privilege other than those provided in this section are hereby abrogated. This section is the exclusive expression of the lawyer-client privilege for purposes of conducting closed-session meetings pursuant to this chapter.

(c) For purposes of this section, "litigation" includes any adjudicatory proceeding, including eminent domain, before a court, administrative body exercising its adjudicatory authority, hearing officer, or arbitrator.

(d) For purposes of this section, litigation shall be considered pending when any of the following circumstances exist:

(1) Litigation, to which the local agency is a party, has been initiated formally.

(2) A point has been reached where, in the opinion of the legislative body of the local agency on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency.

(3) Based on existing facts and circumstances, the legislative body of the local agency is meeting only to decide whether a closed session is authorized pursuant to paragraph (2).

(4) Based on existing facts and circumstances, the legislative body of the local agency has decided to initiate or is deciding whether to initiate litigation.

(e) For purposes of paragraphs (2) and (3) of subdivision (d), "existing facts and circumstances" shall consist only of one of the following:

(1) Facts and circumstances that might result in litigation against the local agency but which the local agency believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed.

(2) Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the agency and that are known to a potential plaintiff or plaintiffs, which facts or circumstances shall be publicly stated on the agenda or announced.

(3) The receipt of a claim pursuant to the Government Claims Act (Division 3.6 (commencing with Section 810) of Title 1 of the Government Code) or some other written communication from a potential plaintiff threatening litigation, which claim or communication shall be available for public inspection pursuant to Section 54957.5.

(4) A statement made by a person in an open and public meeting threatening litigation on a specific matter within the responsibility of the legislative body.

(5) A statement threatening litigation made by a person outside an open and public meeting on a specific matter within the responsibility of the legislative body so long as the official or employee of the local agency receiving knowledge of the threat makes a contemporaneous or other record of the statement prior to the meeting, which record shall be available for public inspection pursuant to Section 54957.5. The records so created need not identify the alleged victim of unlawful or tortious sexual conduct or anyone making the threat on their behalf, or identify a public employee who is the alleged perpetrator of any unlawful or tortious conduct upon which a threat of litigation is based, unless the identity of the person has been publicly disclosed.

(f) Nothing in this section shall require disclosure of written communications that are privileged and not subject to disclosure pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1).

(g) Prior to holding a closed session pursuant to this section, the legislative body of the local agency shall state on the agenda or publicly announce the paragraph of subdivision (d) that authorizes the closed session. If the session is closed pursuant to paragraph (1) of subdivision (d), the body shall state the title of or otherwise specifically identify the litigation to be discussed, unless the body states that to do so would jeopardize the agency's ability to effectuate service of process upon one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.

(h) A local agency shall be considered to be a "party" or to have a "significant exposure to litigation" if an officer or employee of the local agency is a party or has significant exposure to litigation concerning prior or prospective activities or alleged activities during the course and scope of that office or employment, including litigation in which it is an issue whether an activity is outside the course and scope of the office or employment.

(Amended by Stats. 2021, Ch. 615, Sec. 206. (AB 474) Effective January 1, 2022. Operative January 1, 2023, pursuant to Sec. 463 of Stats. 2021, Ch. 615.)

54956.95. (a) Nothing in this chapter shall be construed to prevent a joint powers agency formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1, for purposes of insurance pooling, or a local agency member of the joint powers agency, from holding a closed session to discuss a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers agency or a local agency member of the joint powers agency.

(b) Nothing in this chapter shall be construed to prevent the Local Agency Self-Insurance Authority formed pursuant to Chapter 5.5 (commencing with Section 6599.01) of Division 7 of Title 1, or a local agency member of the authority, from holding a closed session to discuss a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the authority or a local agency member of the authority.

(c) Nothing in this section shall be construed to affect Section 54956.9 with respect to any other local agency.

(Added by Stats. 1989, Ch. 882, Sec. 3.)

54956.96. (a) Nothing in this chapter shall be construed to prevent the legislative body of a joint powers agency formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1, from adopting a policy or a bylaw or including in its joint powers agreement provisions that authorize either or both of the following:

(1) All information received by the legislative body of the local agency member in a closed session related to the information presented to the joint powers agency in closed session shall be confidential. However, a member of the legislative body of a local agency member may disclose information obtained in a closed session that has direct financial or liability implications for that local agency to the following individuals:

(A) Legal counsel of that local agency member for purposes of obtaining advice on whether the matter has direct financial or liability implications for that local agency member.

(B) Other members of the legislative body of the local agency present in a closed session of that local agency member.

(2) Any designated alternate member of the legislative body of the joint powers agency who is also a member of the legislative body of a local agency member and who is attending a properly noticed meeting of the joint powers agency in lieu of a local agency member's regularly appointed member to attend closed sessions of the joint powers agency.

(b) (1) In addition to the authority described in subdivision (a), the Clean Power Alliance of Southern California, or its successor entity, may adopt a policy or a bylaw or include in its joint powers agreement a provision that authorizes both of the following:

(A) A designated alternate member of the legislative body of the Clean Power Alliance of Southern California, or its successor entity, who is not a member of the legislative body of a local agency member and who is attending a properly noticed meeting of the Clean Power Alliance of Southern California, or its successor entity, in lieu of a local agency member's regularly appointed member, to attend closed sessions of the Clean Power Alliance of Southern California, or its successor entity.

(B) All information that is received by a designated alternate member of the legislative body of the Clean Power Alliance of Southern California, or its successor entity, who is not a member of the legislative body of a local agency member, and that is presented to the Clean Power Alliance of Southern California, or its successor entity, in closed session, shall be confidential. However, the designated alternate member may disclose information obtained in a closed session that has direct financial or liability implications for the local agency member for which the designated alternate member attended the closed session, to the following individuals:

(i) Legal counsel of that local agency member for purposes of obtaining advice on whether the matter has direct financial or liability implications for that local agency member.

(ii) Members of the legislative body of the local agency present in a closed session of that local agency member.

(2) If the Clean Power Alliance of Southern California, or its successor

entity, adopts a policy or bylaw or includes in its joint powers agreement a provision authorized pursuant to paragraph (1), the Clean Power Alliance of Southern California, or its successor entity, shall establish policies to prevent conflicts of interest and to address breaches of confidentiality that apply to a designated alternate member who is not a member of the legislative body of a local agency member who attends a closed session of the Clean Power Alliance of Southern California, or its successor entity.

(c) If the legislative body of a joint powers agency adopts a policy or a bylaw or includes provisions in its joint powers agreement pursuant to subdivision (a) or (b), then the legislative body of the local agency member, upon the advice of its legal counsel, may conduct a closed session in order to receive, discuss, and take action concerning information obtained in a closed session of the joint powers agency pursuant to paragraph (1) of subdivision (a) or paragraph (1) of subdivision (b).

(d) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Amended (as amended by Stats. 2019, Ch. 248, Sec. 1) by Stats. 2024, Ch. 24, Sec. 1. (AB 1852) Effective January 1, 2025. Repealed as of January 1, 2030, by its own provisions. See later operative version, as amended by Sec. 2 of Stats. 2024, Ch. 24.)

54956.96. (a) Nothing in this chapter shall be construed to prevent the legislative body of a joint powers agency formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1, from adopting a policy or a bylaw or including in its joint powers agreement provisions that authorize either or both of the following:

(1) All information received by the legislative body of the local agency member in a closed session related to the information presented to the joint powers agency in closed session shall be confidential. However, a member of the legislative body of a local agency member may disclose information obtained in a closed session that has direct financial or liability implications for that local agency to the following individuals:

(A) Legal counsel of that local agency member for purposes of obtaining advice on whether the matter has direct financial or liability implications for that local agency member.

(B) Other members of the legislative body of the local agency present in a closed session of that local agency member.

(2) A designated alternate member of the legislative body of the joint powers agency who is also a member of the legislative body of a local agency member and who is attending a properly noticed meeting of the joint powers agency in lieu of a local agency member's regularly appointed member to attend closed sessions of the joint powers agency.

(b) If the legislative body of a joint powers agency adopts a policy or a bylaw or includes provisions in its joint powers agreement pursuant to subdivision (a), then the legislative body of the local agency member, upon the advice of its legal counsel, may conduct a closed session in order to receive, discuss, and take action concerning information obtained in a closed session of the joint powers agency pursuant to paragraph (1) of subdivision (a).

(c) This section shall become operative on January 1, 2030.

(Amended (as added by Stats. 2019, Ch. 248, Sec. 2) by Stats. 2024, Ch. 24, Sec. 2. (AB 1852) Effective January 1, 2025. Section operative January 1, 2030, by its own provisions.)

54956.97. Notwithstanding any provision of law, the governing board, or a committee of the governing board, of a public bank, as defined in Section 57600 of the Government Code, may meet in closed session to consider and take action on matters pertaining to all of the following:

(a) A loan or investment decision.

(b) A decision of the internal audit committee, the compliance committee, or the governance committee.

(c) A meeting with a state or federal regulator.

(Added by Stats. 2019, Ch. 442, Sec. 14. (AB 857) Effective January 1, 2020.)

54956.98. (a) For purposes of this section, the following definitions shall apply:

(1) "Shareholder, member, or owner local agency" or "shareholder, member, or owner" means a local agency that is a shareholder of a public bank.

(2) "Public bank" has the same meaning as defined in Section 57600.

(b) The governing board of a public bank may adopt a policy or a bylaw or include in its governing documents provisions that authorize any of the following:

(1) All information received by a shareholder, member, or owner of the public bank in a closed session related to the information presented to the governing board of a public bank in closed session shall be confidential. However, a member of the governing board of a shareholder, member, or owner local agency may disclose information obtained in a closed session that has direct financial or liability implications for that local agency to the following individuals:

(A) Legal counsel of that shareholder, member, or owner local agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that shareholder local agency.

(B) Other members of the governing board of the local agency present in a closed session of that shareholder, member, or owner local agency.

(2) A designated alternate member of the governing board of the public bank who is also a member of the governing board of a shareholder, member, or owner local agency and who is attending a properly noticed meeting of the public bank governing board in lieu of a shareholder, member, or owner local agency's regularly appointed member may attend a closed session of the public bank governing board.

(c) If the governing board of a public bank adopts a policy or a bylaw or includes provisions in its governing documents pursuant to subdivision (b), then the governing board of the shareholder, member, or owner local agency, upon the advice of its legal counsel, may conduct a closed session in order to receive, discuss, and take action concerning information obtained in a closed session of the public bank governing board pursuant to paragraph (1) of subdivision (b).

(Added by Stats. 2019, Ch. 442, Sec. 15. (AB 857) Effective January 1, 2020.)

54957. (a) (1) This chapter does not prevent the legislative body of a local agency from holding closed sessions with the Governor, Attorney General, district attorney, agency counsel, sheriff, or chief of police, or other law enforcement or security personnel, or a security consultant or a security operations manager, on matters posing a threat to the security of public buildings, a threat to the security of essential public services, including water, drinking water, wastewater treatment, natural gas service, and electric service, a threat to the public's right of access to public services or public facilities, or a threat to critical infrastructure controls or critical infrastructure information relating to cybersecurity.

(2) For purposes of this subdivision, the following definitions apply:

(A) "Critical infrastructure controls" means networks and systems controlling assets so vital to the local agency that the incapacity or destruction of those networks, systems, or assets would have a debilitating impact on public health, safety, economic security, or any combination thereof.

(B) "Critical infrastructure information" means information not customarily in the public domain pertaining to any of the following:

(i) Actual, potential, or threatened interference with, or an attack on, compromise of, or incapacitation of critical infrastructure controls by either physical or computer-based attack or other similar conduct, including, but not limited to, the misuse of, or unauthorized access to, all types of communications and data transmission systems, that violates federal, state, or local law or harms public health, safety, or economic security, or any combination thereof.

(ii) The ability of critical infrastructure controls to resist any interference, compromise, or incapacitation, including, but not limited to, any planned or past assessment or estimate of the vulnerability of critical infrastructure.

(iii) Any planned or past operational problem or solution regarding critical infrastructure controls, including, but not limited to, repair, recovery, reconstruction, insurance, or continuity, to the extent it is related to interference, compromise, or incapacitation of critical infrastructure controls.

(b) (1) Subject to paragraph (2), this chapter does not prevent the legislative body of a local agency from holding closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of performance, discipline, or dismissal of a public employee or to hear complaints or charges brought against the employee by another person or employee unless the employee requests a public session.

(2) As a condition to holding a closed session on specific complaints or charges brought against an employee by another person or employee, the employee shall be given written notice of their right to have the complaints or charges heard in an open session rather than a closed session, which notice shall be delivered to the employee personally or by mail at least 24 hours before the time for holding the session. If notice is not given, any disciplinary or other action taken by the legislative body against the employee based on the specific complaints or charges in the closed session shall be null and void.

(3) The legislative body also may exclude from the public or closed meeting, during the examination of a witness, any or all other witnesses in the matter being investigated by the legislative body.

(4) For the purposes of this subdivision, the term "employee" shall include an officer or an independent contractor who functions as an officer or an employee but shall not include any elected official, member of a legislative body or other independent contractors. This subdivision shall not limit local officials' ability to hold closed session meetings pursuant to Sections 1461, 32106, and 32155 of the Health and Safety Code or Sections 37606 and 37624.3 of the Government Code. Closed sessions held pursuant to this subdivision shall not include discussion or action on proposed compensation except for a reduction of compensation that results from the imposition of discipline.

(Amended by Stats. 2024, Ch. 243, Sec. 1. (AB 2715) Effective January 1, 2025.)

54957.1. (a) The legislative body of any local agency shall publicly report any action taken in closed session and the vote or abstention on that action of every member present, as follows:

(1) Approval of an agreement concluding real estate negotiations pursuant to Section 54956.8 shall be reported after the agreement is final, as follows:

(A) If its own approval renders the agreement final, the body shall report that approval and the substance of the agreement in open session at the public meeting during which the closed session is held.

(B) If final approval rests with the other party to the negotiations, the local agency shall disclose the fact of that approval and the substance of the agreement upon inquiry by any person, as soon as the other party or its agent has informed the local agency of its approval.

(2) Approval given to its legal counsel to defend, or seek or refrain from seeking appellate review or relief, or to enter as an amicus curiae in any form of litigation as the result of a consultation under Section 54956.9 shall be reported in open session at the public meeting during which the closed session is held. The report shall identify, if known, the adverse party or parties and the substance of the litigation. In the case of approval given to initiate or intervene in an action, the announcement need not identify the action, the defendants, or other particulars, but shall specify that the direction to initiate or intervene in an action has been given and that the action, the defendants, and the other particulars shall, once formally commenced, be disclosed to any person upon inquiry, unless to do so would jeopardize the agency's ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.

(3) Approval given to its legal counsel of a settlement of pending litigation, as defined in Section 54956.9, at any stage prior to or during a judicial or quasi-judicial proceeding shall be reported after the settlement is final, as follows:

(A) If the legislative body accepts a settlement offer signed by the opposing party, the body shall report its acceptance and identify the substance of the agreement in open session at the public meeting during which the closed session is held.

(B) If final approval rests with some other party to the litigation or with the court, then as soon as the settlement becomes final, and upon inquiry by any person, the local agency shall disclose the fact of that approval, and identify the substance of the agreement.

(4) Disposition reached as to claims discussed in closed session pursuant to Section 54956.95 shall be reported as soon as reached in a manner that identifies the name of the claimant, the name of the local agency claimed against, the substance of the claim, and any monetary amount approved for payment and agreed upon by the claimant.

(5) Action taken to appoint, employ, dismiss, accept the resignation of, or otherwise affect the employment status of a public employee in closed

session pursuant to Section 54957 shall be reported at the public meeting during which the closed session is held. Any report required by this paragraph shall identify the title of the position. The general requirement of this paragraph notwithstanding, the report of a dismissal or of the nonrenewal of an employment contract shall be deferred until the first public meeting following the exhaustion of administrative remedies, if any.

(6) Approval of an agreement concluding labor negotiations with represented employees pursuant to Section 54957.6 shall be reported after the agreement is final and has been accepted or ratified by the other party. The report shall identify the item approved and the other party or parties to the negotiation.

(7) Pension fund investment transaction decisions made pursuant to Section 54956.81 shall be disclosed at the first open meeting of the legislative body held after the earlier of the close of the investment transaction or the transfer of pension fund assets for the investment transaction.

(b) Reports that are required to be made pursuant to this section may be made orally or in writing. The legislative body shall provide to any person who has submitted a written request to the legislative body within 24 hours of the posting of the agenda, or to any person who has made a standing request for all documentation as part of a request for notice of meetings pursuant to Section 54954.1 or 54956, if the requester is present at the time the closed session ends, copies of any contracts, settlement agreements, or other documents that were finally approved or adopted in the closed session. If the action taken results in one or more substantive amendments to the related documents requiring retyping, the documents need not be released until the retyping is completed during normal business hours, provided that the presiding officer of the legislative body or his or her designee orally summarizes the substance of the amendments for the benefit of the document requester or any other person present and requesting the information.

(c) The documentation referred to in subdivision (b) shall be available to any person on the next business day following the meeting in which the action referred to is taken or, in the case of substantial amendments, when any necessary retyping is complete.

(d) Nothing in this section shall be construed to require that the legislative body approve actions not otherwise subject to legislative body approval.

(e) No action for injury to a reputational, liberty, or other personal interest may be commenced by or on behalf of any employee or former employee with respect to whom a disclosure is made by a legislative body in an effort to comply with this section.

(f) This section is necessary to implement, and reasonably within the scope of, paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(Amended by Stats. 2006, Ch. 538, Sec. 311. Effective January 1, 2007.)

54957.2. (a) The legislative body of a local agency may, by ordinance or resolution, designate a clerk or other officer or employee of the local agency who shall then attend each closed session of the legislative body and keep and enter in a minute book a record of topics discussed and decisions made at the meeting. The minute book made pursuant to this section is not a public record subject to inspection pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), and shall be kept confidential. The minute book shall be available only to members of the legislative body or, if a violation of this chapter is alleged to have occurred at a closed session, to a court of general jurisdiction wherein the local agency lies. The minute book may, but need not, consist of a recording of the closed session.

(b) An elected legislative body of a local agency may require that each legislative body all or a majority of whose members are appointed by or under the authority of the elected legislative body keep a minute book as prescribed under subdivision (a).

(Amended by Stats. 2021, Ch. 615, Sec. 207. (AB 474) Effective January 1, 2022. Operative January 1, 2023, pursuant to Sec. 463 of Stats. 2021, Ch. 615.)

54957.5. (a) Agendas of public meetings are disclosable public records under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), and shall be made available upon request without delay and in compliance with Section 54954.2 or Section 54956, as applicable. However, this section shall not apply to a writing, or portion thereof, that is exempt from public disclosure.

(b) (1) If a writing is a public record related to an agenda item for an open session of a regular meeting of the legislative body of a local agency and is distributed to all, or a majority of all, of the members of a legislative body of a local agency by a person in connection with a matter subject to discussion or consideration at an open meeting of the body less than 72 hours before that meeting, the writing shall be made available for public inspection pursuant to paragraph (2) at the time the writing is distributed to all, or a majority of all, of the members of the body.

(2) (A) Except as provided in subparagraph (B), a local agency shall comply with both of the following requirements:

(i) A local agency shall make any writing described in paragraph (1) available for public inspection at a public office or location that the agency shall designate for this purpose.

(ii) A local agency shall list the address of the office or location designated pursuant to clause (i) on the agendas for all meetings of the legislative body of that agency.

(B) A local agency shall not be required to comply with the requirements of subparagraph (A) if all of the following requirements are met:

(i) An initial staff report or similar document containing an executive summary and the staff recommendation, if any, relating to that agenda item is made available for public inspection at the office or location designated pursuant to clause (i) of subparagraph (A) at least 72 hours before the meeting.

(ii) The local agency immediately posts any writing described in paragraph (1) on the local agency's internet website in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting.

(iii) The local agency lists the web address of the local agency's internet website on the agendas for all meetings of the legislative body of that agency.

(iv) (I) Subject to subclause (II), the local agency makes physical copies available for public inspection, beginning the next regular business hours for the local agency, at the office or location designated pursuant to clause (i) of subparagraph (A).

(II) This clause is satisfied only if the next regular business hours of the local agency commence at least 24 hours before that meeting.

(c) Writings that are public records described in subdivision (b) and distributed during a public meeting shall be made available for public inspection at the meeting if prepared by the local agency or a member of its legislative body, or after the meeting if prepared by some other person. These writings shall be made available in appropriate alternative formats upon request by a person with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

(d) This chapter shall not be construed to prevent the legislative body of a local agency from charging a fee or deposit for a copy of a public record pursuant to Section 7922.530, except that a surcharge shall not be imposed on persons with disabilities in violation of Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof.

(e) This section shall not be construed to limit or delay the public's right to inspect or obtain a copy of any record required to be disclosed under the requirements of the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), including, but not limited to, the ability of the public to inspect public records pursuant to Section 7922.525 and obtain copies of public records pursuant to either subdivision (b) of Section 7922.530 or Section 7922.535. This chapter shall not be construed to require a legislative body of a local agency to place any paid advertisement or any other paid notice in any publication.

(Amended (as amended by Stats. 2021, Ch. 615, Sec. 208) by Stats. 2022, Ch. 971, Sec. 1. (AB 2647) Effective January 1, 2023.)

54957.6. (a) Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions with the local agency's designated representatives regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented and unrepresented employees, and, for represented employees, any other matter within the statutorily provided scope of representation, subject to all of the following conditions:

(1) Prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its designated representatives.

(2) The closed session shall be for the purpose of reviewing its position and instructing the local agency's designated representatives.

(3) The closed session may take place prior to and during consultations and discussions with representatives of employee organizations and unrepresented employees.

(4) Any closed session with the local agency's designated representative regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative.

(5) The closed session shall not include final action on the proposed compensation of one or more unrepresented employees.

(6) For the purposes enumerated in this section, a legislative body of a local agency may also meet with a state conciliator who has intervened in the proceedings.

(b) For the purposes of this section, the term "employee" shall include an officer or an independent contractor who functions as an officer or an employee, but shall not include any elected official, member of a legislative body, or other independent contractors.

(Amended by Stats. 2025, Ch. 327, Sec. 20. (SB 707) Effective January 1, 2026.)

54957.7. (a) Prior to holding any closed session, the legislative body of the local agency shall disclose, in an open meeting, the item or items to be discussed in the closed session. The disclosure may take the form of a reference to the item or items as they are listed by number or letter on the agenda. In the closed session, the legislative body may consider only those matters covered in its statement. Nothing in this section shall require or authorize a disclosure of information prohibited by state or federal law.

(b) After any closed session, the legislative body shall reconvene into open session prior to adjournment and shall make any disclosures required by Section 54957.1 of action taken in the closed session.

(c) The announcements required to be made in open session pursuant to this section may be made at the location announced in the agenda for the closed session, as long as the public is allowed to be present at that location for the purpose of hearing the announcements.

(Amended by Stats. 1993, Ch. 1137, Sec. 15. Effective January 1, 1994. Operative April 1, 1994, by Sec. 23 of Ch. 1137.)

54957.8. (a) For purposes of this section, "multijurisdictional law enforcement agency" means a joint powers entity formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 that provides law enforcement services for the parties to the joint powers agreement for the purpose of investigating criminal activity involving drugs; gangs; sex crimes; firearms trafficking or felony possession of a firearm; high technology, computer, or identity theft; human trafficking; or vehicle theft.

(b) Nothing contained in this chapter shall be construed to prevent the legislative body of a multijurisdictional law enforcement agency, or an advisory body of a multijurisdictional law enforcement agency, from holding closed sessions to discuss the case records of any ongoing criminal investigation of the multijurisdictional law enforcement agency or of any party to the joint powers agreement, to hear testimony from persons involved in the investigation, and to discuss courses of action in particular cases.

(Amended by Stats. 2006, Ch. 427, Sec. 1. Effective September 22, 2006.)

54957.9. In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of the meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.

(Amended by Stats. 2025, Ch. 327, Sec. 21. (SB 707) Effective January 1, 2026.)

54957.95. (a) (1) In addition to authority exercised pursuant to Sections 54954.3 and 54957.9, the presiding member of the legislative body conducting a meeting or their designee may remove, or cause the removal of, an individual for disrupting the meeting, including any teleconferenced meeting.

(2) Prior to removing an individual, the presiding member or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. The presiding member or their designee may then remove the individual if they do not promptly cease their disruptive behavior. This paragraph does not apply to any behavior described in subparagraph (B) of paragraph (1) of subdivision (b).

(b) As used in this section:

(1) "Disrupting" means engaging in behavior during a meeting of a legislative body that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, one of the following:

(A) A failure to comply with reasonable and lawful regulations adopted by a legislative body pursuant to Section 54954.3 or any other law.

(B) Engaging in behavior that constitutes use of force or a true threat of force.

(2) "True threat of force" means a threat that has sufficient indicia of intent and seriousness, that a reasonable observer would perceive it to be an actual threat to use force by the person making the threat.

(Amended by Stats. 2025, Ch. 327, Sec. 22. (SB 707) Effective January 1, 2026.)

54957.96. (a) The existing authority of a legislative body or its presiding officer to remove or limit participation by persons who engage in behavior that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting, including existing limitations upon that authority, shall apply to members of the public participating in a meeting via a two-way telephonic service or a two-way audiovisual platform.

(b) For purposes of this section, the following definitions apply:

(1) "Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic service. A two-way audiovisual platform may be structured to disable the use of video for the public participants.

(2) "Two-way telephonic service" means a telephone service that does not require internet access and allows participants to dial a telephone number to listen and verbally participate.

(Added by Stats. 2025, Ch. 327, Sec. 23. (SB 707) Effective January 1, 2026.)

54957.10. Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions to discuss a local agency employee's application for early withdrawal of funds in a deferred compensation plan when the application is based on financial hardship arising from an unforeseeable emergency due to illness, accident, casualty, or other extraordinary event, as specified in the deferred compensation plan.

(Added by Stats. 2001, Ch. 45, Sec. 1. Effective January 1, 2002.)

54958. The provisions of this chapter shall apply to the legislative body of every local agency notwithstanding the conflicting provisions of any other state law.

(Added by Stats. 1953, Ch. 1588.)

54959. Each member of a legislative body who attends a meeting of that legislative body where action is taken in violation of any provision of this chapter, and where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled under this chapter, is guilty of a misdemeanor.

(Amended by Stats. 1994, Ch. 32, Sec. 18. Effective March 30, 1994. Operative April 1, 1994, by Sec. 23 of Ch. 32.)

54960. (a) The district attorney or any interested person may commence an action by mandamus, injunction, or declaratory relief for the purpose of stopping or preventing violations or threatened violations of this chapter by members of the legislative body of a local agency or to determine the applicability of this chapter to ongoing actions or threatened future actions of the legislative body, or to determine the applicability of this chapter to past actions of the legislative body, subject to Section 54960.2, or to determine whether any rule or action by the legislative body to penalize or otherwise discourage the expression of one or more of its members is valid or invalid under the laws of this state or of the United States, or to compel the legislative body to audio record its closed sessions as hereinafter provided.

(b) The court in its discretion may, upon a judgment of a violation of Section 54956.7, 54956.8, 54956.9, 54956.95, 54957, or 54957.6, order the legislative body to audio record its closed sessions and preserve the audio recordings for the period and under the terms of security and confidentiality the court deems appropriate.

(c) (1) Each recording so kept shall be immediately labeled with the date of the closed session recorded and the title of the clerk or other officer who shall be custodian of the recording.

(2) The audio recordings shall be subject to the following discovery procedures:

(A) In any case in which discovery or disclosure of the audio recording is sought by either the district attorney or the plaintiff in a civil action pursuant to Section 54959, 54960, or 54960.1 alleging that a violation of this chapter has occurred in a closed session that has been recorded pursuant to this section, the party seeking discovery or disclosure shall file a written notice of motion with the appropriate court with notice to the governmental agency that has custody and control of the audio recording. The notice shall be given pursuant to subdivision (b) of Section 1005 of the Code of Civil Procedure.

(B) The notice shall include, in addition to the items required by Section 1010 of the Code of Civil Procedure, all of the following:

(i) Identification of the proceeding in which discovery or disclosure is sought, the party seeking discovery or disclosure, the date and time of the meeting recorded, and the governmental agency that has custody and control of the recording.

(ii) An affidavit that contains specific facts indicating that a violation of the act occurred in the closed session.

(3) If the court, following a review of the motion, finds that there is good cause to believe that a violation has occurred, the court may review, in camera, the recording of that portion of the closed session alleged to have violated the act.

(4) If, following the in camera review, the court concludes that disclosure of a portion of the recording would be likely to materially assist in the resolution of the litigation alleging violation of this chapter, the court shall, in its discretion, make a certified transcript of the portion of the recording a public exhibit in the proceeding.

(5) This section shall not permit discovery of communications that are protected by the attorney-client privilege.

(Amended by Stats. 2012, Ch. 732, Sec. 1. (SB 1003) Effective January 1, 2013.)

54960.1. (a) The district attorney or any interested person may commence an action by mandamus or injunction for the purpose of obtaining a judicial determination that an action taken by a legislative body of a local agency in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 is null and void under this section. Nothing in this chapter shall be construed to prevent a legislative body from curing or correcting an action challenged pursuant to this section.

(b) Prior to any action being commenced pursuant to subdivision (a), the district attorney or interested person shall make a demand of the legislative body to cure or correct the action alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5. The demand shall be in writing and clearly describe the challenged action of the legislative body and nature of the alleged violation.

(c) (1) The written demand shall be made within 90 days from the date the action was taken unless the action was taken in an open session but in violation of Section 54954.2, in which case the written demand shall be made within 30 days from the date the action was taken.

(2) Within 30 days of receipt of the demand, the legislative body shall cure or correct the challenged action and inform the demanding party in writing of its actions to cure or correct or inform the demanding party in writing of its decision not to cure or correct the challenged action.

(3) If the legislative body takes no action within the 30-day period, the inaction shall be deemed a decision not to cure or correct the challenged action, and the 15-day period to commence the action described in subdivision (a) shall commence to run the day after the 30-day period to cure or correct expires.

(4) Within 15 days of receipt of the written notice of the legislative body's decision to cure or correct, or not to cure or correct, or within 15 days of the expiration of the 30-day period to cure or correct, whichever is earlier, the demanding party shall be required to commence the action pursuant to subdivision (a) or thereafter be barred from commencing the action.

(d) An action taken that is alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 shall not be determined to be null and void if any of the following conditions exist:

(1) The action taken was in substantial compliance with Sections 54953, 54954.2, 54954.5, 54954.6, 54956, and 54956.5.

(2) The action taken was in connection with the sale or issuance of notes, bonds, or other evidences of indebtedness or any contract, instrument, or agreement thereto.

(3) The action taken gave rise to a contractual obligation, including a contract let by competitive bid other than compensation for services in the form of salary or fees for professional services, upon which a party has, in good faith and without notice of a challenge to the validity of the action, detrimentally relied.

(4) The action taken was in connection with the collection of any tax.

(5) Any person, city, city and county, county, district, or any agency or subdivision of the state alleging noncompliance with subdivision (a) of Section 54954.2, Section 54956, or Section 54956.5, because of any defect, error, irregularity, or omission in the notice given pursuant to those provisions, had actual notice of the item of business at least 72 hours prior to the meeting at which the action was taken, if the meeting was noticed pursuant to Section 54954.2, or 24 hours prior to the meeting at which the action was taken if the meeting was noticed pursuant to Section 54956, or prior to the meeting at which the action was taken if the meeting is held pursuant to Section 54956.5.

(e) During any action seeking a judicial determination pursuant to subdivision (a) if the court determines, pursuant to a showing by the legislative body that an action alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 has been cured or corrected by a subsequent action of the legislative body, the action filed pursuant to subdivision (a) shall be dismissed with prejudice.

(f) The fact that a legislative body takes a subsequent action to cure or correct an action taken pursuant to this section shall not be construed or admissible as evidence of a violation of this chapter.

(Amended by Stats. 2002, Ch. 454, Sec. 23. Effective January 1, 2003.)

54960.2. (a) The district attorney or any interested person may file an action to determine the applicability of this chapter to past actions of the legislative body pursuant to subdivision (a) of Section 54960 only if all of the following conditions are met:

(1) The district attorney or interested person alleging a violation of this chapter first submits a cease and desist letter by postal mail or facsimile transmission to the clerk or secretary of the legislative body being accused of the violation, as designated in the statement pertaining to that public agency on file pursuant to Section 53051, or if the agency does not have a statement on file designating a clerk or a secretary, to the chief executive officer of that agency, clearly describing the past action of the legislative body and nature of the alleged violation.

(2) The cease and desist letter required under paragraph (1) is submitted to the legislative body within nine months of the alleged violation.

(3) The time during which the legislative body may respond to the cease and desist letter pursuant to subdivision (b) has expired and the legislative body has not provided an unconditional commitment pursuant to subdivision (c).

(4) Within 60 days of receipt of the legislative body's response to the

cease and desist letter, other than an unconditional commitment pursuant to subdivision (c), or within 60 days of the expiration of the time during which the legislative body may respond to the cease and desist letter pursuant to subdivision (b), whichever is earlier, the party submitting the cease and desist letter shall commence the action pursuant to subdivision (a) of Section 54960 or thereafter be barred from commencing the action.

(b) The legislative body may respond to a cease and desist letter submitted pursuant to subdivision (a) within 30 days of receiving the letter. This subdivision shall not be construed to prevent the legislative body from providing an unconditional commitment pursuant to subdivision (c) at any time after the 30-day period has expired, except that in that event the court shall award court costs and reasonable attorney fees to the plaintiff in an action brought pursuant to this section, in accordance with Section 54960.5.

(c) (1) If the legislative body elects to respond to the cease and desist letter with an unconditional commitment to cease, desist from, and not repeat the past action that is alleged to violate this chapter, that response shall be in substantially the following form:

To ________________________:

The [name of legislative body] has received your cease and desist letter dated [date] alleging that the following described past action of the legislative body violates the Ralph M. Brown Act:

[Describe alleged past action, as set forth in the cease and desist letter submitted pursuant to subdivision (a)]

In order to avoid unnecessary litigation and without admitting any violation of the Ralph M. Brown Act, the [name of legislative body] hereby unconditionally commits that it will cease, desist from, and not repeat the challenged past action as described above.

The [name of legislative body] may rescind this commitment only by a majority vote of its membership taken in open session at a regular meeting and noticed on its posted agenda as "Rescission of Brown Act Commitment." You will be provided with written notice, sent by any means or media you provide in response to this message, to whatever address or addresses you specify, of any intention to consider rescinding this commitment at least 30 days before any such regular meeting. In the event that this commitment is rescinded, you will have the right to commence legal action pursuant to subdivision (a) of Section 54960 of the Government Code. That notice will be delivered to you by the same means as this commitment, or may be mailed to an address that you have designated in writing.

Very truly yours,

____

[Chairperson or acting chairperson of the legislative body]

(2) An unconditional commitment pursuant to this subdivision shall be approved by the legislative body in open session at a regular or special meeting as a separate item of business, and not on its consent agenda.

(3) An action shall not be commenced to determine the applicability of this chapter to any past action of the legislative body for which the legislative body has provided an unconditional commitment pursuant to this subdivision. During any action seeking a judicial determination regarding the applicability of this chapter to any past action of the legislative body pursuant to subdivision (a), if the court determines that the legislative body has provided an unconditional commitment pursuant to this subdivision, the action shall be dismissed with prejudice. Nothing in this subdivision shall be construed to modify or limit the existing ability of the district attorney or any interested person to commence an action to determine the applicability of this chapter to ongoing actions or threatened future actions of the legislative body.

(4) Except as provided in subdivision (d), the fact that a legislative body provides an unconditional commitment shall not be construed or admissible as evidence of a violation of this chapter.

(d) If the legislative body provides an unconditional commitment as set forth in subdivision (c), the legislative body shall not thereafter take or engage in the challenged action described in the cease and desist letter, except as provided in subdivision (e). Violation of this subdivision shall constitute an independent violation of this chapter, without regard to whether the challenged action would otherwise violate this chapter. An action alleging past violation or threatened future violation of this subdivision may be brought pursuant to subdivision (a) of Section 54960, without regard to the procedural requirements of this section.

(e) The legislative body may resolve to rescind an unconditional commitment made pursuant to subdivision (c) by a majority vote of its membership taken in open session at a regular meeting as a separate item of business not on its consent agenda, and noticed on its posted agenda as "Rescission of Brown Act Commitment," provided that not less than 30 days prior to such regular meeting, the legislative body provides written notice of its intent to consider the rescission to each person to whom the unconditional commitment was made, and to the district attorney. Upon rescission, the district attorney or any interested person may commence an action pursuant to subdivision (a) of Section 54960. An action under this subdivision may be brought pursuant to subdivision (a) of Section 54960, without regard to the procedural requirements of this section.

(Added by Stats. 2012, Ch. 732, Sec. 2. (SB 1003) Effective January 1, 2013.)

54960.5. A court may award court costs and reasonable attorney fees to the plaintiff in an action brought pursuant to Section 54960, 54960.1, or 54960.2 where it is found that a legislative body of the local agency has violated this chapter. Additionally, when an action brought pursuant to Section 54960.2 is dismissed with prejudice because a legislative body has provided an unconditional commitment pursuant to paragraph (1) of subdivision (c) of that section at any time after the 30-day period for making such a commitment has expired, the court shall award court costs and reasonable attorney fees to the plaintiff if the filing of that action caused the legislative body to issue the unconditional commitment. The costs and fees shall be paid by the local agency and shall not become a personal liability of any public officer or employee of the local agency.

A court may award court costs and reasonable attorney fees to a defendant in any action brought pursuant to Section 54960 or 54960.1 where the defendant has prevailed in a final determination of such action and the court finds that the action was clearly frivolous and totally lacking in merit.

(Amended by Stats. 2012, Ch. 732, Sec. 3. (SB 1003) Effective January 1, 2013.)

54961. (a) No legislative body of a local agency shall conduct any meeting in any facility that prohibits the admittance of any person, or persons, on the basis of ancestry or any characteristic listed or defined in Section 11135, or which is inaccessible to disabled persons, or where members of the public may not be present without making a payment or purchase. This section shall apply to every local agency as defined in Section 54951.

(b) No notice, agenda, announcement, or report required under this chapter need identify any victim or alleged victim of tortious sexual conduct or child abuse unless the identity of the person has been publicly disclosed.

(Amended by Stats. 2007, Ch. 568, Sec. 35. Effective January 1, 2008.)

54962. Except as expressly authorized by this chapter, or by Sections 1461, 1462, 32106, and 32155 of the Health and Safety Code, or by Sections 37606, 37606.1, and 37624.3 of the Government Code as they apply to hospitals, or by any provision of the Education Code pertaining to school districts and community college districts, no closed session may be held by any legislative body of any local agency.

(Amended by Stats. 2006, Ch. 157, Sec. 2. Effective January 1, 2007.)

54963. (a) A person may not disclose confidential information that has been acquired by being present in a closed session authorized by Section 54956.7, 54956.8, 54956.86, 54956.87, 54956.9, 54957, 54957.6, 54957.8, or 54957.10 to a person not entitled to receive it, unless the legislative body authorizes disclosure of that confidential information.

(b) For purposes of this section, "confidential information" means a communication made in a closed session that is specifically related to the basis for the legislative body of a local agency to meet lawfully in closed session under this chapter.

(c) Violation of this section may be addressed by the use of such remedies as are currently available by law, including, but not limited to:

(1) Injunctive relief to prevent the disclosure of confidential information prohibited by this section.

(2) Disciplinary action against an employee who has willfully disclosed confidential information in violation of this section.

(3) Referral of a member of a legislative body who has willfully disclosed confidential information in violation of this section to the grandjury.

(d) Disciplinary action pursuant to paragraph (2) of subdivision (c) shall require that the employee in question has either received training as to the requirements of this section or otherwise has been given notice of the requirements of this section.

(e) A local agency may not take any action authorized by subdivision (c) against a person, nor shall it be deemed a violation of this section, for doing any of the following:

(1) Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the illegality of an action taken by a legislative body of a local agency or the potential illegality of an action that has been the subject of deliberation at a closed session if that action were to be taken by a legislative body of a local agency.

(2) Expressing an opinion concerning the propriety or legality of actions taken by a legislative body of a local agency in closed session, including disclosure of the nature and extent of the illegal or potentially illegal action.

(3) Disclosing information acquired by being present in a closed session under this chapter that is not confidential information.

(f) Nothing in this section shall be construed to prohibit disclosures under the whistleblower statutes contained in Section 1102.5 of the Labor Code or Article 4.5 (commencing with Section 53296) of Chapter 2 of this code.

(Added by Stats. 2002, Ch. 1119, Sec. 1. Effective January 1, 2003.)

**Pursuant to Government Code § 54952.7. Published at leginfo.legislature.ca.gov on January 1, 2026.*

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CSDA Brown Act Resource Page

California Special
Districts Association
Districts Stronger Together

1112 I Street, Suite 200
Sacramento, CA 95814
toll-free: 877.924.2732
csda.net

TO: President and Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

FROM: Mike Flores
Manager of Finance and Administration

MEETING: July 29, 2026

ITEM

Notice of Vacancy to the Governing Board and Options for Filling the Vacancy

BACKGROUND

Director Marvin Rodriguez resigned from the Board of Directors, representing Director Area 2, effective July 10, 2026. With the Director Area 1 seat also having been vacant, three directors are currently seated: Brown, Guy and Clayton. This item is the formal notification of the Director Area 2 vacancy to the Board at a public meeting, which is the step that starts the statutory sequence described below. No appointment to the Director Area 2 seat can be made at this meeting.

A vacancy on the governing board of an independent special district is filled under Government Code section 1780, which begins “Notwithstanding any other provision of law.” Section 1780 therefore governs in place of Public Utilities Code section 22406. Government Code section 1781 excludes only school districts, districts organized under Public Utilities Code section 11501 et seq., and certain water districts; airport districts are not excluded.

DISCUSSION

Section 1780 sets a sequence with two separate fifteen-day requirements. The District must notify the county elections official of the vacancy within fifteen (15) days. District Counsel advised on July 14, 2026 that this fifteen-day period runs from the later of the effective date of the resignation or the date the full Board is notified of the vacancy, and that the notices should not be posted before the Board has been notified. Notification at this meeting therefore places the county notice due on or about August 13, 2026. Separately, notice of the vacancy must be posted in three (3) or more conspicuous places in the District at least fifteen (15) days before the Board makes an appointment. An appointment made before that posting period has run is defective.

Because both fifteen-day periods must run before the Board may act, District Counsel advised that the earliest the Board could make an appointment to this seat is the second regular meeting in August, which is August 27, 2026. The Board must either appoint a person to fill the vacancy or call a special election within sixty (60) days. Measured conservatively from the July 10, 2026 effective date of the resignation, that outer limit falls on or about September 8, 2026; measured from notification at this meeting it would fall later. Staff recommends the Board plan to act at the August 27, 2026 meeting so that the deadline is satisfied under either measure. If the Board takes neither action within sixty days, Government Code section 1780 permits the county board of supervisors to make the appointment within the following ninety (90) days.

The term any appointee would serve is fixed by the November election and is not a matter of choice. Director Rodriguez's term expires in December 2026, and the Director Area 2 seat is already scheduled to be filled for a full four-year term at the District's General District Election on November 3, 2026, which the Board called and requested be consolidated with the statewide General Election by resolution adopted June 25, 2026. Because this vacancy arose in the final months of the term, and fewer than one hundred thirty (130) days before that election, any person appointed by the Board would serve only until the results of the November 3, 2026 election are certified and the newly elected Director takes office.

This differs from the Director Area 1 seat addressed in the preceding item, and the distinction should be stated correctly on the record. The Director Area 1 seat was placed on the November ballot to fill the remainder of a term running through 2028. The Director Area 2 seat was already on that same ballot in the ordinary course, for a full new four-year term, because Director Rodriguez's term was expiring regardless of his resignation. Both seats are on the November 3, 2026 consolidated ballot; only the length of the term being filled differs.

Two practical points bear on timing. First, the Board is presently at three seated directors, and quorum under Administrative Code Article I, Section 7 is three directors of the full authorized five. Every seated director must therefore attend for the Board to act at all, which argues for resolving the vacancies promptly. Second, Government Code section 54952.7, as amended effective January 1, 2026, now requires the District to provide a copy of the Ralph M. Brown Act to any person elected or appointed to the Board.

FINANCIAL IMPACT

Appointment carries no direct cost beyond the customary per-meeting compensation payable to any director under Administrative Code Article I, Section 15, not to exceed one hundred dollars ($100) per meeting. Calling a special election would carry county election-services costs and would be largely redundant here: the Director Area 2 seat is already on the November 3, 2026 consolidated ballot for a full four-year term, so a special election would serve only to fill the few remaining weeks of the current term at material cost to the District. Staff would return to the Board with a cost estimate if the Board wishes to consider that option.

ANALYSIS

The action required at this meeting is narrow: the Board must be notified of the vacancy on the record so that the statutory clock starts and the notices can issue. The two fifteen-day periods are the requirements most easily missed, and both must be documented. Staff has prepared the county notice, the public notice and a press release for issuance immediately following this meeting, and will confirm on the record at the appointment meeting (i) the date the county elections official was notified and (ii) the date the three-place posting began. Because the seat is also on the November ballot for a full term, staff will encourage interested Director Area 2 residents to consider filing as candidates with the Santa Barbara County Elections Office in addition to seeking appointment to the interim period.

RECOMMENDATION

It is recommended that the Board of Directors receive this report and take formal notice of the vacancy in Director Area 2 created by the resignation of Director Marvin Rodriguez effective July 10, 2026; direct staff to notify the Santa Barbara County elections official within fifteen (15) days as required by Government Code section 1780(b) and to post notice of the vacancy in three or more conspicuous places within the District; and direct staff to return this item to the Board on August 27, 2026 for the Board to determine whether to fill the vacancy by appointment for the interim period ending with certification of the November 3, 2026 election, or to take no action and allow that election to seat the Director, within the sixty (60) day period prescribed by statute.

ATTACHMENTS

Draft Notice of Vacancy – Director Area 2, for posting

Draft notice to the Santa Barbara County elections official (Gov. Code § 1780(b))

Draft press release – Director Area 2 vacancy

NOTICE OF VACANCY ON THE SANTA MARIA PUBLIC AIRPORT DISTRICT BOARD OF DIRECTORS – DIRECTOR AREA 2

Posted: [POSTING DATE — on or after July 29, 2026]

A vacancy on the Santa Maria Public Airport District ("District") Board of Directors, Director Area 2, has occurred due to the resignation of Director Marvin Rodriguez, effective July 10, 2026. The Board of Directors was formally notified of the vacancy at its meeting of July 29, 2026.

The Board of Directors intends to fill the vacancy by appointment. Pursuant to Government Code Section 1780, the Board must fill this vacancy — either by appointment or by calling an election — no later than September 8, 2026 (60 days after the July 10, 2026 effective date of the resignation). The Board intends to consider filling the vacancy by appointment at its regular Board meeting on Thursday, August 27, 2026, at 6:00 p.m., in the District Board Room.

The Director Area 2 seat is also scheduled to be filled for a full four-year term at the District's next general election on November 3, 2026. Accordingly, the person appointed will serve only until the results of that November 3, 2026 general District election are certified and the newly elected Director takes office.

A person seeking appointment to this position must, at a minimum, be a resident of Director Area 2 and a registered voter of the District, and be able to attend regular Board meetings held on the 2nd and 4th Thursday of each month at 6:00 p.m.

Eligible persons interested in being appointed to fill this vacancy may apply by submitting a brief letter of interest — including a statement of eligibility based on the criteria listed above and any relevant experience or qualifications for the Board's consideration — by email to mflores@santamariaairport.com or in person during regular business hours at the District office at:

3217 Terminal Drive, Santa Maria, CA 93455

no later than 5:00 p.m. on Monday, August 17, 2026.

The Board reserves the right to appoint any eligible registered voter who is a resident of Director Area 2, or to leave the appointment to the November 3, 2026 general District election.

This notice has been posted at least 15 days before any appointment may be made, in three or more conspicuous places in the District, as required by Government Code Section 1780.

____

Micheal Flores
Manager of Finance and Administration
Santa Maria Public Airport District

[DATE SENT — on or after July 29, 2026; must be within 15 days of Board notification]

VIA EMAIL

Joseph E. Holland, County Clerk-Recorder
Office of the County Clerk-Recorder
1100 Anacapa St
Hall of Records
Santa Barbara, CA 93101

Re: Notice of Vacancy on the Santa Maria Public Airport District Board of Directors

Dear Mr. Holland:

A vacancy on the Santa Maria Public Airport District Board of Directors has occurred due to the resignation of Director Marvin Rodriguez from Director Area 2, effective July 10, 2026.

The Board of Directors was formally notified of the vacancy at its meeting of July 29, 2026. This letter serves as notice of the vacancy pursuant to Government Code Section 1780(b). Director Rodriguez's term is set to expire in December 2026, and the Director Area 2 seat is already scheduled to be filled for a full four-year term at the District's next general election on November 3, 2026.

The Board of Directors will act to fill the vacancy by appointment or call a special election within 60 days of being notified of the vacancy pursuant to Government Code Section 1780. Because the vacancy occurs in the final months of Director Rodriguez's term and fewer than 130 days before the November 3, 2026 general District election, any person appointed by the Board will serve only until the results of the November 3, 2026 general District election are certified and the newly elected Director takes office. The Director Area 2 seat will be filled for the ensuing four-year term by that November 3, 2026 election.

Please contact me if you have any questions regarding this matter.

Sincerely,

Micheal Flores
(805) 956-2609
Manager of Finance and Administration
Santa Maria Public Airport District

FOR IMMEDIATE RELEASE
[DATE SENT — on or after July 29, 2026; must be within 15 days of Board notification]

Santa Maria Public Airport District Announces Application Period for Director Area 2 Board Vacancy

SANTA MARIA, Calif. — The Santa Maria Public Airport District ("District") is accepting applications to fill a vacancy on the Director Area 2 seat of its Board of Directors, created by the resignation of Director Marvin Rodriguez, effective July 10, 2026.

The Board was formally notified of the vacancy at its meeting of July 29, 2026. The District will accept applications through 5:00 p.m. on Monday, August 17, 2026. The Board intends to consider the appointment at its regular Board meeting on Thursday, August 27, 2026, at 6:00 p.m.

Pursuant to Government Code Section 1780, the Board must act to fill the vacancy — either by appointment or by calling an election — no later than September 8, 2026, which is 60 days after the July 10, 2026 effective date of the resignation.

The Director Area 2 seat is also on the ballot for a full four-year term at the District's general election on November 3, 2026. Any person appointed by the Board will therefore serve only until the results of that election are certified and the newly elected Director takes office. Residents interested in serving the full four-year term are encouraged to consider filing as a candidate for the November 3, 2026 election through the Santa Barbara County Elections Office.

To be eligible, an applicant must be a resident of Director Area 2 and a registered voter of the District, and must be able to attend regular Board meetings held on the 2nd and 4th Thursday of each month at 6:00 p.m. Eligible residents may apply by submitting a brief letter of interest — including a statement of eligibility and any relevant experience or qualifications — by email to mflores@santamariaairport.com, or in person during regular business hours at the District office, 3217 Terminal Drive, Santa Maria, CA 93455.

Media Contact:
Micheal Flores
Manager of Finance and Administration
Santa Maria Public Airport District
(805) 956-2609
mflores@santamariaairport.com

SANTA MARIA AIRPORT
SMX

TO: President and
Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

FROM: Mike Flores
Manager of Finance and Administration

MEETING: July 29, 2026

ITEM

Authorization for the General Manager to approve and execute the Collateral Access Agreement between Rotorcraft Leasing Company, LLC and Northpoint Commercial Finance LLC.

BACKGROUND

The District and Rotorcraft Leasing Company, LLC (“Rotorcraft”) are parties to a Lease Agreement dated for reference purposes as of December 1, 2009, as amended, under which the District leases to Rotorcraft approximately 8,929.51 square feet consisting of a portion of the aircraft paint facility building at 3125 Liberator Street, Santa Maria, California 93455.

Rotorcraft, as borrower, and Northpoint Commercial Finance LLC (“Secured Party”), as lender, have entered into a Security Agreement dated June 18, 2026, under which Rotorcraft granted the Secured Party a security interest in certain inventory and personal property located at or delivered to the premises, including helicopter parts, components and related items (the “Collateral”).

The Secured Party has required, as a condition of extending credit to Rotorcraft, that the District enter into a Collateral Access Agreement. The District is not a party to the Security Agreement and has no obligation under it. The District is being asked to enter into the Collateral Access Agreement solely as an accommodation to its tenant.

DISCUSSION

The Collateral Access Agreement does three things. First, the District acknowledges the Secured Party’s security interest in the Collateral and confirms it will not assert a competing lien, claim or security interest in that Collateral. Second, the District grants the Secured Party a right of access to the premises following an event of default by Rotorcraft under the Security Agreement. Third, the District waives its landlord liens and rights of distraint as to the Collateral, and agrees the Collateral is not a fixture or part of the real property.

Access is bounded. The Secured Party must give not less than five (5) business days’ prior written notice, may enter only during normal business hours and subject to the District’s ordinary access rules, and may enter only to inspect, take possession of, remove, or conduct a sale of the Collateral. Any occupancy is capped at a one hundred twenty (120) day Access Period following initial entry.

The protections in the agreement run in the District's favor throughout the Access Period. The Secured Party must comply with District rules, must not unreasonably interfere with the District's use or other tenants' access, must maintain commercially reasonable insurance, must indemnify, defend and hold harmless the District and its officers, agents, tenants and employees for anything arising out of its entry and activities, must repair any material damage it causes, and must pay all rent and other charges attributable to the portion of the premises its Collateral occupies to the extent Rotorcraft has not paid them. The agreement is also explicit that the District has no duty to maintain or secure the premises or the Collateral.

In exchange, the District agrees to use reasonable best efforts to give the Secured Party written notice before terminating the Lease or excluding Rotorcraft, and to accept cure of a Rotorcraft default from the Secured Party. District Counsel negotiated the "reasonable best efforts" formulation, and the final form of the agreement was settled with the Secured Party's counsel on July 8, 2026. Nothing in the Collateral Access Agreement relieves Rotorcraft of any obligation under the Lease, and the District's remedies under the Lease are otherwise reserved.

FINANCIAL IMPACT

None to the District. The Collateral Access Agreement creates no payment obligation for the District and does not alter rent or any other term of the Lease. It improves the District's position in one respect: if the Secured Party occupies part of the premises during an Access Period, it must pay the rent and charges attributable to that space to the extent Rotorcraft has not.

ANALYSIS

Accommodating a tenant's equipment and inventory financing is routine for an airport landlord, and the agreement is narrowly drawn: it reaches only the Secured Party's Collateral, not the District's real property or any other property of Rotorcraft. The District's lien waiver is limited to that Collateral, access is conditioned on default and capped at 120 days, and the Secured Party carries the insurance, indemnity, repair and rent obligations for the period it is on site.

District Counsel has reviewed the Collateral Access Agreement and the changes counsel requested were incorporated. The final form was settled with the Secured Party's counsel on July 8, 2026.

One matter should be confirmed before execution. On July 2, 2026 staff advised the Secured Party that District Counsel required an itemized list of the Collateral, attached as an exhibit, so that the scope of the District's lien waiver would be defined. The agreement as presented defines the Collateral generally, as inventory and other personal property of Rotorcraft located at or delivered to the Premises, including helicopter parts, components and related items, and no itemized exhibit is attached. Staff recommends that the Board's authorization be conditioned on District Counsel confirming that this description is adequate, or on an itemized exhibit being attached before the agreement is executed.

Execution by the General Manager is authorized under Article VII, Section 1 of the District's Administrative Code. The agreement carries no dollar amount and creates no expenditure, so the Board approval thresholds in the Purchasing Policy adopted by Resolution No. 959 are not triggered.

Staff recommends approval.

RECOMMENDATION

It is recommended that the Board of Directors authorize the General Manager to approve and execute the Collateral Access Agreement among the Santa Maria Public Airport District, Rotorcraft Leasing Company, LLC and Northpoint Commercial Finance LLC regarding the premises at 3125 Liberator Street, subject to District Counsel confirming the description of the Collateral before execution.

ATTACHMENTS

Collateral Access Agreement among the District, Rotorcraft Leasing Company, LLC and Northpoint Commercial Finance LLC

Lease Agreement dated December 1, 2009, as amended (reference)

ACCESS AGREEMENT

THIS ACCESS AGREEMENT (this "Access Agreement") is entered into as of June ____, 2026, by and among:

(1) SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (the "Landlord");

(2) ROTORCRAFT LEASING COMPANY, LLC ("Rotorcraft"); and

(3) NORTHPOINT COMMERCIAL FINANCE LLC (the "Secured Party").

RECITALS

WHEREAS, Landlord and Rotorcraft are parties to that certain Lease Agreement dated for reference purposes only as of December 1, 2009 (as amended, restated, supplemented, or otherwise modified from time to time, the "Lease"), pursuant to which Landlord has leased to Rotorcraft certain premises consisting of a portion of the aircraft paint facility building, located at 3125 Liberator Street, consisting of approximately 8,929.51 square feet, more or less, located at the Santa Maria Airport in the County of Santa Barbara, State of California, commonly known as 3125 Liberator Street, Santa Maria, California 93455 (the "Premises");

WHEREAS, Rotorcraft, as borrower, and the Secured Party, as lender, have represented to Landlord that they have entered into that certain Security Agreement dated as of June 18, 2026 (as amended, restated, supplemented, or otherwise modified from time to time, the "Security Agreement"), pursuant to which Rotorcraft has granted to the Secured Party a security interest in certain inventory and other personal property of Rotorcraft located at or to be delivered to the Premises (such property, the "Collateral"), including helicopter parts, components, and related items; and

WHEREAS, Landlord is not a party to the Security Agreement and has no obligation thereunder; and

WHEREAS, the Secured Party has required, as a condition to its extension of credit to Rotorcraft, that Landlord enter into this Access Agreement, and Landlord has agreed to enter into this Agreement solely as an accommodation to Rotorcraft

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1 — Acknowledgment of Security Interest

Landlord hereby acknowledges that (a) Rotorcraft has represented to Landlord that the Secured Party has been granted a security interest in the Collateral pursuant to the Security Agreement, (b) the Collateral may be located at the Premises from time to time, and (c) Landlord does not have, and will not assert, any lien, claim, or security interest in or to the Collateral, except as expressly set forth in Section 3 hereof.

Section 2 — Access to Premises

(a) Upon the occurrence and during the continuance of an Event of Default (as defined in the Security Agreement) by Rotorcraft under the Security Agreement, the Secured Party shall have the right, upon not less than five (5) business days' prior written notice to Landlord (or such shorter notice as may be reasonable under the circumstances), to enter upon the Premises during normal business hours, and subject to Landlord’s typical rules for access to the Premises, only for the purpose of (i) inspecting the Collateral, (ii) taking possession of the Collateral, (iii) removing the Collateral from the Premises, and (iv) conducting any sale or other disposition of the Collateral at the Premises.

(b) Subject to coordination with the Landlord and Landlord’s typical rules for access to the Premises, the Secured Party may remain on the Premises for a period not to exceed one hundred twenty (120) days following the Secured Party's initial entry onto the Premises pursuant to this Section 2 (the "Access Period") in order to complete the removal and/or disposition of the Collateral. During the Access Period, the Secured Party shall (i) comply with all reasonable rules and regulations of Landlord with respect to access to the Premises, (ii) not unreasonably interfere with Landlord's use of, or other tenants' access to, the Premises, (iii) maintain commercially reasonable insurance for its activities on the Premises, (iv) hold Landlord harmless, and indemnify, and defend Landlord, its officers, agents, tenants, and employees from and against any damage, claim, liability, lawsuit, or demand of any kind arising out of Secured Party’s entry onto the Premises and its activities therein, and (v) pay all rent and other charges attributable to the portion of the Premises occupied by the Collateral for the duration of the Access Period, to the extent such charges remain unpaid by Rotorcraft.

(c) The Secured Party shall repair any material damage to the Premises caused directly by the Secured Party or its agents, employees, or contractors in exercising its rights under this Section 2, ordinary wear and tear excepted.

(d) Secured Party and Rotorcraft acknowledge that Landlord has no duty whatsoever to maintain or secure the Premises or the Collateral.

Section 3 — Waiver of Liens

(a) Landlord hereby irrevocably waives any and all liens, claims, and rights of distraint, levy, or other possessory interest (whether arising by contract, statute, common law, or otherwise, including without limitation any lien of Landlord under the laws of the State of California) that Landlord may now have or hereafter acquire in or to the Collateral. Landlord agrees that the Collateral shall not be deemed to be fixtures or a part of the real property comprising the Premises, and Landlord shall not levy upon, distrain, or otherwise assert any claim against the Collateral, whether for unpaid rent, damages, or any other reason.

(b) Nothing in this Access Agreement shall be construed to waive or impair any lien, claim, or right of Landlord with respect to any property of Rotorcraft that is not Collateral.

Section 4 — Notice of Default and Opportunity to Cure

Landlord agrees that, prior to exercising any right to terminate the Lease or to exclude Rotorcraft from the Premises as a result of a default by Rotorcraft under the Lease, Landlord shall use reasonable best efforts to provide the Secured Party with written notice of such default (the "Default Notice") at the address set forth in Section 7 hereof. Landlord agrees to accept from Secured Party payment and/or performance of any obligations due under the Lease in order to cure a default of Borrower thereof.

Section 4 — Rotorcraft's Obligations

Nothing in this Access Agreement shall relieve Rotorcraft of any obligation under the Lease, including the obligation to pay rent and other charges and to comply with the terms and conditions of the Lease. The rights and remedies of Landlord under the Lease, other than those expressly modified hereby, are hereby reserved. For the avoidance of doubt, any amounts incurred by the Secured Party under this Access Agreement shall be considered "Obligations" of the Borrowers under the Security Agreement and the other Loan Documents.

Section 6 — Representations and Warranties of Landlord

Landlord represents and warrants to the Secured Party that:

(a) Landlord is the lessor/sublessor of the Premises and has authority to enter into this Access Agreement with respect to the matters set forth herein.

(b) The Lease is in full force and effect and has not been amended or modified except as disclosed to the Secured Party in writing.

(c) To the knowledge of Landlord, no default or event of default by Rotorcraft exists under the Lease as of the date hereof.

(d) Landlord has full power and authority to enter into this Access Agreement, and the execution, delivery, and performance of this Access Agreement do not conflict with or constitute a default under the Lease or any other agreement to which Landlord is a party.

Section 7 — Notices

All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given or made (a) when delivered in person, (b) when sent by electronic mail (with confirmation of receipt), (c) one (1) business day after being sent by nationally recognized overnight courier service, or (d) three (3) business days after being sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Landlord:	Santa Maria Public Airport District 3217 Terminal Drive Santa Maria, California 93455 Attention: General Manager Email: mpehl@santamariaairport.com
If to Rotorcraft:	Rotorcraft Leasing Company, LLC 430 North Eola Road Broussard, Louisiana 70518 Attention: Joan McCarthy Email: jmccarthy@rlcllc.net

with a copy to:

Voyager Interests, LLC
One Memorial City Plaza
800 Gessner Road, Suite 275
Houston, Texas 77024
Attention: McCray Fletcher
Email: McCray@voyagerinterests.com

If to the Secured Party:

Northpoint Commercial Finance LLC
5035 South Service Road
Burlington (Ontario) L7L 6M9
Attn: Isabelle Lafond
Jillian Wise
Email: Isabelle.Lafond@lbccapital.ca
Jillian.Wise@lbccapital.ca

Section 8 — Governing Law

This Access Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California, without regard to principles of conflicts of laws to the extent that the application of the laws of another jurisdiction would be required thereby. Venue for any litigation arising form this Agreement shall be in the Santa Barbara County Superior Court.

Section 9 — Amendments

This Access Agreement may not be amended, modified, or terminated without the prior written consent of each of the parties hereto.

Section 10 — Successors and Assigns

This Access Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including any purchaser of the Premises and any successor landlord under the Lease. Landlord agrees that, in the event of any sale, transfer, or other conveyance of the Premises, Landlord shall require any transferee to assume the obligations of Landlord under this Access Agreement.

Section 11 — Severability

If any provision of this Access Agreement is held to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining provisions shall not be affected or impaired thereby.

Section 12 — Entire Agreement

This Access Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, and negotiations, whether written or oral, among the parties with respect thereto.

Section 13 — Counterparts

This Access Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Delivery of an executed signature page by facsimile or electronic transmission (including in portable document format (.pdf)) shall be effective as delivery of a manually executed counterpart hereof.

Section 14 — Term

This Access Agreement shall remain in full force and effect until the earlier of (a) the date on which the Secured Party notifies Landlord in writing that the security interest in the Collateral has been terminated and released, and (b) the date on which the Lease expires or is terminated in accordance with its terms and all Collateral has been removed from the Premises.

IN WITNESS WHEREOF, the parties hereto have caused this Access Agreement to be duly executed and delivered as of the date first written above.

LANDLORD:

SANTA MARIA PUBLIC AIRPORT DISTRICT,
a public airport district of the State of California

By: ______________________________

Name:

Title:

ROTORCRAFT:

ROTORCRAFT LEASING COMPANY, LLC

By: ______________________________

Name:

Title:

SECURED PARTY:

NORTHPOINT COMMERCIAL FINANCE LLC

By: ______________________________

Name: Lorenzo Savonitto

Title: Assistant Vice President

By: ______________________________

Name: Lorie Belzile Gilbert

Title: Assistant Vice President

BUILDING LEASE

THIS LEASE, dated December 1, 2009 and commencing December 1, 2009, is entered into by and between the SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "Landlord" or "District"), a public airport district of the State of California, and ROTORCRAFT LEASING CO., LLC, a Delaware limited liability company (herein called "Tenant").

WITNESSED:

That for and in consideration of the conditions, covenants and agreements herein contained, the parties hereto agree as follows:

1. **Definitions.** Unless the context otherwise requires, the following terms shall for all purposes of this lease have the meanings specified as follows:

a. "Airport" means the Santa Maria Public Airport at Santa Maria, California.

b. "FAA" means the Federal Aviation Administration or its successor organization or department.

c. "Improvements" include buildings, structures, fences, landscaping, fixtures, partitions, counters, and other property affixed to the realty in any manner.

d. "Leased Premises" or "Premises" mean and include a portion of the aircraft paint facility building, located at 3125 Liberator Street, consisting of approximately 3,794 square feet, at the Santa Maria Public Airport, as shown outlined in red on the plot plan marked Exhibit "A-1" attached hereto and made a part hereof, together with those appurtenances specifically granted in this lease.

e. "Movement Area" means the runways, taxiways and other areas of the Airport, which are used for taxiing or hover taxiing, air taxiing, takeoff and landing by aircraft.

f. "Party" or "parties" mean the District and/or Tenant.

2. **Premises.** District hereby leases to Tenant and Tenant leases from District the Premises for the rent and on the terms and conditions hereinafter set forth.

3. **Term.** This lease shall be on a month-to-month basis, commencing December 1, 2009. Either party may terminate on thirty (30) days' written notice to the other.

4. **Rent.** Tenant shall during this lease pay to District as monthly rent, the sum of $2,500.00, on the first day of each calendar month, without prior notice, demand, deduction or offset, at District's office at 3217 Terminal Drive, or such other address as District may direct Tenant in writing. Commencing July 1, 2010, and each July 1 thereafter that Tenant is in possession, the rent shall be increased, but not decreased, by the percentage change in the Consumer Price Index used by District for the last twelve (12) month period available.

5. **Security Deposit**. Upon execution of this Lease, Tenant shall deposit with District $5,000.00 as a security deposit for the performance by Tenant of the provisions of this lease. If Tenant is in default, District can use the security deposit, or any portion of it, to cure the default or to compensate District for any damage sustained by District resulting from Tenant's default. Tenant shall immediately upon demand pay to District a sum equal to the portion of the security deposit expended or applied by District as provided in this section so as to maintain the security deposit in the sum initially deposited with District. If Tenant is not in default at the expiration or termination of this lease, District shall return the security deposit to Tenant. District's obligations with respect to the security deposit are those of a debtor and not a trustee. District shall deposit and maintain the security deposit in an interest-bearing and federally insured account in the name of District with a bank or savings and loan association in Santa Maria, subject to withdrawal and retention by District of all or any part of the amount on deposit or accrued interest to cure the default of Tenant or to compensate District for all damage sustained by District resulting from Tenant's default. Interest on the security deposit required herein shall accumulate to the benefit of Tenant.

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

7. **Permitted Uses of Premises**. Tenant may use the Premises only for the following purposes:

a. Offices incidental to aviation-related businesses.

b. Repair, modification and maintenance of aircraft and aircraft components.

c. Park automobiles of Tenant, its employees and invitees, outside the building only.

d. Storage of aircraft (except storage of aircraft for which a charge is made is prohibited unless the aircraft is leased by Tenant or is under the care, custody or control of Tenant).

e. Manufacture of aircraft electronic equipment, parts and accessories.

f. Sale, installation and repair of aircraft parts, components and accessories.

g. Rental of aircraft.

h. Flight instruction.

i. Air taxi services to the general public.

All facilities required by Tenant shall be installed by and at Tenant's expense and in compliance with local, state and federal laws, ordinances, regulations and codes applicable thereto. Tenant shall not use the Premises, or any portion thereof, for any other purposes, unless the use is approved in advance in writing by the District. Nothing contained herein shall be deemed to give Tenant exclusive rights at the Airport in connection with any of the permitted uses herein.

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

a. Sale of gasoline or other fuels not dispensed by a third-party supplier.

b. Spray painting within the building using flammable paints or liquids without proper, approved suppression and protection equipment or in a manner which is prohibited by any applicable law, ordinance or governmental order or regulation or in a manner that does not meet the requirements of District's fire and liability insurance carriers.

c. Park any vehicle within the building, except temporarily for the purpose of loading or unloading freight or passengers.

d. Store any inflammable liquids or substances or explosives within the building, except for aviation fuel in parked aircraft.

e. Use any portion of the Airport contrary to or in violation of the directives, rules or regulations of the District or in such a manner which may interfere with the landing or taking off of aircraft from the Airport or otherwise constitute a hazard.

f. Store on the Premises any property or articles or conduct any activities or operations which are not directly related or incidental to the permitted uses in Paragraph 9 of this lease, or store any property outside the building.

g. Use any paint stripping or aircraft finish removal process.

h. Operation of rotary wing aircraft to or from Premises. Rotary wing aircraft will be towed to and from a "movement area" on the Airport.

i. Washing of aircraft, equipment or vehicles where runoff and/or wastewater will directly enter District's storm drain system or City sewer system without permit or approved treatment.

j. Any use which is not directly related to the Permitted Uses and does not require location on the Airport within the Airport Operating Area ("AOA").

9. **Landlord Improvements.** District shall not be responsible for any improvements to the Premises.

10. **Utilities.** Tenant shall pay all costs, charges and deposits for all utilities and services furnished to or used by Tenant, including without limitation, gas, water, electricity, telephone service, trash collection and for all connection charges. District shall have no obligation to extend utility services to the Premises. Tenant shall reimburse District on a monthly basis for a proportionate share of costs for water, gas and electricity used by Tenant as estimated by District, unless Tenant elects, at Tenant's expense, to separately meter the utilities.

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

12. **Assumption of Risks**. Tenant represents that Tenant has inspected the Airport and Premises and accepts the condition of the Premises and assumes all risks incidental to the use of the Airport and Premises. District shall not be liable to Tenant for any damages or injury to persons or property of any of Tenant's agents, employees, visitors, guests or invitees from any cause or condition whatsoever.

13. **Indemnity.** Tenant shall defend (with counsel acceptable to District), indemnify and hold harmless District, its directors, officers, employees, agents and representatives and the Premises (collectively herein "District") at all times from and against any and all liability, suits, proceedings, liens, actions, penalties, damages, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subject to (collectively "Liability") sustained by anyone in, on or about the Premises or arising out of or in any way connected with: the acts or omissions of Tenant or its officers, agents, employees, guests, customers, visitors or invitees; or Tenant's operations on, or use or occupancy of the Premises. The forgoing indemnification excludes only Liability caused by the sole active negligence of District or its willful misconduct. Tenant shall also defend (with counsel acceptable to District), indemnify and hold District harmless from and against, all Liability, including third party claims, environmental requirements and environmental damages, costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Premises or the Airport 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

(collectively "Release") of any toxic or hazardous materials which occurs in, on or about the Premises or the Airport as the result of any activities of Tenant or Tenant's agents, employees, invitees, licensees, guests, successors or assigns, or subtenants. Tenant shall notify District immediately of any Release of any toxic or hazardous material on the Premises.

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

a. Commercial general liability insurance, including bodily injury and death liability, property damage liability, completed operations and products liability coverage, contractual liability, public liability, and owners and contractors protective coverage with a combined single limit of liability of at least $1,000,000 for each accident or occurrence; and

b. Hangarkeeper's liability insurance coverage with limits of not less than $500,000 for any one accident or occurrence with $3,000 maximum deductible for each accident or occurrence;

c. Aircraft and airport operations insurance, including passengers, products and completed operations, with a combined single limit for bodily injury and property damage of $1,000,000 for each occurrence.

d. For and during the time Tenant has vehicles or mobile equipment which are used in Tenant's business or used in, on or about the Premises or anywhere on District property, automobile and mobile equipment liability insurance covering all vehicles and mobile equipment used by Tenant on the Airport providing bodily injury, personal injury and death liability limits of not less than $1,000,000 per person per occurrence and property damage of not less than $500,000 for each accident or occurrence.

District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District.

Tenant shall provide District with copies of all insurance policies and certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be cancelled or coverage reduced except after thirty (30) days' written notice to District.

The foregoing limits of liability coverage may be annually reviewed by the District's General Manager and, upon report of his recommendations for an increase or decrease to the Board of Directors of the District, the District may increase or decrease the limits of liability of such liability insurance coverage's in accordance with the General Manger's recommendations or otherwise.

15. **Insurance Premium Increase.** Tenant shall not do or permit to be done any act or thing upon the Premises which will invalidate or be in conflict with the fire insurance or liability policies covering the Premises or which shall or might subject District to any unreasonable risks or exposure to liability or responsibility for injury to any person or persons or to any property by reason of any business activity or operation being carried on by Tenant upon the Premises. Tenant shall pay for any additional premiums of District's fire and liability insurance policies

charged by reason of Tenant's use or operations on the Premises.

16. **Alterations: Removal of Tenant-Installed Property**. Tenant shall make no alterations, additions or improvements in the Premises or otherwise at the Airport without District's prior written consent. Except as otherwise provided below, any improvements installed in accordance with this paragraph shall be District's property upon completion. Upon expiration or termination of the lease, if District elects (upon written notice to Tenant of such election) that all or a designated portion of the alterations, additions, or improvements made by Tenant shall be removed by and at the expense of Tenant, then Tenant shall at Tenant's expense remove (within 30 days after such notice) such alterations, additions or improvements, or such portion thereof designated by District, restore District's property to at least its former condition, normal wear and tear excepted, and repair any damage resulting from such removal. Machinery, equipment and trade fixtures installed by Tenant in the Premises shall not be considered "alterations, additions or improvements" subject to the foregoing provisions and shall be removed from the Airport by Tenant on or before expiration or termination of this lease, providing any damage to District property resulting from such removal shall be repaired or restored at Tenant's expense. All alterations, additions and improvements made by Tenant shall be done in a workmanlike manner, with good materials, and in full compliance with all applicable building codes, laws, ordinances, regulations and directions of public agencies having jurisdiction.

17. **Airport Facilities**. All aircraft owned by Tenant or under the care, custody and control of Tenant, and mobile equipment parked, loaded and unloaded outside the Premises shall be parked, loaded and unloaded only in locations designated by District. Tenant agrees to observe, obey and abide by all directives, rules and regulations for the common and joint use of Airport facilities and for maintenance and conduct of Tenant's business at the Airport, which may hereafter be imposed by District's Board of Directors, FAA, City of Santa Maria, or any other governmental entity or agency having jurisdiction. Tenant shall not store any cargo, supplies or materials outside the Premises without the prior written consent of District. District has no obligation to provide security guards, lighting or fencing or to provide any services or utilities not expressly set forth in this lease.

18. **FAA Restrictions and Reservations**. The Rider marked "Exhibit "B" attached hereto, consisting of four pages of provisions required by the Federal Aviation Administration, is incorporated herein and made a part hereof. Tenant agrees to comply with all of the terms and conditions of said Rider.

19. **Compliance With Laws Payment of Costs of Compliance**. Tenant shall at all times comply with, and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with all applicable laws, statutes, ordinances, rules, regulations, and orders of federal, state and local governments, and other public agencies ("laws") which apply to the operation and/or use of the Premises. These laws include, but are not limited to, all laws concerning air and/or water quality, fire and/or occupational safety, and accessibility, as well as those requiring alterations or additions to be made to, or safety appliances and devices to be maintained or installed in, on, or about the Premises under any laws now or hereafter adopted, enacted or made and applicable to the Premises. Tenant shall pay any fees, charges, or assessments arising out of or in any way related to the Premises as a source of adverse environmental impacts or effects.

20. **Repairs and Maintenance/Entry**. Except as otherwise provided herein, Tenant shall, at Tenant's sole cost, keep and maintain the Premises and every part thereof in good and sanitary order, condition and repair. Tenant shall not make any repairs, which are the responsibility of District without District's prior written consent. Tenant waives all rights to make repairs at District's expense. Tenant shall keep the Premises, at Tenant's expense, clean and free from litter and dust at all times. District will, at District's expense, repair and maintain the roof, exterior walls and doors of the Premises. Districts obligation to maintain does not include any damage or changes caused by Tenant or Tenant's employees, contractors or invitees. District and the utility companies shall have the right to enter the Premises for the purposes of inspection, installation, and repair of utility facilities. District and authorized agents of District shall have the right to enter the Premises at all reasonable times for the purpose of inspecting or repairing the same or at any time in case of an emergency.

21. **Acceptance: Surrender**. By entry hereunder, Tenant accepts the Premises as being in good and sanitary order, condition and repair and agrees on the last day of the term hereof or sooner termination to surrender to District forthwith the Premises in the same condition as when received, reasonable use and wear thereof and damage by fire, act of God or by the elements excepted, and subject to the provisions of Paragraph 19.

22. **Condemnation**. In the event of taking or damage to all or any part of the Premises or any interest therein by reason of any exercise of the power of eminent domain, whether by a condemnation proceeding or otherwise, or any transfer of all or any part of the Premises or any interest therein made in avoidance of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as "appropriation") prior to or during the term hereof (or any extension or renewal thereof), the rights and obligations of District and Tenant with respect to such appropriation shall be as hereinafter provided. In the event of an appropriation of the Premises, except for a period of ninety (90) days or less, this lease shall terminate as of the date of such appropriation. In the event of an appropriation and this lease is not terminated pursuant to this paragraph, the rents and other obligations of Tenant hereunder shall be abated in an equitable amount. If this lease is terminated pursuant to this paragraph, the rents and all other obligations of Tenant shall be prorated to the date of termination, and District shall pay to Tenant the rents and any other payments made by Tenant for any period beyond the date of termination. District shall be entitled to the entire award made with respect to the appropriation, and Tenant hereby assigns to District all of Tenant's interest, if any, in such award.

23. **Damage or Destruction**.

a. Partial Destruction - Insured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause, (ii) the Premises are not thereby rendered totally untenantable, (iii) the loss is covered by insurance, and (iv) the destruction can be repaired within sixty (60) days from the date of destruction, this lease shall not terminate, but District shall repair or rebuild the same from and to the extent of the insurance proceeds payable for the loss.

b. Total Destruction - Uninsured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause and are thereby rendered wholly untenantable or are more than fifty percent (50%) damaged or destroyed, or (ii) the damage or destruction of the Premises is not covered by insurance, then, in either event, District, if District so elects, may repair or rebuild the building within a reasonable time after such destruction or damage, or District may give notice terminating this lease as of a date not later than thirty (30) days after such damage or destruction. If District elects to repair or rebuild the Premises, District shall, within thirty (30) days after such damage or destruction, give Tenant notice of District's intention to repair or rebuild and shall proceed with reasonable speed to make the repairs or to rebuild. Unless District elects to terminate this lease, this lease shall remain in full force and effect, and the parties waive the provision of any law to the contrary. If there should be a substantial interference with Tenant's business, a just and proportionate part of the rent shall be abated from the fifteenth day following the damage or destruction until the Premises are repaired or rebuilt. In the event of termination under this subparagraph, rent will be prorated to the date of termination and surrender of possession of the Premises to District.

c. Extent of Rebuilding. If District should elect or be obligated to repair or rebuild the building because of any damage or destruction, District's obligation shall be limited to the basic building. Tenant shall at Tenant's expense fully repair or replace all fixtures, equipment, and other installations installed by or for Tenant at its expense.

24. **Termination By District.** District, in addition to any right of termination as a matter of law or any other right herein given to District, may at its option cancel and terminate this lease and agreement, by written notice thereof given to Tenant, upon or after the occurrence of any of the following events:

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

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

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

(d) The transfer, in whole or in part, of Tenant's interest in this lease or in the Premises, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means.

25. **Additional Remedies of District.** In addition to any other remedy District may have under this agreement or by operation of law, District shall have the right, in the event of Tenant's nonpayment of rent required under this lease, or in the event of default of any of the terms or conditions of this lease, or if Tenant shall abandon or vacate the Premises, to terminate

this lease upon written notice to Tenant and re-enter the Premises and eject all persons and remove all property, other than District's property, from the Premises or any part of the Premises. Any property removed from the Premises upon re-entry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and District shall have no liability therefore. No waiver by District of a default by Tenant of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. If Tenant breaches this lease and abandons the property before the end of the term, or if it's right to possession is terminated by District because of Tenant's breach of this lease, this lease terminates. On such termination, District may recover from Tenant:

a. The worth at the time of award of the unpaid rent, which had been earned at the time of termination;

b. The worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided.

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

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

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

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

26. **Contact Personnel**. Tenant shall designate and furnish District with the names, telephone numbers and addresses of two employees of Tenant who have authority to provide access to the Premises by District's personnel for emergency purposes.

27. **Notices.** All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and the Tenant at 403 North Eola Road, Broussard, LA 70518. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

28. **Attorneys' Fees.** If either party commences any legal action or proceeding against the other party to interpret, perform or keep any term, covenant or condition of this lease or cause any term, covenant or condition of this lease to be kept or performed by the other party, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

29. **Advances.** In the event of Tenant's breach of any covenant or condition of this lease, District may, but shall not be obligated to at any time, with or without prior notice, cure such breach for the account and at the expense of Tenant, and in such event the amount thereof shall be immediately due and payable by Tenant to District upon demand in writing and shall bear interest at the maximum rate an individual is permitted by law to charge from the date such expenses were incurred until repaid in full.

30. **Signs.** No sign, advertisement, notice or other lettering shall be inscribed, painted or affixed by Tenant on any part of the Premises or on any portion of the Airport without the prior written consent of District's General Manager. Any such sign, advertisement, notice or other lettering must be removed by Tenant at Tenant's expense before the end of the term of this lease, including repair of any damage in such removal. Any sign not removed at the end of the term shall be deemed abandoned and may be retained as property of the District or may be removed by District in which case Tenant shall pay District the cost of removal thereof. All signs shall be kept in good repair and condition by Tenant. All signs must conform to the ordinances and regulations of the City of Santa Maria and approval of the District.

31. **Vehicles**. Any motor vehicles of Tenant permitted to operate on any aircraft movement area at the Airport shall be equipped with two-way radios capable of two-way communication with the control tower at the Airport.

32. **Nuisance.** Tenant shall not commit, or suffer or permit waste, excessive noise, excessive accelerations of air, obnoxious odors, excessive dust or any other nuisance on or adjacent to the Premises constituting an unreasonable interference with other District tenants or persons using the Airport.

33. **Assignment. Subletting and Encumbering**. Tenant shall not assign, mortgage, encumber or grant control of this lease or any interest, right or privilege herein, or sublet the whole of the Premises, or license or grant concessions for use of the Premises or any part thereof; provided, Tenant may sublease less than the whole of the Premises, with District's prior written consent. District reserves the right to refuse to approve any sublease, which changes or intensifies the use of the premises or results in any additional risk to District or which does not require location on the Airport within the AOA. If Tenant charges any sublessee rent that is more than the sublessee's pro rata portion (based on proportion of Premises subleased), or which together with rent charged to other sublessees, exceed the rent charged to Tenant, Tenant shall pay any such excess rent to District. Any assignment, mortgage, encumbrance, transfer, sublease, permit or concession in violation of this paragraph shall be void and, at the option of District, shall terminate this lease.

34. **Fire Safety**. Tenant shall furnish and keep adequate fire extinguishers in sufficient

numbers and in convenient and accessible places upon the Premises; said fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Tenant receives an inspection notice or a deficiency or correction notice following an inspection by the City of Santa Maria Fire Department, Tenant agrees to make any and all corrections immediately in the manner required by the fire department, but in no event later than five (5) days after receipt of the notice.

35. **Access.** Tenant shall have reasonable access to the Premises through the closest airfield gate only.

36. **Parking.** Tenant and Tenant's employees and invitees shall park vehicles where designated by the District's General Manager.

37. **General.**

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

b. One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by Tenant requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent similar act by Tenant. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing signed by District. Delivery of keys to any agent or employee of District shall not operate as a termination of this lease or a surrender of the Premises. This lease agreement contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties hereto.

c. This lease and Tenant's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights of way, and encumbrances affecting the Premises now of record or hereafter granted, caused or suffered by District.

d. Captions appearing herein are for convenience of reference only and shall not govern the construction of this agreement. All exhibits attached hereto are incorporated herein and made a part hereof.

e. If any provision of this agreement shall be held by a court of competent jurisdiction to be invalid, the remainder of this agreement shall continue in full force and effect and shall in no way be affected or invalidated thereby. This agreement contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this agreement. No provision of this agreement shall be deemed to have been waived by District unless such waiver is in writing signed by District. This agreement is made subject to any approval or consent of the Federal Aviation Administration, which may be required.

38. **Aircraft Engine Run-ups and Repair and Maintenance**. District may impose restrictions on Tenant to observe the following provisions relating to engine run-ups of aircraft on the Premises and at the Airport:

a. Full power engine run-ups for other than immediate flight operations shall be prohibited between the hours of 10:00 p.m. and 7:00 a.m. local time.

b. Except for emergencies, Tenant agrees that Tenant will not operate any rotary wing aircraft at the airport between the hours of 10:00 p.m. and 7:00 a.m. local time.

39. **Holding Over.** If Tenant shall hold over the Premises after the expiration of the term hereof with the consent of District, either expressed or implied, such holding over shall be construed to be only a tenancy from month-to-month, subject to all the covenants, conditions and obligations contained in this lease, including the obligation to pay rent monthly in advance, in an amount equal to one-twelfth (1/12) of the annual rent paid in the last year of the lease or an extension thereof, plus a ten percent (10%) increase. Nothing in this section shall be construed to give Tenant any right to hold over after the expiration of the lease or any extension thereof.

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

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

42. **Tenant's Obligations.** Tenant shall:

a. If a California corporation, furnish to District a copy of its Articles of Incorporation and a current listing of its officers, directors and agent for service of process filed with the California Secretary of State. If an out-of-state corporation, also furnish a copy of a current Certificate of Qualification issued by the California Secretary of State qualifying the corporation to do business in the State of California, as well as a certificate designating its agent for service of process in the State of California.

If a partnership, furnish District a copy of the published statement of doing business under a fictitious name filed with the Santa Barbara County Clerk.

If any other type of entity, furnish such information as District may reasonably request to verify the nature and status of the entity and responsible individuals.

b. Tenant's signatories on the Agreement shall complete, as individuals, and return to District District's Lessee/Licensee Information Form.

IN WITNESS WHEREOF, the parties have executed this lease.

DISTRICT:

Approved as to content for District:

Chris Hastert, General Manager

Approved as to form for District:

Raymond A. Biering, District Counsel

SANTA MARIA PUBLIC AIRPORT DISTRICT

Theodore J. Eckert, President

Carl Engel, Jr., Secretary

TENANT:

ROTOCRAFT LEASING CO., LLC., a
Delaware Limited Liability Company

Secretary

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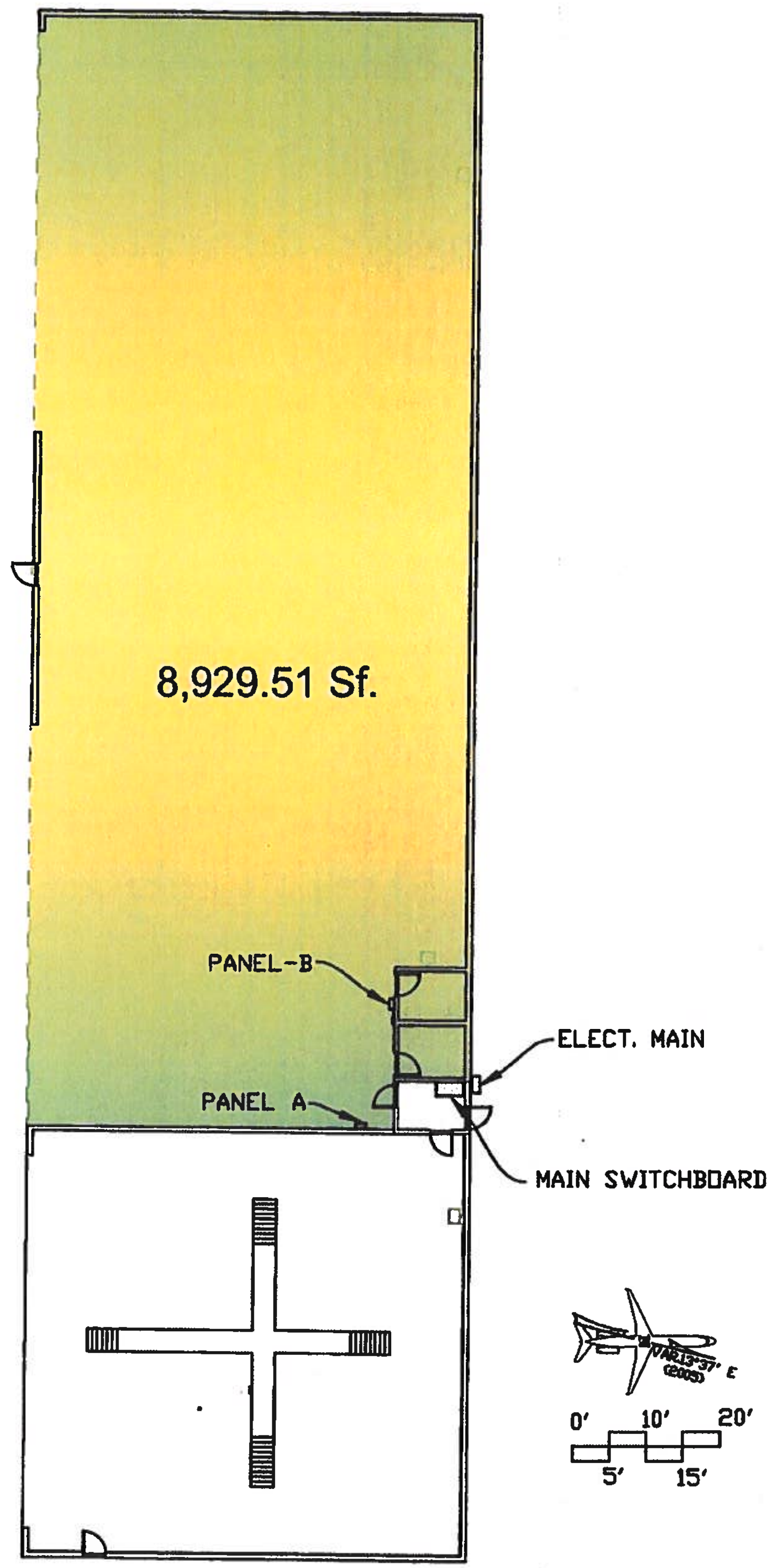


SANTA MARIA PUBLIC AIRPORT DISTRICT	3217 TERMINAL DR. SANTA MARIA, CA 93455. (805) 922-1726	REVISIONS DATE / BY	APPROVED: BY: DATED:	Exhibit A-1 Rotorcraft leasing 3125 Liberator St.	DRAWING NUMBER leases: rotorcraft

EXHIBIT "B"

RIDER

Rider to the Building Lease dated December 1, 2009, herein called "License") between Santa Maria Public Airport District (herein called "District") and Rotorcraft Leasing Co., LLC, a Delaware Limited Liability Company, (herein called "Licensee").

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TO: President and Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

FROM: Mike Flores
Manager of Finance and Administration

MEETING: July 29, 2026

ITEM

Authorization to approve the Sublease between REACH/CALSTAR and Maldonado Companies, LLC, and to execute the District's written consent to that Sublease.

BACKGROUND

Maldonado Companies, LLC ("Tenant") leases from the District under that certain Ground Lease – Aircraft Service Center dated March 11, 1999, as amended by the First through Eleventh Amendments thereto, including the Tenth Amendment (effective March 25, 2021, extending the term) and the Eleventh Amendment (effective June 10, 2021, adding Paragraph 26A). The premises consist of approximately two (2) acres at 3820 South Blosser Road, Santa Maria, California, improved with a building of approximately 24,290 square feet. Current rent under the Lease is $4,143.00 per month, or $49,716.00 annually, as in effect since November 1, 2025.

Tenant has requested the District's consent to sublet a portion of its premises to REACH Medical Holdings, LLC ("Subtenant"), an air ambulance operator affiliated with REACH Air Medical Services / CALSTAR, which is how the item is described on the posted agenda. The Sublease is a Hangar Lease dated April 17, 2026, effective May 1, 2026, covering approximately 9,150 square feet of the building, consisting of approximately 3,200 square feet of office space, 2,650 square feet of hangar maintenance space and 3,300 square feet of hangar space. Tenant has previously subleased space at the premises, most recently to the Santa Barbara County Fire Department, and that earlier sublease has been used as the drafting model for the District's consent.

Consent is given under Paragraph 26 of the Lease. Tenant has agreed to pay the District six hundred fifty dollars ($650.00) per month as additional consideration for the District's consent, effective May 1, 2026, to offset the revenue the District would otherwise realize on the subleased space. Staff transmitted the request, the prior sublease and the current sublease to District Counsel for review on May 11, 2026.

The item was placed on the May 14, 2026 agenda and was pulled at District Counsel's direction because the sublease document itself had not yet been completed. The business terms have not changed since then. The item returns to the Board now so that the transaction can be approved and the consent executed as soon as District Counsel finishes the document.

DISCUSSION

The District's interest in a sublease of this kind is threefold: that the subtenant's use is a permitted airport use and is compatible with the District's grant assurances and minimum standards; that the District's rent and the Tenant's obligations under the prime lease are unaffected; and that the District is compensated for space it would otherwise be able to lease directly.

Air ambulance service is a compatible aeronautical use and is consistent with how the District has handled prior subleases at these premises, including the sublease to the Santa Barbara County Fire Department.

The $650.00 per month Tenant has agreed to pay is the mechanism for the third point, and it is documented in the instrument rather than in a side agreement. Section 4 of the Consent to Sublease obligates Tenant to pay the District $650.00 per month effective May 1, 2026 and continuing for so long as the Sublease remains in effect, and provides that commencing May 1, 2027 and on each May 1 thereafter the payment increases, but does not decrease, in proportion to the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U), Los Angeles-Long Beach-Anaheim, CA, All Items. Because the payment is effective retroactive to May 1, 2026, three months' consideration for May, June and July 2026 totaling $1,950.00 will be due on execution, and staff will bill it with the first monthly charge.

Paragraph 26 of the Lease conditions the District's consent on several showings by the subtenant, including a net worth of at least twenty (20) times the current annual rent under the Lease and at least three (3) years' experience operating an aircraft service center at a commercial airport. Subtenant represents in the Consent that its net worth is not less than $994,320.00, being twenty times the current annual rent of $49,716.00, and that it has operated its air ambulance business at commercial airports for more than three years. The Consent is drawn so that the District's consent does not waive any provision of the Lease or any right or remedy of the District under it.

EXECUTING OFFICER. The item as noticed authorizes the President and Secretary to approve this Sublease. The business noticed to the public is therefore the approval of the Sublease, and that is the action the Board is asked to take. The notice does not address which officer signs the District's separate written Consent, which is the ministerial step that follows approval.

Staff recommends that the Board authorize the General Manager to execute the Consent, in addition to the President and Secretary named in the notice. This adds a signatory rather than substituting one: the President and Secretary retain the authority described in the notice, and the General Manager is authorized as an alternative so the document can be executed promptly once District Counsel finalizes it. No business beyond the approval of this Sublease is transacted, and nothing described in the notice is withdrawn.

Article VII, Section 1 of the District's Administrative Code enumerates the categories of instruments the General Manager may sign. Rather than rely on a general reading of that section, the recommended motion expressly delegates signature authority for this instrument. The delegation is limited to the Consent to Sublease described in this report and does not otherwise alter the General Manager's signature authority. Staff will confirm the form of the motion with District Counsel before the item is called.

The Sublease creates no District expenditure, so the Board approval thresholds in the Purchasing Policy adopted by Resolution No. 959 are not triggered. Because the consent calendar is enacted by a single motion, staff requests that the minutes record the action on this item as approving it as recommended in the staff report, so that the authorization of the General Manager to execute is unambiguous in the District's record.

The recommendation is also written so that the Board's approval is effective now but the document does not leave the District until District Counsel has finished it. If counsel's review materially changes the business terms, including the $650.00 per month or the CPI escalation, staff will return the item to the Board rather than execute.

FINANCIAL IMPACT

Tenant will pay the District $650.00 per month effective May 1, 2026, which is $7,800.00 per year, escalating annually by CPI-U (Los Angeles-Long Beach-Anaheim, All Items) beginning May 1, 2027. Three months of accrued consideration for May, June and July 2026, totaling $1,950.00, will be billed on execution.

This amount was not reflected as recurring revenue in the adopted FY 2026-27 budget because it was not in an executed instrument when the budget was adopted. Once the Consent is executed, staff will set up the recurring billing, including the annual CPI escalation, and pick the revenue up in the monthly financial statements.

Rent and all other Tenant obligations under the prime lease are unchanged by the Sublease. The Sublease does not release Tenant from any obligation to the District, and the District looks to Tenant, not to the Subtenant, for performance.

ANALYSIS

The transaction is straightforward and the business terms are settled: a compatible aeronautical subtenant, no change to the prime lease, and $650.00 per month to the District for space it would otherwise market itself. The District has done substantially the same thing at these premises before.

What is not yet finished is execution. District Counsel is completing its review of the Consent to Sublease and the related Assumption Agreement, and for that reason this report recommends approval of the transaction subject to counsel finalizing the instrument, rather than approval of a specific document circulated with this packet.

Authorizing the General Manager to execute the consent once counsel is satisfied lets the District close this out without waiting for another Board meeting, while keeping the final form under counsel's control. Staff recommends approval.

RECOMMENDATION

It is recommended that the Board of Directors (i) approve the Sublease between Maldonado Companies, LLC and REACH Medical Holdings, LLC; (ii) authorize the General Manager, to execute the District's Consent to that Sublease in a final form prepared and approved by District Counsel; and (iii) expressly delegate to the General Manager the authority to execute that Consent on behalf of the District, that delegation applying to this instrument only and not otherwise modifying the signature authority provided in Article VII, Section 1 of the District's Administrative Code.

ATTACHMENTS

Consent to Sublease among the District, Maldonado Companies, LLC and REACH Medical Holdings, LLC (final form to be provided by District Counsel)

Exhibit C – Assumption Agreement (REACH Medical Holdings, LLC)

Hangar Lease dated April 17, 2026 between Maldonado Companies, LLC and REACH Medical Holdings, LLC (the Sublease), as executed

Prior sublease to the Santa Barbara County Fire Department, approved by the Board April 2024 (reference model)

CONSENT TO SUBLEASE

(Ground Lease – Aircraft Service Center dated March 11, 1999, as amended)

This Consent to Sublease ("Consent") is made by and among the SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California ("District"), MALDONADO COMPANIES, LLC, a California limited liability company ("Tenant"), and REACH MEDICAL HOLDINGS, LLC ("Subtenant"), with reference to the following facts:

RECITALS

A. District and Tenant are parties to that certain Ground Lease – Aircraft Service Center dated March 11, 1999 (the "Original Lease"), covering approximately 2 acres at 3820 South Blosser Road, Santa Maria, California (the "Premises"), as amended by the First through Eleventh Amendments thereto, including the Tenth Amendment (effective March 25, 2021, extending the term) and the Eleventh Amendment (effective June 10, 2021, adding Paragraph 26A) (the Original Lease, as amended, the "Lease").

B. Tenant, identified therein as "The Maldonado Co.," as lessor, and Subtenant, as lessee, entered into that certain Hangar Lease dated April 17, 2026, effective May 1, 2026 (the "Sublease"), under which Tenant subleases to Subtenant approximately 9,150 square feet of the approximately 24,290 square foot building on the Premises, consisting of approximately 3,200 square feet of office space, approximately 2,650 square feet of hangar maintenance space, and approximately 3,300 square feet of hangar space (the "Subleased Premises"). Tenant has represented that Maldonado Companies is the lawful successor in interest to "The Maldanado Co." and has requested District's consent to the Sublease under Paragraph 26 of the Lease.

C. The Sublease was executed, and Subtenant took occupancy of the Subleased Premises, before District consent was requested or obtained, and without the sixty (60) days' prior written Notice of Intended Assignment required by Paragraph 26(c) of the Lease. District reserves, and does not waive, any right or remedy arising from such occupancy without the District's advance consent, and this Consent shall not be construed as a waiver of any prior breach of the Lease by Tenant, its predecessor, or any subtenant.

D. Paragraph 26 of the Lease provides that District is not required to consent to a sublease unless each of the following conditions is satisfied: (a) Tenant is not in default under the Lease as of the effective date; (b) the improvements required under Paragraph 6(a)–(b) of the Lease have been completed; (c) District has received at least sixty (60) days' prior written notice of the intended sublease; (d) the subtenant is a California resident, or an entity formed under or qualified to do business in California with a resident agent for service of process; (e) the subtenant has a net worth of at least twenty (20) times the then-current annual rent under the Lease, and at least three (3) years' experience successfully operating an aircraft service center at a commercial airport, together with three (3) references acceptable to District; and (f) the subtenant expressly assumes in writing, with acknowledged signature, all covenants and conditions of the Lease on Tenant's part to be observed and performed, in a form acceptable to District.

E. This Consent is intended to satisfy the requirements of Paragraph 26 of the Lease and bind the Subtenant to the Lease terms, as applicable. This Consent does not amend the Lease and is not a Lease amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, District, Tenant, and Subtenant agree as follows:

1. Consent by District. Subject to the terms and conditions of this Consent, District consents to Tenant's sublease of the Subleased Premises to Subtenant under the Sublease, a true and complete copy of which is attached as Exhibit "A," during the term described in Section 3 of the Sublease as limited by Section 2 below. Tenant and Subtenant acknowledge that any extension, renewal, amendment, or modification of the Sublease shall be invalid without the further prior written consent of District. This Consent applies only during the term of the Sublease and does not constitute a waiver of any use restriction in the Lease unrelated to this Consent, and is not a consent to or approval of any subsequent or similar act by Tenant or Subtenant after the Sublease has expired.

2. Subordination; Term Limitation. The Sublease is and shall at all times be subject and subordinate to the Lease. Notwithstanding Section 3 of the Sublease, in no event shall the term of the Sublease, including any automatic renewal term, extend beyond the expiration or earlier termination of the Lease. Upon termination of the Lease for any reason, the Sublease shall terminate, and Subtenant shall have no rights against District..

3. Authorized Use. Notwithstanding any use restriction in the Lease, including the aircraft service center use described in Paragraphs 1 and 6 of the Lease, District authorizes the use of the Subleased Premises by Subtenant for the storage of Subtenant's tools and equipment, the repair and storage of Subtenant's aircraft, and uses incident to the operation of Subtenant's air ambulance business, as described in Section 2 of the Sublease, during the term of the Sublease only, and so long as Subtenant's business does not interfere with the normal operation of the Airport. Subtenant may not use the Subleased Premises for any purpose or use other than those specified herein without the advance express written consent of District. This authorization applies only during the term of the Sublease and does not constitute a waiver of any use restriction in the Lease after the Sublease has expired or terminated. Subtenant's use shall at all times remain subject to all applicable District rules, regulations, and minimum standards.

4. Payment to District. As additional consideration for District's consent, Tenant shall pay District the additional amount Six Hundred Fifty Dollars ($650.00) per month, effective May 1, 2026, continuing for so long as the Sublease remains in effect, or until otherwise agreed in writing by District and Tenant. Commencing May 1, 2027, and on each May 1 thereafter (each, an "Adjustment Date"), the monthly payment shall be increased, but not decreased, in proportion to the percentage increase, if any, in the Consumer Price Index for All Urban Consumers (CPI-U), Los Angeles-Long Beach-Anaheim, CA, All Items, as published by the U.S. Bureau of Labor Statistics (the "Index"), comparing the Index published for the month nearest to the applicable Adjustment Date to the Index published for the month nearest to May 1, 2026 (the "Base Index"); provided that in no event shall the monthly payment be reduced. If the Bureau of Labor Statistics ceases to publish the Index, District shall substitute a comparable successor or replacement index published by the Bureau of Labor Statistics or another governmental agency. The payment for each month shall be due and payable on or before the first day of that month, at the same time and place as rent under the Lease. Amounts accrued from May 1, 2026 through the effective date of this Consent shall be paid in a single lump sum within thirty (30) days after the effective date of this Consent. This payment is in addition to, and not in lieu of, rent and all other amounts payable by Tenant under the Lease.

5. Subtenant Qualification (Lease Paragraph 26 Conditions).

(d) Entity Status. Subtenant represents and warrants that it is a limited liability company duly formed or qualified to do business in California and in good standing, with a registered agent for service of process in California located at [ADDRESS]. Subtenant shall provide District a current Certificate of Status and Statement of Information from the California Secretary of State, attached as Exhibit "B."

(e) Financial and Experience Qualification. Subtenant represents and warrants that its net worth is not less than $994,320.00, an amount equal to twenty (20) times the Lease's current annual rent of $49,716.00 (based on the $4,143.00 monthly rent in effect as of November 1, 2025). Subtenant further represents that it has operated its air ambulance business at commercial airports, including aircraft maintenance, repair, and storage operations incident thereto, for more than three (3) years. District accepts the foregoing representations, together with Subtenant's operating history and its affiliation with Global Medical Response, in full satisfaction of the qualification requirements of Paragraph 26(e) of the Lease, and, to the extent Paragraph 26(e) would require any additional or different showing (including a certificate of an independent accountant, aircraft-service-center-specific operating experience, or references), District expressly waives such additional showing for purposes of this Consent only. This determination and limited waiver apply solely to the Sublease and shall not constitute a waiver of Paragraph 26(e) as to any other or future assignment, sublease, or transfer.

(f) Assumption of Lease Obligations. With respect to its use of the Subleased Premises, Subtenant shall accept and agree to perform in full and be bound by all terms, covenants, conditions, and obligations required to be performed and fulfilled by Tenant under the Lease, solely as they relate to the Subleased Premises, with the exception of provisions relating to payment of rent, which shall be governed by the Sublease and paid directly to Tenant. Subtenant acknowledges that all terms and provisions of the Lease, including limitations on use, insurance policy coverage of District as additional insured, and indemnification of District, apply in full force and effect as to Subtenant's use of the Subleased Premises. Subtenant shall evidence this assumption by executing the Assumption Agreement attached as Exhibit "C," with signature acknowledged, and shall deliver to District a certificate of insurance naming District as additional insured under the aviation liability coverage required by Section 6 of the Sublease.

6. Tenant Entity Certification. Tenant represents, warrants, and certifies that "The Maldonado Co.," as such name is used to identify the lessor in the Sublease, is a reference to, and one and the same as, MALDONADO COMPANIES, LLC, a California limited liability company and the tenant under the Lease; that Maldonado Companies, LLC is the lessor under, and is bound by, the Sublease; and that no other person or entity holds or claims any lessor interest under the Sublease. Tenant and Subtenant agree that the Sublease shall be read and enforced accordingly, and Tenant shall indemnify and hold District harmless from any claim arising out of the naming of the Lessor in the Sublease.

7. No Release of Tenant. This Consent does not release Tenant from any obligation under the Lease. Tenant remains fully and primarily liable for performance of all covenants and conditions of the Lease, including payment of rent, without regard to this sublease.

8. No Further Assignment; No Waiver. This Consent applies solely to the sublease described herein. It does not constitute District's consent to any further assignment, sublease, encumbrance, or transfer, and does not waive District's right to approve or disapprove any future assignment, sublease, encumbrance, or transfer under Paragraph 26 of the Lease. Any further sublease by Tenant without the District's prior written consent as required by the Lease may, in the District's sole discretion, be treated as a material breach of the Lease.

9. No Amendment to Lease. Except as expressly set forth in this Consent, the Lease is unmodified and remains in full force and effect. This Consent is not, and shall not be construed as, an amendment to the Lease.

10. District Not Bound by Sublease. District is not a party to the Sublease and is not bound by, or subject to, any of its terms. Nothing in the Sublease (including its insurance, maintenance, casualty, condemnation, extension, or termination provisions) shall diminish, alter, or expand Tenant's or District's rights and obligations under the Lease, and in the event of any conflict between the Sublease and the Lease, the Lease shall control as between District and Tenant, and this Consent shall control as between District and Subtenant.

11. Conditions Precedent. This Consent shall not be effective unless and until: (a) District has received and approved complete Exhibits "B" and "C" described above; (b) this Consent has been approved through the District's required approval process; and (c) this Consent has been fully executed by District, Tenant, and Subtenant.

IN WITNESS WHEREOF, the parties have executed this Consent as of the date last written below.

SANTA MARIA PUBLIC AIRPORT DISTRICT

By: ______________________________________
Board President
Date: ____________________________________

By: ______________________________________
Board Secretary
Date: ____________________________________

Approved as to content for District:

____
General Manager

Approved as to form for District:

____
District Counsel

MALDONADO COMPANIES, LLC,
a California limited liability company ("Tenant")

____
By: Abel Maldonado, Manager
Date: ____________________________________

REACH MEDICAL HOLDINGS, LLC,
a limited liability company ("Subtenant")

____
By: Sean Russell
Title: Region President
Date: ____________________________________

EXHIBIT LIST

Exhibit A – Hangar Lease dated April 17, 2026 between The Maldonado Co. and REACH Medical Holdings, LLC (executed copy)

Exhibit B – Subtenant Certificate of Status / Statement of Information (CA Secretary of State)

Exhibit C – Assumption Agreement (executed by Subtenant, signature acknowledged, per Lease ¶26(f))

BUILDING LEASE

THIS LEASE, dated December 1, 2009 and commencing December 1, 2009, is entered into by and between the SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "Landlord" or "District"), a public airport district of the State of California, and ROTORCRAFT LEASING CO., LLC, a Delaware limited liability company (herein called "Tenant").

WITNESSED:

That for and in consideration of the conditions, covenants and agreements herein contained, the parties hereto agree as follows:

1. **Definitions.** Unless the context otherwise requires, the following terms shall for all purposes of this lease have the meanings specified as follows:

a. "Airport" means the Santa Maria Public Airport at Santa Maria, California.

b. "FAA" means the Federal Aviation Administration or its successor organization or department.

c. "Improvements" include buildings, structures, fences, landscaping, fixtures, partitions, counters, and other property affixed to the realty in any manner.

d. "Leased Premises" or "Premises" mean and include a portion of the aircraft paint facility building, located at 3125 Liberator Street, consisting of approximately 3,794 square feet, at the Santa Maria Public Airport, as shown outlined in red on the plot plan marked Exhibit "A-1" attached hereto and made a part hereof, together with those appurtenances specifically granted in this lease.

e. "Movement Area" means the runways, taxiways and other areas of the Airport, which are used for taxiing or hover taxiing, air taxiing, takeoff and landing by aircraft.

f. "Party" or "parties" mean the District and/or Tenant.

2. **Premises.** District hereby leases to Tenant and Tenant leases from District the Premises for the rent and on the terms and conditions hereinafter set forth.

3. **Term.** This lease shall be on a month-to-month basis, commencing December 1, 2009. Either party may terminate on thirty (30) days' written notice to the other.

4. **Rent.** Tenant shall during this lease pay to District as monthly rent, the sum of $2,500.00, on the first day of each calendar month, without prior notice, demand, deduction or offset, at District's office at 3217 Terminal Drive, or such other address as District may direct Tenant in writing. Commencing July 1, 2010, and each July 1 thereafter that Tenant is in possession, the rent shall be increased, but not decreased, by the percentage change in the Consumer Price Index used by District for the last twelve (12) month period available.

5. **Security Deposit**. Upon execution of this Lease, Tenant shall deposit with District $5,000.00 as a security deposit for the performance by Tenant of the provisions of this lease. If Tenant is in default, District can use the security deposit, or any portion of it, to cure the default or to compensate District for any damage sustained by District resulting from Tenant's default. Tenant shall immediately upon demand pay to District a sum equal to the portion of the security deposit expended or applied by District as provided in this section so as to maintain the security deposit in the sum initially deposited with District. If Tenant is not in default at the expiration or termination of this lease, District shall return the security deposit to Tenant. District's obligations with respect to the security deposit are those of a debtor and not a trustee. District shall deposit and maintain the security deposit in an interest-bearing and federally insured account in the name of District with a bank or savings and loan association in Santa Maria, subject to withdrawal and retention by District of all or any part of the amount on deposit or accrued interest to cure the default of Tenant or to compensate District for all damage sustained by District resulting from Tenant's default. Interest on the security deposit required herein shall accumulate to the benefit of Tenant.

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

7. **Permitted Uses of Premises**. Tenant may use the Premises only for the following purposes:

a. Offices incidental to aviation-related businesses.

b. Repair, modification and maintenance of aircraft and aircraft components.

c. Park automobiles of Tenant, its employees and invitees, outside the building only.

d. Storage of aircraft (except storage of aircraft for which a charge is made is prohibited unless the aircraft is leased by Tenant or is under the care, custody or control of Tenant).

e. Manufacture of aircraft electronic equipment, parts and accessories.

f. Sale, installation and repair of aircraft parts, components and accessories.

g. Rental of aircraft.

h. Flight instruction.

i. Air taxi services to the general public.

All facilities required by Tenant shall be installed by and at Tenant's expense and in compliance with local, state and federal laws, ordinances, regulations and codes applicable thereto. Tenant shall not use the Premises, or any portion thereof, for any other purposes, unless the use is approved in advance in writing by the District. Nothing contained herein shall be deemed to give Tenant exclusive rights at the Airport in connection with any of the permitted uses herein.

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

a. Sale of gasoline or other fuels not dispensed by a third-party supplier.

b. Spray painting within the building using flammable paints or liquids without proper, approved suppression and protection equipment or in a manner which is prohibited by any applicable law, ordinance or governmental order or regulation or in a manner that does not meet the requirements of District's fire and liability insurance carriers.

c. Park any vehicle within the building, except temporarily for the purpose of loading or unloading freight or passengers.

d. Store any inflammable liquids or substances or explosives within the building, except for aviation fuel in parked aircraft.

e. Use any portion of the Airport contrary to or in violation of the directives, rules or regulations of the District or in such a manner which may interfere with the landing or taking off of aircraft from the Airport or otherwise constitute a hazard.

f. Store on the Premises any property or articles or conduct any activities or operations which are not directly related or incidental to the permitted uses in Paragraph 9 of this lease, or store any property outside the building.

g. Use any paint stripping or aircraft finish removal process.

h. Operation of rotary wing aircraft to or from Premises. Rotary wing aircraft will be towed to and from a "movement area" on the Airport.

i. Washing of aircraft, equipment or vehicles where runoff and/or wastewater will directly enter District's storm drain system or City sewer system without permit or approved treatment.

j. Any use which is not directly related to the Permitted Uses and does not require location on the Airport within the Airport Operating Area ("AOA").

9. **Landlord Improvements.** District shall not be responsible for any improvements to the Premises.

10. **Utilities.** Tenant shall pay all costs, charges and deposits for all utilities and services furnished to or used by Tenant, including without limitation, gas, water, electricity, telephone service, trash collection and for all connection charges. District shall have no obligation to extend utility services to the Premises. Tenant shall reimburse District on a monthly basis for a proportionate share of costs for water, gas and electricity used by Tenant as estimated by District, unless Tenant elects, at Tenant's expense, to separately meter the utilities.

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

12. **Assumption of Risks**. Tenant represents that Tenant has inspected the Airport and Premises and accepts the condition of the Premises and assumes all risks incidental to the use of the Airport and Premises. District shall not be liable to Tenant for any damages or injury to persons or property of any of Tenant's agents, employees, visitors, guests or invitees from any cause or condition whatsoever.

13. **Indemnity.** Tenant shall defend (with counsel acceptable to District), indemnify and hold harmless District, its directors, officers, employees, agents and representatives and the Premises (collectively herein "District") at all times from and against any and all liability, suits, proceedings, liens, actions, penalties, damages, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subject to (collectively "Liability") sustained by anyone in, on or about the Premises or arising out of or in any way connected with: the acts or omissions of Tenant or its officers, agents, employees, guests, customers, visitors or invitees; or Tenant's operations on, or use or occupancy of the Premises. The forgoing indemnification excludes only Liability caused by the sole active negligence of District or its willful misconduct. Tenant shall also defend (with counsel acceptable to District), indemnify and hold District harmless from and against, all Liability, including third party claims, environmental requirements and environmental damages, costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Premises or the Airport 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

(collectively "Release") of any toxic or hazardous materials which occurs in, on or about the Premises or the Airport as the result of any activities of Tenant or Tenant's agents, employees, invitees, licensees, guests, successors or assigns, or subtenants. Tenant shall notify District immediately of any Release of any toxic or hazardous material on the Premises.

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

a. Commercial general liability insurance, including bodily injury and death liability, property damage liability, completed operations and products liability coverage, contractual liability, public liability, and owners and contractors protective coverage with a combined single limit of liability of at least $1,000,000 for each accident or occurrence; and

b. Hangarkeeper's liability insurance coverage with limits of not less than $500,000 for any one accident or occurrence with $3,000 maximum deductible for each accident or occurrence;

c. Aircraft and airport operations insurance, including passengers, products and completed operations, with a combined single limit for bodily injury and property damage of $1,000,000 for each occurrence.

d. For and during the time Tenant has vehicles or mobile equipment which are used in Tenant's business or used in, on or about the Premises or anywhere on District property, automobile and mobile equipment liability insurance covering all vehicles and mobile equipment used by Tenant on the Airport providing bodily injury, personal injury and death liability limits of not less than $1,000,000 per person per occurrence and property damage of not less than $500,000 for each accident or occurrence.

District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District.

Tenant shall provide District with copies of all insurance policies and certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be cancelled or coverage reduced except after thirty (30) days' written notice to District.

The foregoing limits of liability coverage may be annually reviewed by the District's General Manager and, upon report of his recommendations for an increase or decrease to the Board of Directors of the District, the District may increase or decrease the limits of liability of such liability insurance coverage's in accordance with the General Manger's recommendations or otherwise.

15. **Insurance Premium Increase.** Tenant shall not do or permit to be done any act or thing upon the Premises which will invalidate or be in conflict with the fire insurance or liability policies covering the Premises or which shall or'might subject District to any unreasonable risks or exposure to liability or responsibility for injury to any person or persons or to any property by reason of any business activity or operation being carried on by Tenant upon the Premises. Tenant shall pay for any additional premiums of District's fire and liability insurance policies

charged by reason of Tenant's use or operations on the Premises.

16. **Alterations: Removal of Tenant-Installed Property**. Tenant shall make no alterations, additions or improvements in the Premises or otherwise at the Airport without District's prior written consent. Except as otherwise provided below, any improvements installed in accordance with this paragraph shall be District's property upon completion. Upon expiration or termination of the lease, if District elects (upon written notice to Tenant of such election) that all or a designated portion of the alterations, additions, or improvements made by Tenant shall be removed by and at the expense of Tenant, then Tenant shall at Tenant's expense remove (within 30 days after such notice) such alterations, additions or improvements, or such portion thereof designated by District, restore District's property to at least its former condition, normal wear and tear excepted, and repair any damage resulting from such removal. Machinery, equipment and trade fixtures installed by Tenant in the Premises shall not be considered "alterations, additions or improvements" subject to the foregoing provisions and shall be removed from the Airport by Tenant on or before expiration or termination of this lease, providing any damage to District property resulting from such removal shall be repaired or restored at Tenant's expense. All alterations, additions and improvements made by Tenant shall be done in a workmanlike manner, with good materials, and in full compliance with all applicable building codes, laws, ordinances, regulations and directions of public agencies having jurisdiction.

17. **Airport Facilities**. All aircraft owned by Tenant or under the care, custody and control of Tenant, and mobile equipment parked, loaded and unloaded outside the Premises shall be parked, loaded and unloaded only in locations designated by District. Tenant agrees to observe, obey and abide by all directives, rules and regulations for the common and joint use of Airport facilities and for maintenance and conduct of Tenant's business at the Airport, which may hereafter be imposed by District's Board of Directors, FAA, City of Santa Maria, or any other governmental entity or agency having jurisdiction. Tenant shall not store any cargo, supplies or materials outside the Premises without the prior written consent of District. District has no obligation to provide security guards, lighting or fencing or to provide any services or utilities not expressly set forth in this lease.

18. **FAA Restrictions and Reservations**. The Rider marked "Exhibit "B" attached hereto, consisting of four pages of provisions required by the Federal Aviation Administration, is incorporated herein and made a part hereof. Tenant agrees to comply with all of the terms and conditions of said Rider.

19. **Compliance With Laws Payment of Costs of Compliance**. Tenant shall at all times comply with, and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with all applicable laws, statutes, ordinances, rules, regulations, and orders of federal, state and local governments, and other public agencies ("laws") which apply to the operation and/or use of the Premises. These laws include, but are not limited to, all laws concerning air and/or water quality, fire and/or occupational safety, and accessibility, as well as those requiring alterations or additions to be made to, or safety appliances and devices to be maintained or installed in, on, or about the Premises under any laws now or hereafter adopted, enacted or made and applicable to the Premises. Tenant shall pay any fees, charges, or assessments arising out of or in any way related to the Premises as a source of adverse environmental impacts or effects.

20. **Repairs and Maintenance/Entry**. Except as otherwise provided herein, Tenant shall, at Tenant's sole cost, keep and maintain the Premises and every part thereof in good and sanitary order, condition and repair. Tenant shall not make any repairs, which are the responsibility of District without District's prior written consent. Tenant waives all rights to make repairs at District's expense. Tenant shall keep the Premises, at Tenant's expense, clean and free from litter and dust at all times. District will, at District's expense, repair and maintain the roof, exterior walls and doors of the Premises. Districts obligation to maintain does not include any damage or changes caused by Tenant or Tenant's employees, contractors or invitees. District and the utility companies shall have the right to enter the Premises for the purposes of inspection, installation, and repair of utility facilities. District and authorized agents of District shall have the right to enter the Premises at all reasonable times for the purpose of inspecting or repairing the same or at any time in case of an emergency.

21. **Acceptance: Surrender**. By entry hereunder, Tenant accepts the Premises as being in good and sanitary order, condition and repair and agrees on the last day of the term hereof or sooner termination to surrender to District forthwith the Premises in the same condition as when received, reasonable use and wear thereof and damage by fire, act of God or by the elements excepted, and subject to the provisions of Paragraph 19.

22. **Condemnation**. In the event of taking or damage to all or any part of the Premises or any interest therein by reason of any exercise of the power of eminent domain, whether by a condemnation proceeding or otherwise, or any transfer of all or any part of the Premises or any interest therein made in avoidance of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as "appropriation") prior to or during the term hereof (or any extension or renewal thereof), the rights and obligations of District and Tenant with respect to such appropriation shall be as hereinafter provided. In the event of an appropriation of the Premises, except for a period of ninety (90) days or less, this lease shall terminate as of the date of such appropriation. In the event of an appropriation and this lease is not terminated pursuant to this paragraph, the rents and other obligations of Tenant hereunder shall be abated in an equitable amount. If this lease is terminated pursuant to this paragraph, the rents and all other obligations of Tenant shall be prorated to the date of termination, and District shall pay to Tenant the rents and any other payments made by Tenant for any period beyond the date of termination. District shall be entitled to the entire award made with respect to the appropriation, and Tenant hereby assigns to District all of Tenant's interest, if any, in such award.

23. **Damage or Destruction**.

a. Partial Destruction - Insured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause, (ii) the Premises are not thereby rendered totally untenantable, (iii) the loss is covered by insurance, and (iv) the destruction can be repaired within sixty (60) days from the date of destruction, this lease shall not terminate, but District shall repair or rebuild the same from and to the extent of the insurance proceeds payable for the loss.

b. Total Destruction - Uninsured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause and are thereby rendered wholly untenantable or are more than fifty percent (50%) damaged or destroyed, or (ii) the damage or destruction of the Premises is not covered by insurance, then, in either event, District, if District so elects, may repair or rebuild the building within a reasonable time after such destruction or damage, or District may give notice terminating this lease as of a date not later than thirty (30) days after such damage or destruction. If District elects to repair or rebuild the Premises, District shall, within thirty (30) days after such damage or destruction, give Tenant notice of District's intention to repair or rebuild and shall proceed with reasonable speed to make the repairs or to rebuild. Unless District elects to terminate this lease, this lease shall remain in full force and effect, and the parties waive the provision of any law to the contrary. If there should be a substantial interference with Tenant's business, a just and proportionate part of the rent shall be abated from the fifteenth day following the damage or destruction until the Premises are repaired or rebuilt. In the event of termination under this subparagraph, rent will be prorated to the date of termination and surrender of possession of the Premises to District.

c. Extent of Rebuilding. If District should elect or be obligated to repair or rebuild the building because of any damage or destruction, District's obligation shall be limited to the basic building. Tenant shall at Tenant's expense fully repair or replace all fixtures, equipment, and other installations installed by or for Tenant at its expense.

24. **Termination By District**. District, in addition to any right of termination as a matter of law or any other right herein given to District, may at its option cancel and terminate this lease and agreement, by written notice thereof given to Tenant, upon or after the occurrence of any of the following events:

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

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

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

(d) The transfer, in whole or in part, of Tenant's interest in this lease or in the Premises, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means.

25. **Additional Remedies of District**. In addition to any other remedy District may have under this agreement or by operation of law, District shall have the right, in the event of Tenant's nonpayment of rent required under this lease, or in the event of default of any of the terms or conditions of this lease, or if Tenant shall abandon or vacate the Premises, to terminate

this lease upon written notice to Tenant and re-enter the Premises and eject all persons and remove all property, other than District's property, from the Premises or any part of the Premises. Any property removed from the Premises upon re-entry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and District shall have no liability therefore. No waiver by District of a default by Tenant of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. If Tenant breaches this lease and abandons the property before the end of the term, or if it's right to possession is terminated by District because of Tenant's breach of this lease, this lease terminates. On such termination, District may recover from Tenant:

a. The worth at the time of award of the unpaid rent, which had been earned at the time of termination;

b. The worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided.

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

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

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

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

26. **Contact Personnel**. Tenant shall designate and furnish District with the names, telephone numbers and addresses of two employees of Tenant who have authority to provide access to the Premises by District's personnel for emergency purposes.

27. **Notices.** All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and the Tenant at 403 North Eola Road, Broussard, LA 70518. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

28. **Attorneys' Fees.** If either party commences any legal action or proceeding against the other party to interpret, perform or keep any term, covenant or condition of this lease or cause any term, covenant or condition of this lease to be kept or performed by the other party, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

29. **Advances.** In the event of Tenant's breach of any covenant or condition of this lease, District may, but shall not be obligated to at any time, with or without prior notice, cure such breach for the account and at the expense of Tenant, and in such event the amount thereof shall be immediately due and payable by Tenant to District upon demand in writing and shall bear interest at the maximum rate an individual is permitted by law to charge from the date such expenses were incurred until repaid in full.

30. **Signs.** No sign, advertisement, notice or other lettering shall be inscribed, painted or affixed by Tenant on any part of the Premises or on any portion of the Airport without the prior written consent of District's General Manager. Any such sign, advertisement, notice or other lettering must be removed by Tenant at Tenant's expense before the end of the term of this lease, including repair of any damage in such removal. Any sign not removed at the end of the term shall be deemed abandoned and may be retained as property of the District or may be removed by District in which case Tenant shall pay District the cost of removal thereof. All signs shall be kept in good repair and condition by Tenant. All signs must conform to the ordinances and regulations of the City of Santa Maria and approval of the District.

31. **Vehicles**. Any motor vehicles of Tenant permitted to operate on any aircraft movement area at the Airport shall be equipped with two-way radios capable of two-way communication with the control tower at the Airport.

32. **Nuisance.** Tenant shall not commit, or suffer or permit waste, excessive noise, excessive accelerations of air, obnoxious odors, excessive dust or any other nuisance on or adjacent to the Premises constituting an unreasonable interference with other District tenants or persons using the Airport.

33. **Assignment. Subletting and Encumbering**. Tenant shall not assign, mortgage, encumber or grant control of this lease or any interest, right or privilege herein, or sublet the whole of the Premises, or license or grant concessions for use of the Premises or any part thereof; provided, Tenant may sublease less than the whole of the Premises, with District's prior written consent. District reserves the right to refuse to approve any sublease, which changes or intensifies the use of the premises or results in any additional risk to District or which does not require location on the Airport within the AOA. If Tenant charges any sublessee rent that is more than the sublessee's pro rata portion (based on proportion of Premises subleased), or which together with rent charged to other sublessees, exceed the rent charged to Tenant, Tenant shall pay any such excess rent to District. Any assignment, mortgage, encumbrance, transfer, sublease, permit or concession in violation of this paragraph shall be void and, at the option of District, shall terminate this lease.

34. **Fire Safety**. Tenant shall furnish and keep adequate fire extinguishers in sufficient

numbers and in convenient and accessible places upon the Premises; said fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Tenant receives an inspection notice or a deficiency or correction notice following an inspection by the City of Santa Maria Fire Department, Tenant agrees to make any and all corrections immediately in the manner required by the fire department, but in no event later than five (5) days after receipt of the notice.

35. **Access.** Tenant shall have reasonable access to the Premises through the closest airfield gate only.

36. **Parking.** Tenant and Tenant's employees and invitees shall park vehicles where designated by the District's General Manager.

37. **General.**

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

b. One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by Tenant requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent similar act by Tenant. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing signed by District. Delivery of keys to any agent or employee of District shall not operate as a termination of this lease or a surrender of the Premises. This lease agreement contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties hereto.

c. This lease and Tenant's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights of way, and encumbrances affecting the Premises now of record or hereafter granted, caused or suffered by District.

d. Captions appearing herein are for convenience of reference only and shall not govern the construction of this agreement. All exhibits attached hereto are incorporated herein and made a part hereof.

e. If any provision of this agreement shall be held by a court of competent jurisdiction to be invalid, the remainder of this agreement shall continue in full force and effect and shall in no way be affected or invalidated thereby. This agreement contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this agreement. No provision of this agreement shall be deemed to have been waived by District unless such waiver is in writing signed by District. This agreement is made subject to any approval or consent of the Federal Aviation Administration, which may be required.

38. **Aircraft Engine Run-ups and Repair and Maintenance**. District may impose restrictions on Tenant to observe the following provisions relating to engine run-ups of aircraft on the Premises and at the Airport:

a. Full power engine run-ups for other than immediate flight operations shall be prohibited between the hours of 10:00 p.m. and 7:00 a.m. local time.

b. Except for emergencies, Tenant agrees that Tenant will not operate any rotary wing aircraft at the airport between the hours of 10:00 p.m. and 7:00 a.m. local time.

39. **Holding Over.** If Tenant shall hold over the Premises after the expiration of the term hereof with the consent of District, either expressed or implied, such holding over shall be construed to be only a tenancy from month-to-month, subject to all the covenants, conditions and obligations contained in this lease, including the obligation to pay rent monthly in advance, in an amount equal to one-twelfth (1/12) of the annual rent paid in the last year of the lease or an extension thereof, plus a ten percent (10%) increase. Nothing in this section shall be construed to give Tenant any right to hold over after the expiration of the lease or any extension thereof.

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

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

42. **Tenant's Obligations.** Tenant shall:

a. If a California corporation, furnish to District a copy of its Articles of Incorporation and a current listing of its officers, directors and agent for service of process filed with the California Secretary of State. If an out-of-state corporation, also furnish a copy of a current Certificate of Qualification issued by the California Secretary of State qualifying the corporation to do business in the State of California, as well as a certificate designating its agent for service of process in the State of California.

If a partnership, furnish District a copy of the published statement of doing business under a fictitious name filed with the Santa Barbara County Clerk.

If any other type of entity, furnish such information as District may reasonably request to verify the nature and status of the entity and responsible individuals.

b. Tenant's signatories on the Agreement shall complete, as individuals, and return to District District's Lessee/Licensee Information Form.

IN WITNESS WHEREOF, the parties have executed this lease.

DISTRICT:

SANTA MARIA PUBLIC AIRPORT DISTRICT

Theodore J. Eckert, President

Carl Engel, Jr., Secretary

Approved as to content for District:

Chris Hastert, General Manager

Approved as to form for District:

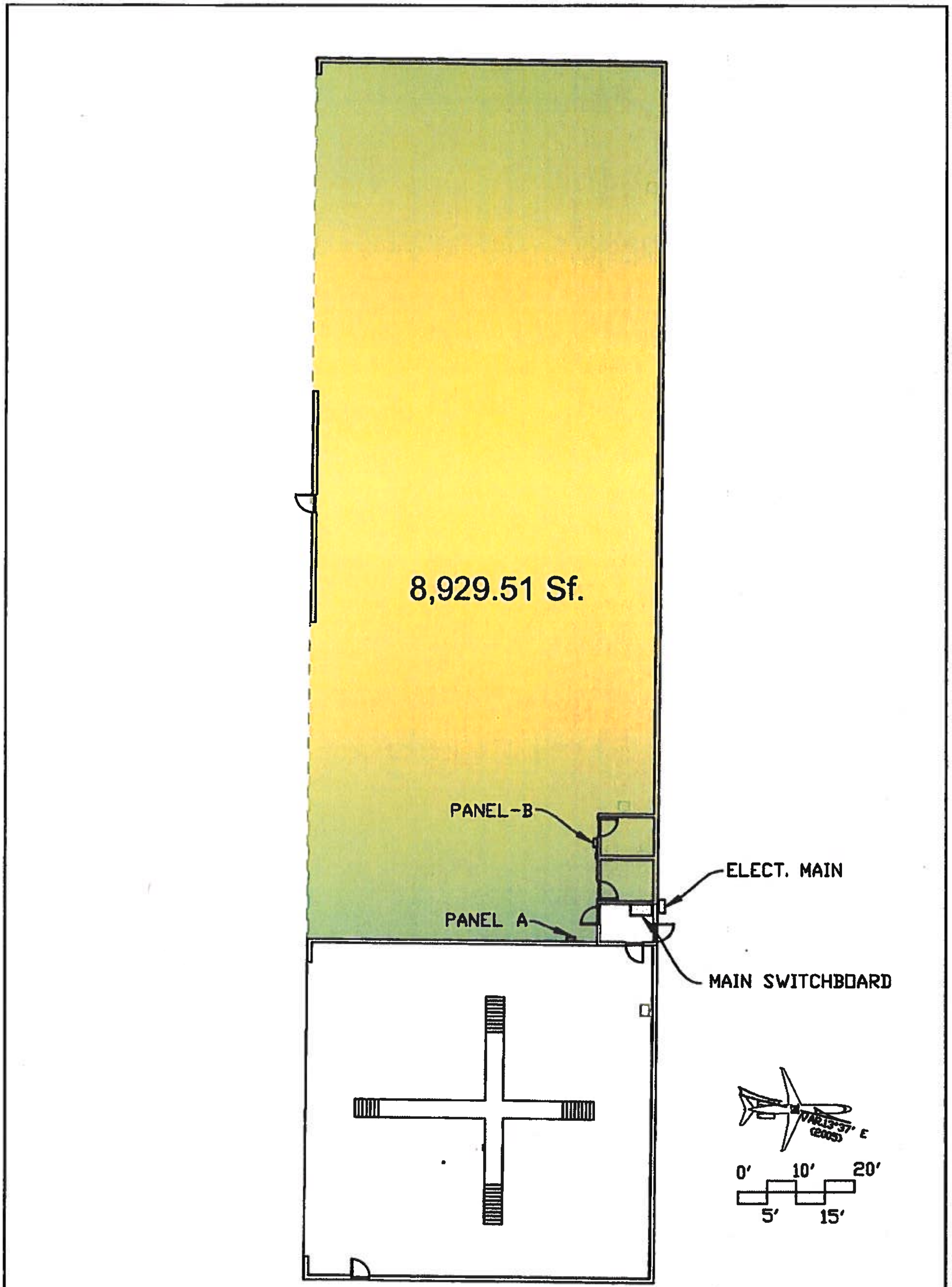
Raymond A. Biering, District Counsel

TENANT:

ROTOCRAFT LEASING CO., LLC., a
Delaware Limited Liability Company

Secretary

G:\Santa Maria Public Airport District\Rotorcraft Leasing Co\Building Lease.doc



SANTA MARIA PUBLIC AIRPORT DISTRICT

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

REVISIONS		DRAWN BY	APPROVED
DATE	BY		BY:
			DATED

Exhibit A-1
Rotorcraft leasing
3125 Liberator St.

DRAWING NUMBER
leases:
rotorcraft

EXHIBIT "B"

RIDER

Rider to the Building Lease dated December 1, 2009, herein called "License") between Santa Maria Public Airport District (herein called "District") and Rotorcraft Leasing Co., LLC, a Delaware Limited Liability Company, (herein called "Licensee").

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT "C" TO CONSENT TO SUBLEASE

ASSUMPTION AGREEMENT

(Lease Paragraph 26(f) — Assumption of Lease Obligations)

This Assumption Agreement ("Agreement") is made by REACH MEDICAL HOLDINGS, LLC, a limited liability company ("Subtenant"), for the benefit of the SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California ("District"), with reference to the following facts:

RECITALS

A. District and Maldonado Companies, LLC ("Tenant") are parties to that certain Ground Lease – Aircraft Service Center dated March 11, 1999, as amended by the First through Eleventh Amendments thereto (the "Lease"), covering approximately 2 acres at 3820 South Blosser Road, Santa Maria, California (the "Premises").

B. Tenant and Subtenant entered into that certain Hangar Lease dated April 17, 2026 (the "Sublease"), under which Subtenant subleases approximately 9,150 square feet of the building on the Premises (the "Subleased Premises") without District's prior written consent, as required.

C. Paragraph 26(f) of the Lease requires, as a condition of District's consent to the Sublease, that Subtenant expressly assume in writing, with signature acknowledged, all of the covenants and conditions of the Lease on Tenant's part to be observed and performed, in a form acceptable to District. This Agreement is Exhibit "C" to the Consent to Sublease among District, Tenant, and Subtenant (the "Consent").

AGREEMENT

NOW, THEREFORE, in consideration of District's consent to the Sublease, Subtenant agrees as follows:

1. Assumption. With respect to its use and occupancy of the Subleased Premises, Subtenant hereby expressly accepts, assumes, and agrees to perform and be bound by all terms, covenants, conditions, and obligations of the Lease required to be observed or performed by Tenant, solely as they relate to the Subleased Premises, excepting only Tenant's obligation to pay rent under the Lease, which remains Tenant's obligation; Subtenant's payment obligations to Tenant are governed by the Sublease.

2. Acknowledgment of Lease Terms. Subtenant acknowledges that it has received and reviewed a copy of the Lease, and that all terms and provisions of the Lease — including, without limitation, limitations on use, the FAA Rider, District rules, regulations, and minimum standards, requirements that District be covered as an additional insured, and indemnification of District — apply in full force and effect to Subtenant's use of the Subleased Premises, and that subsequent changes of any such rule or limitation shall be binding on Subtenant.

3. Insurance. Concurrently with delivery of this Agreement, Subtenant shall deliver to District a certificate of insurance satisfactory to District's General Manager evidencing the aviation liability coverage required by Section 6 of the Sublease, naming District as an additional insured, and shall maintain such coverage and endorsement for the duration of the Sublease. Promptly following any change in insurance policy or coverage, Subtenant shall file an updated certificate of insurance with District.

4. Subordination. This Agreement and the Sublease are subject and subordinate to the Lease and to the Consent. Upon expiration or earlier termination of the Lease, the Sublease and Subtenant's right to occupy the Subleased Premises shall terminate.

5. No District Obligations. Nothing in this Agreement or the Sublease imposes any obligation on District to Subtenant, creates any landlord-tenant relationship between District and Subtenant, or grants Subtenant any right against District, except as expressly set forth in the Consent.

6. Binding Effect. This Agreement binds Subtenant and its successors and permitted assigns and inures to the benefit of District and its successors and assigns and, together with the Consent and the referenced provisions of the Lease applicable to Subtenant, constitutes the complete agreement between District and Subtenant. This Agreement is governed by California law.

IN WITNESS WHEREOF, Subtenant has executed this Agreement as of the date set forth below.

SUBTENANT:

REACH MEDICAL HOLDINGS, LLC,
a limited liability company

____

By: ____________________________________
Name: __________________________________
Title: ___________________________________
Date: ___________________________________

SIGNATURE MUST BE ACKNOWLEDGED BEFORE A NOTARY PUBLIC — CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT ATTACHED.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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 ______________________

On ____________________, 20____, before me, ____, a Notary Public, personally appeared ____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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)

Project:	EMS Build-Up Facility
APN:	111-231-011 (portion)
Folio No.:	004069
Agent:	AH

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Agreement") is made by and between the

SANTA BARBARA COUNTY FIRE PROTECTION DISTRICT, a dependent special district of the County of Santa Barbara, a political subdivision of the State of California, hereinafter referred to as "COUNTY FIRE",

and

THE MALDONADO COMPANIES LLC, a California limited liability company, hereinafter referred to as "TENANT",

and

SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California, hereinafter referred to as "DISTRICT",

with reference to the following:

WHEREAS, the Santa Maria Public Airport District ("DISRICT") is the owner of the certain real property located at 3335 Corsair Circle, Santa Maria, California 93455, identified as Santa Barbara County Assessor Parel Number 111-231-011, shown as the cross-hatched area on Exhibit A, attached hereto and incorporated herein by reference ("Property"); and

WHEREAS, the DISTRICT consented to an Assignment of Lease of a Ground Lease, including the Amendments to the Ground Lease (collectively "Ground Lease"), attached in Exhibit C, attached hereto and incorporated herein by reference, with the MALDONADO COMPANIES, LLC (hereinafter "TENANT") for use of a portion of the Property which portion of the Property is improved with and includes a two-story building with an address of 3820 S. Blosser Road, Santa Maria, CA 93455, and totaling approximately 24,290 square feet ("Building") and a parking lot; and

WHEREAS, SANTA BARBARA COUNTY FIRE DISTRICT ("COUNTY FIRE) and TENANT entered into a License Agreement ("License Agreement") on November 8, 2023 for the exclusive use of 18,262 square feet of the Building, comprising of the first-floor corporate office, hangar, parking lot, and special purpose shop rooms, as indicated by the shaded area depicted on Exhibit "B, attached hereto and incorporate herein by reference ("Premises"), for a period of sixty (60) days; and

WHEREAS, DISTRICT desires to consent to the Sublease Agreement ("Agreement") of the Premises between TENANT and COUNTY FIRE in accordance with the terms and requirements of the Ground Lease; and

WHEREAS, TENANT and COUNTY FIRE wish to enter into an Agreement for the Premises; and

WHEREAS, TENANT and COUNTY FIRE (each "Party" and, collectively the "Parties") desire to execute this Agreement for a period of seven (7) months and (2) two weeks, terminating on August 22, 2024, with one (1) option period; and

WHEREAS, COUNTY FIRE, in the previous License Agreement between COUNTY FIRE and TENANT, COUNTY FIRE paid a security deposit to TENANT in the amount of $7,500.00

WHEREAS, TENANT had accepted, retained and used security deposit towards payment for COUNTY FIRE use of the Premises; and

WHEREAS, COUNTY FIRE, pursuant to this Agreement, is not required to pay a security deposit to the DISTRICT or the TENANT; and

WHEREAS, TENANT has provided a written and signed statement, providing that the DISTRICT approves all the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the promises, covenants, and conditions contained herein, the COUNTY FIRE, TENANT, and DISTRICT agree to the Agreement as follows:

1. **ADMINISTRATION AND ENFORCEMENT:** The provisions of this Agreement shall be administered and enforced for COUNTY FIRE by the Chief of Santa Barbara County Fire Protection District, ("Chief") or the Chief's designee.

2. **RIGHTS GRANTED:** TENANT hereby grants to COUNTY FIRE an exclusive right to use Premises, consisting of the first-floor corporate office, hangar, parking lot, and special purpose shops as designated on Exhibit "B" but excluding the second-floor corporate office, shipping and receiving office, and 1,500 square feet of hangar.

3. **PURPOSE AND USE:** COUNTY FIRE shall have restricted use of the Premises to utilize the aviation hangar and a repair shop, including the use of the offices on the first floor of the Premises and the parking lot located on a portion of the Property. COUNTY FIRE shall use the Property solely for the purpose of storing, fabricating, and build-up of new ambulances during the term of this Agreement. COUNTY FIRE shall not use Property for any other purposes without the express written consent of TENANT.

4. **TERM:** The entire term of this Agreement shall be for seven (7) months and two (2) weeks, ("Term") commencing on January 8, 2024, ("Commencement Date"), and terminating on August 22, 2024, with one (1) option period to extend the term on a month to month basis, commencing on August 23, 2024 and terminating on February 22, 2025. COUNTY FIRE, may exercise its option to renew by providing written notice to TENANT at least thirty (30) days prior to the expiration of the Term.

5. **RETROACTIVE EFFECT**: TENANT and COUNTY FIRE have executed this Agreement to be effective as of the date executed by COUNTYFIRE, but intend and agree that, to the extent permitted by law, all of the provisions of this Agreement shall be effective as of January 8, 2024, with the same force and effect as if executed on that date.

6. **RENT**: As consideration for this Agreement, COUNTY FIRE agrees to pay a sum of **FIFTEEN THOUSAND DOLLARS AND ZERO CENTS ($15,000)** per month. The rent shall provide for aforementioned Section 3. *PURPOSE AND USE*, including utilities and all other expenses for term of this Agreement. Rent payments shall commence on the first day of the lease term and shall become due and payable in advance on or before the first day of each calendar month thereafter. The rent due for any period that is less than one calendar month shall be prorated based upon a 30-day month. All payments shall be made payable to the Maldonado Companies, LLC the at the address shown in Section 23, or such other place mutually agreed to by the parties, or by electronic payment.

7. **HOLDING OVER**: COUNTY FIRE shall vacate the Premises at the expiration of the lease term without further notice or demand from TENANT. Should COUNTY FIRE fail to vacate the Premises at the end of the term of this Agreement, the tenancy shall convert to a tenancy at will on a month-to-month basis and COUNTY FIRE shall continue to be obligated to pay the base rent in effect upon expiration of the term. COUNTY FIRE shall also indemnify, defend and hold TENANT harmless for any loss, cost or liability resulting from any delay by COUNTY FIRE in surrendering the Premises, including any claims made by any succeeding COUNTY FIRE based on such delay. Such holding over shall be deemed to be without consent of TENANT, and in contravention of the terms and conditions of this Agreement unless TENANT shall have agreed in writing and signed a modification of this Agreement permitting such holding over.

8. **SITE SUITABILITY:** COUNTY FIRE has investigated the Premises and has determined that it is suitable for COUNTY FIRE'S intended operations and therefore, COUNTY FIRE hereby accepts, by way of executing this Agreement, the Premises in its existing condition.

COUNTY FIRE ACKNOWLEDGES THAT, EXCEPT AS STATED HEREIN, TENANT HAS MADE NO REPRESENTATIONS OR WARRANTIES ABOUT THE CONDITION OF THE PREMISES, OR THE SUITABILITY OF SAME FOR THE INTENDED USE BY COUNTY FIRE.

9. **UTILITIES**: TENANT shall provide and pay the following utilities, supplies, and services: water, sewer, electricity, gas, garbage removal COUNTY FIRE shall arrange and pay for telephone and internet services for the Premises. There are no Common Area Expenses associated with this Agreement.

10. **MAINTENANCE AND REPAIR:** TENANT shall keep, repair, operate, and maintain the Premises, Building, and Property in good order, condition , and repair, in compliance with all applicable laws, statues, and ordinances, including, without limitation, the foundation, exterior walls, structural systems floors, columns, beams, shafts, stairs, roof, gutters, flashings, downspouts, windows, doors, plate glass, any common areas, any capital repairs or improvement, and the utility facilities, systems, and lines serving the Premises, Building. and Property. COUNTY FIRE shall be responsible for making any repairs to the Premises due to its own negligence. TENANT, at its sole cost, shall be responsible for any repairs to the Premises resulting from any act or omission of TENANT, its agents, contractors, licensees, or employees. Notwithstanding anything to the contrary in this Section.

11. **ASSIGNMENT/SUBLET:** COUNTY FIRE shall not assign, license, or sublet the Premises or any part thereof or any right or privilege appurtenant thereto without TENANT'S and DISTRICT'S written consent, which consent shall not be unreasonably withheld. Any attempt to assign, license or sublet TENANT'S rights under this Agreement without COUNTY FIRE'S prior written consent shall be void and without legal effect.

12. **CONSENT BY DISTRICT:** DISTRICT consents to TENANT's sublease of the Property to COUNTY FIRE during the term described in Section 4 of this Agreement. TENANT and COUNTY FIRE acknowledge that any extension of the term of the Agreement pursuant to Section 4 of this Agreement shall require the consent of the DISTRICT. Notwithstanding the restriction on use described in Paragraph 7 of the Ground Lease dated March 1999, DISTRICT authorizes the use of the site by COUNTY FIRE for the purpose of storing, fabricating, and build-up of new ambulances during the term of this Agreement. COUNTY FIRE may not use the Property for any other purpose without the express written consent of the DISTRICT. This authorization by the DISTRICT applies only during the term of this Agreement and does not constitute a waiver of the restriction on use after the term of this Agreement has expired, nor does it constitute a consent to or approval of any subsequent or similar act by TENANT or COUNTY FIRE after the Agreement has expired.

13. **ASSUMPTION OF LEASE OBLIGATIONS:** With respect to its use of the Premises under the Agreement, COUNTY FIRE does hereby accept and agrees to perform in full and be bound by all the terms, covenants, conditions, and obligations required to be performed and fulfilled by TENANT, solely as it relates to the Premises, as a tenant under the Ground Lease with DISTRICT, as of the Effective Date of the previously executed License Agreement, with the exception of those provisions relating to payment of rent which shall be governed by this Agreement and paid directly to TENANT. COUNTY FIRE acknowledges that all terms and provisions of the Ground Lease between TENANT and DISTRICT, including provisions relating to limitations on use, coverage of DISTRICT as additional insured, and indemnification of DISTRICT, will apply in full force and effect as to COUNTY FIRE with respect to COUNTY FIRE'S use of the Premises.

14. **ABANDONMENT:** COUNTY FIRE shall not abandon, vacate, or surrender its use of Premises at any time during the term of this Agreement. If COUNTY FIRE does abandon, vacate or surrender use of County Conduit Facilities, this Agreement and all of TENANT'S rights thereto shall, at COUNTY FIRE's option, terminate after notice and the right to cure as provided

in Section 16, *REMEDIES*. COUNTY FIRE shall memorialize such termination via letter to TENANT.

15. **REMOVAL OF PROPERTY:** COUNTY FIRE, at COUNTY FIRE'S own expense, will remove all items and fixtures installed by COUNTY FIRE at the end of the Term. The Premises shall be returned to TENANT in the same basic condition as at the commencement of the Term, ordinary wear and tear, damage by casualty (unless such casualty is caused by the gross negligence or wrongful act of COUNTY FIRE), and damage caused by the TENANT excepted.

16. **DEFAULT:** TENANT shall provide written notice to COUNTY FIRE of any default by COUNTY FIRE of its obligations and requirements under this Agreement, and COUNTY FIRE shall have thirty (30) calendar days after receipt of such notice to cure said default, provided, however, that if such default cannot be cured within said thirty (30) calendar day period, COUNTY FIRE will have such longer period as may reasonably be necessary to cure said default provided, further, that COUNTY is diligently proceeding in good faith to cure the default. .

17. **REMEDIES:** In the event of a default or breach, either party may exercise any right or remedy at law or in equity which such party may have by reason of such default or breach including, but not limited to the following:

A. The non-defaulting party may waive the default or breach in accordance with Section 17. *WAIVER*, herein below;

B. The non-defaulting party may maintain this Agreement in full force and effect, and recover whatever monetary loss(es) may have resulted from such default or breach;

C. Where TENANT is the non-defaulting party, TENANT may terminate this Agreement and COUNTY FIRE shall vacate within forty-five (45) calendar days of written notice from TENANT.

D. Where COUNTY FIRE is the non-defaulting party, COUNTY FIRE may terminate this Agreement and surrender use of the Premises.

18. **WAIVER:** It is understood and agreed that any waiver, express or implied, of any term of this Agreement or any default or breach of this Agreement shall not be deemed to be a waiver of any continuing or subsequent default or breach of any other provision of this Agreement. Waivers of provisions of this Agreement must be in writing and signed by that party's respective designee under Section 1. *ADMINISTRATION AND ENFORCEMENT*, of this Agreement.

19. **DESTRUCTION:** In the event of any damage by fire, water, or any other casually affecting the Premises, COUNTY FIRE shall have the right to terminate this Agreement upon written notice to TENANT. In such event, pro-ration of License Fee and the Security Deposit paid by COUNTY FIRE to TENANT shall be refunded to COUNTY FIRE within 15 business days of such termination and delivery of possession of the Premises to TENANT.

20. **TERMINATION:** This Agreement shall terminate and all rights of COUNTY FIRE hereunder shall cease and COUNTY FIRE shall quietly and peacefully vacate the Premises pursuant to the following conditions:

A. Upon abandonment, as provided in Section 13. *ABANDONMENT*; or

B. Upon the failure of either party to satisfy, observe or perform any of the covenants or conditions set forth in this Agreement and the expiration of the cure period as provided in Section 15. *DEFAULT*; or

C. As provided in Section 18. *DESTRUCTION*.

D. Pursuant to the terms of Section 7. *HOLDING OVER*.

21. **SURRENDER OF FACILITIES:** Upon expiration or termination of this Agreement, COUNTY FIRE shall vacate and surrender possession of, and any claim to the Premises, leaving such facilities in good condition, except for ordinary wear and tear. COUNTY FIRE shall dispose of COUNTY FIRE'S items and fixtures as provided in Section 14, *REMOVAL OF PROPERTY.*

22. **INSURANCE:** From and after the date of COUNTY FIRE'S initial occupancy of the Premises and throughout the Term, COUNTY FIRE shall maintain in full force and effect a policy of commercial general liability and property damage insurance with respect to the Premises. TENANT shall provide COUNTY FIRE with the exact language for the additional insured interest(s). COUNTY FIRE'S insurance shall be not less than Two Million Dollars ($2,000,000.00) per occurrence TWO MILLION DOLLARS ($2,000,000.00) accident, and in which the limit of property damage liability shall be equal to the full insurable replacement cost of the Premises. Upon request COUNTY FIRE will furnish to TENANT a copy of said endorsement.

Throughout the Term, TENANT, at its cost, shall maintain in full force and effect a policy of commercial general liability and property damage insurance with respect to the portion of the Building and Property excluded from the Premises. TENANT'S commercial general liability and property damage insurance shall be not less than TWO MILLION DOLLARS ($2,000,000.00) per occurrence TWO MILLION DOLLARS ($2,000,000.00) aggregate and in which limit of property damage li ability shall be equal to the full insurable replacement cost of the portion of the Building and Property excluded from the Premises. The deductible amount shall not exceed FIVE THOUSAND DOLLARS ($5,000.00) per occurrence Throughout the Term, TENANT at its cost, also shall maintain in full force and effect a standard policy of " all risk" insurance with customary exclusions covering the Building in the full replacement cost of the Building. TENANT shall name COUNTY FIRE as an additional insured on such policies. COUNTY FIRE will provide TENANT with the exact language for the additional interest(s) Upon request, TENANT will furnish to COUNTY FIRE a copy of said endorsements.

In addition to maintaining a policy of commercial general liability and property damage insurance with respect to the Premises, COUNTY FIRE shall name DISTRICT as an additional insured on all insurance policies required under the Ground Lease.

23. **INDEMNIFICATION**: Except for any liability arising out of the willful misconduct or negligence of TENANT, its employees, agents or contractors, COUNTY FIRE covenants to indemnify TENANT, and save it harmless, from and against any claims, actions, damages, liability or expense, in connection with the loss of life, personal injury and/or damage to

property arising from or out of its negligent use of any occurrence in, upon or at the Premises, or the occupancy or the negligent use by COUNTY FIRE of the Premises or any part there of: or occasioned wholly or in part by any act or omission of COUNTY FIRE, its agents, contractors or employees. Except for any liability arising out of the willful misconduct or negligence of COUNTY FIRE, its employee, agents or contractors, TENANT covenants to indemnify COUNTY FIRE, and save it harmless, from and against any claims, actions, damages, liability or expense, in connection with the loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Premises. Building, and Property, or the occupancy or use by TENANT of the Building or Property or any part thereof, or occasioned wholly or in part by any act or omission of TENANT, its agents, contractors or employees.

Except for any liability arising out of the willful misconduct or negligence of DISTRICT, its employees, agents or contractors, COUNTY FIRE covenants to indemnify DISTRICT, and save it harmless, from and against any claims, actions, damages, liability or expense, in connection with the loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Premises, or the occupancy or use by COUNTY FIRE of the Premises or any part there of: or occasioned wholly or in part by any act or omission of COUNTY FIRE, its agents, contractors or employees. This indemnification provision shall survive any expiration or termination of this Agreement.

24. **NOTICES**: Any notice to be given to either party by the other shall be in writing and shall be served, either personally or by registered or certified mail, to the following:

If to COUNTY FIRE:

Santa Barbara County Fire Protection District
4410 Cathedral Oaks Road
Santa Barbara, CA 93110
Attn: Diane Sauer
e-mail: diane.sauer@sbcfire.com
Telephone: (805) 681-5500

with a copy to:

County of Santa Barbara
General Services Real Property Division
1105 Santa Barbara Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Real Property Manager
e-mail: realproperty@countyofsb.org
Telephone: (805) 568-3070

If to TENANT:

Maldonado Companies LLC
4651 Santa Maria Mesa Road
Santa Maria, CA 93454
Attn: Abel Maldonado Jr.
e-mail: abel@runwayvineyards.com
Telephone: (805) 264-2858

If to DISTRICT:	Santa Maria Airport District 3217 Terminal Drive Santa Maria, CA 93454 Attn: Kerry Fenton, Administrative Assistance e-mail: kfenton@santamariaairport.com Telephone: (805) 922-1726, ext 114
with a copy to:	Adamski Moroski Madden Cumberland & Green LLP P.O. Box 3835 San Luis Obispo, CA 93403-3835 Attn: Daniel M. Cheung e-mail: cheung@ammcglaw.com Telephone: (805) 543-0990

All notices hereunder shall be in writing and shall be deemed to have been given on the date delivered, if personally delivered, or if mailed, then on the first business day following the date on which it is mailed, by certified or registered mail, postage prepaid, addressed to the address specified above, or to such other address designated by the party as provided for herein.

25. **NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS**: COUNTY FIRE shall notify TENANT immediately in the event of any accident or injury arising out of or in connection with this Agreement. The indemnification provisions in this Agreement shall survive any expiration or termination of this Agreement.

26. **ENVIRONMENTAL IMPAIRMENT:** The parties shall comply in all material respects with all applicable laws, regulations, ordinances, guidelines, policies, directives, standards, rules and orders regardless of when they become or became effective, including without limitation those relating to construction, grading, signing, health, safety, noise, environmental protection, waste disposal, water and air quality, and shall furnish satisfactory evidence of compliance upon request by TENANT.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Building due to COUNTY FIRE'S use and occupancy, COUNTY FIRE shall clean all property affected to the satisfaction of TENANT and any governmental body having jurisdiction therefor. Likewise, should any discharge, leakage, spillage, emission or pollution of any type occur upon or from the Building due to TENANT'S use or activity, TENANT shall clean all property affected to the satisfaction of COUNTY FIRE and any governmental body having jurisdiction therefor.

27. **TOXICS:** The parties shall not manufacture or generate hazardous wastes on, in or around Property unless authorized by this Agreement. Each party shall be fully responsible for any hazardous wastes, substances or materials as defined under state or local law, regulation, or ordinance that are manufactured. generated, used, placed, disposed, stored, or transported by either party, its officers, agents, representatives, employees, volunteers, independent contractors or

designees on, in or around the Property during the term of this Agreement. and shall comply with and be bound by all applicable provisions of such state or local law, regulation, or ordinance dealing with such wastes, substances, or materials. In the event of any release or threatened release of any such substances or materials, the responsible party, as the case may be, shall immediately notify the other party and 'the appropriate governmental response agency(ies).

28. **COMPLIANCE WITH THE LAW:** The parties shall comply with all applicable laws, rules, regulations and ordinances as amended, affecting the Property now or hereafter in effect.

29. **AMENDMENTS:** This Agreement may only be amended by written consent of the parties and such changes shall be binding upon the heirs or successors of the parties.

30. **CAPTIONS:** The title or headings to the sections of this Agreement are not a part of this Agreement, and shall have no effect upon the construction or interpretation of any part hereof.

31. **SEVERABILITY**: If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

32. **CERTIFICATION OF SIGNATORY**: The signatories of this Agreement and each of them represent and warrant that they are authorized to execute this Agreement and that no additional signatures are required to bind COUNTY FIRE and TENANT to its terms and conditions or to carry out duties contemplated herein.

33. **EXECUTION IN COUNTERPARTS:** This Agreement may be executed in one or more counterparts, including scanned email or digital signatures thereafter electronically transmitted in counterparts, each of which shall be deemed an original and all of which shall be considered one and the same instrument. Electronic copies of this Agreement are acceptable as originals by all Parties.

34. **ENTIRE AGREEMENT:** The parties to this Agreement intend that their negotiations, conversations and statements made prior to execution of this Agreement are fully integrated and expressed herein, and no such negotiations, conversations, and statements shall be deemed to create rights or obligations other than those stated herein.

This Agreement is made in multiple copies, each of which is an original hereof. This Agreement may not be altered or modified or terminated, except in writing, signed by both parties hereto. This Agreement embodies the entire understanding of the parties the subject matter hereof.

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DISTRICT, TENANT AND COUNTY FIRE SIGNATURES ON FOLLOWING PAGES

Project:	Santa Maria EMS Build-Up Facility
APN:	111-231-011 (portion)
Folio No.:	004069
Agent:	AH

IN WITNESS WHEREOF, DISTRICT, TENANT and COUNTY FIRE have executed and dated this Agreement by the respective authorized officers as set forth below.

"DISTRICT"
SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California

DocuSigned by:

By: F6B41D32C4F1486...
Ignacio Moreno, President

Date: 4/25/2024 | 11:10 AM PDT

DocuSigned by:
Steve Brown

By: ADBFAD9D7B7F407...
Steve Brown, Secretary

Date: 4/24/2024 | 2:33 PM PDT

"TENANT"
THE MALDONADO COMPANIES LLC, a California limited liability company

DocuSigned by:

By: E93F1F23960D4AA...
Abel Maldonado, Jr
Principal

Date: 4/22/2024 | 2:15 PM PDT

COUNTY FIRE SIGNATURES ON FOLLOWING PAGE

Project: Santa Maria EMS Build-Up Facility
APN: 111-231-011 (portion)
Folio No.: 004069
Agent: AH

ATTEST
MONA MIYASTO
CLERK OF THE BOARD

By: Sheila de la Guerra
Sheila De La Guerra
Deputy Clerk

"COUNTY FIRE"
SANTA BARBARA FIRE PROTECTION DISTRICT
a dependent special district of the County of Santa Barbara, a political subdivision of the State of California

By: ______________________
Steve Lavagnino
Chair, Board of Supervisors

Date: 5·7·24

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL

By: DocuSigned by: Tyler Sprague
0AC56B8DE45F483...
Tyler Sprague
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
BETSY M. SCHAFFER, CPA
AUDITOR-CONTROLLER

By: DocuSigned by:
A99ED5BD71D04FB...
C. Edwin Price, Jr.
Deputy Auditor-Controller

APPROVED:
KIRK LAGERQUIST, DIRECTOR
GENERAL SERVICES DEPARTMENT

By: DocuSigned by: Kirk Lagerquist
19AEDA90054E4CE...
Kirk Lagerquist, Director
General Services Department

APPROVED AS TO FORM:
CEO/RISK MANAGEMENT

By: DocuSigned by: Greg Milligan
05F555F00269466...
Greg Milligan
Risk Manager

RECOMMEND FOR APPROVAL:

By: DocuSigned by: Diane Sauer
8081C43C3CD8458...
Diane Sauer, Finance Manager
Santa Barbara County
Fire Protection District

APPROVED:

By: DocuSigned by:
643A84E63CDE490...
Mark A. Hartwig, Fire Chief
Santa Barbara County
Fire Protection District

EXHIBIT "A"
PROPERTY

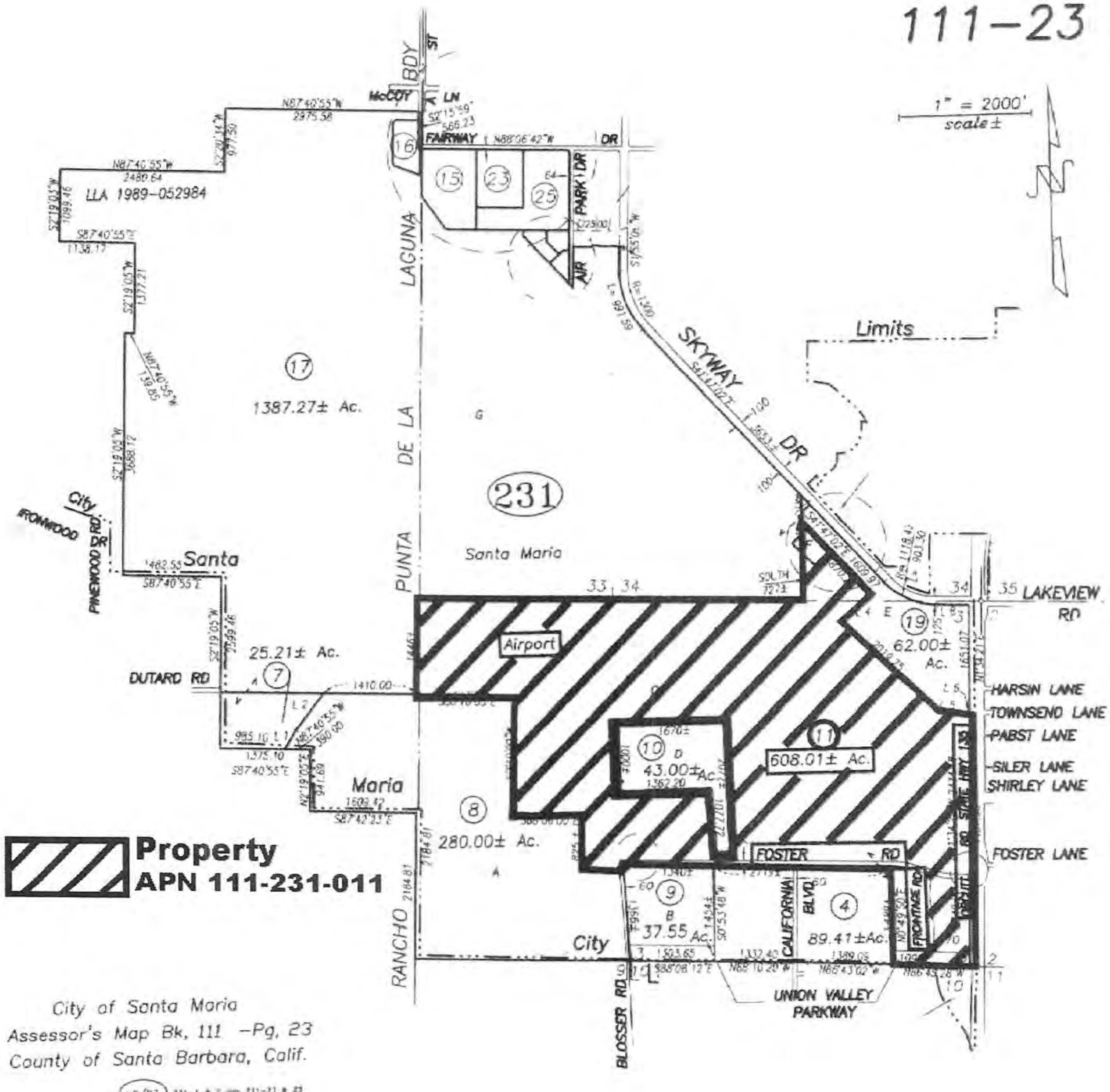
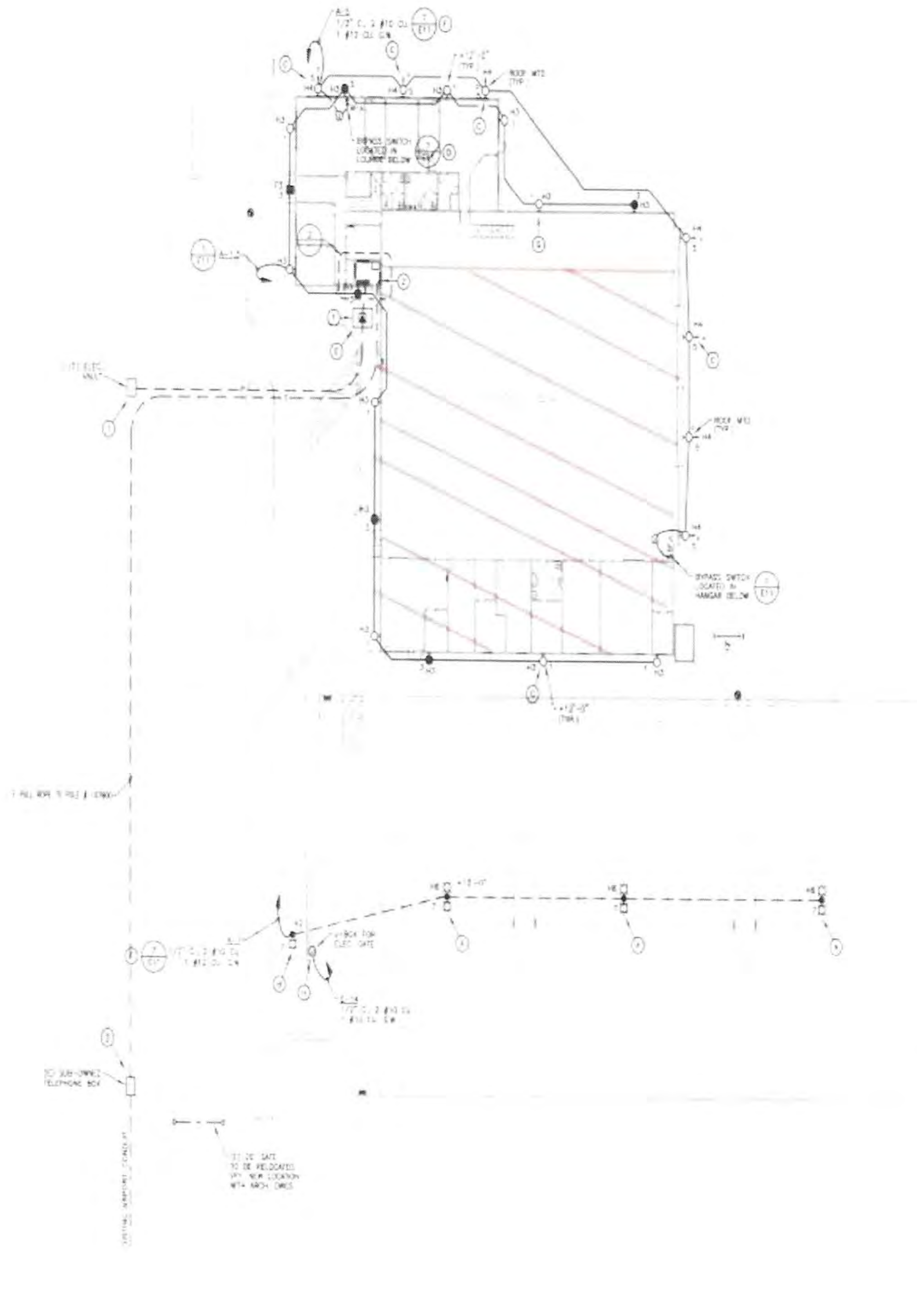


EXHIBIT "B"
THE PREMISES



SANTA MARIA AIRPORT
SMX

TO: President and
Members of the Board of Directors

FROM: Craig A. Steele, General Counsel
Richards Watson & Gershon

MEETING: July 30, 2026

ITEM

Authorization for the President and Secretary to Execute a Consent to Lease Assignment and Assumption regarding the Building Space Lease with Milt Guggia Enterprises, Inc., a California Corporation, *dba* Pepper Garcia's Restaurant.

BACKGROUND

The Santa Maria Public Airport District ("District") and Milt Guggia Enterprises, Inc., *dba* Pepper Garcia's Restaurant ("Milt Guggia") entered into a Building Space Lease on July 27, 2017 for space located on the District's property. Milt Guggia currently operates Pepper Garcia's Restaurant in the Airport terminal.

Milt Guggia has entered into an Asset Purchase and Sale Agreement for the purchase of Pepper Garcia's Restaurant and desires to transfer its interest in the Lease and the Leased Premises to the proposed new tenant, De Leon Rubalcava Corporation. Milt Guggia must execute a Lease Assignment and Assumption Agreement ("Assignment") to transfer its interest in the Lease.

Under the terms of the Lease, the District must provide written consent to the Assignment. Milt Guggia's transfer of interest to De Leon Rubalcava is not effective without the District's written consent. The parties have prepared Exhibit A to the Assignment, which includes the District's Consent to Lease Assignment and Assumption Agreement to obtain the District's written consent for this purpose.

ANALYSIS

Under Section 35 of the Lease Agreement, Milt Guggia is authorized to assign its interest in the Lease, so long as the District provides its written consent to the transfer.

Signing the Consent to the Assignment will shift responsibilities and obligations under the Lease from the current Tenant, Milt Guggia, to the proposed new Tenant, De Leon Rubalcava. Milt Guggia's obligations to the District through the date of the proposed Assignment will not be waived. De Leon Rubalcava will assume all obligations under the Lease following the date of Assignment. Obligations of the District as Landlord under the Lease will not change and obligations of the Tenant will not change. The Assignment serves to change only the entity responsible for Tenant's obligations under the Lease including the obligation to pay rent.

The terms of the Consent to Lease Assignment and Assumption are consistent with rights provided to Milt Guggia through the Lease. Our office has reviewed the documents to provide the District's consent to the Lease Assignment and Assumption. We requested certain changes, to which the parties have agreed. It is therefore appropriate for the District to execute the Consent to Lease Assignment and Assumption to allow Milt Guggia to transfer of interest in the Lease to De Leon Rubalcava.

RECOMMENDATION

The General Counsel recommends that the Board of Directors authorize the President and Secretary to execute the Consent to Lease Assignment and Assumption regarding the District's Lease with Milt Guggia, assigning the Lease to De Leon Rubalcava Corporation.

ATTACHMENTS

A. Consent to Lease Assignment and Assumption
B. Building Space Lease with Milt Guggia, dated July 27, 2017.

LEASE ASSIGNMENT AND ASSUMPTION

FOR VALUE RECEIVED, this Lease Assignment and Assumption, (the "Assignment") is made and entered in to as of the Sale Effective Date (defined below) estimated to be approximately October 5, 2026, by and among **MILT GUGGIA ENTERPRISES, INC., a California corporation** (the "Assignor") and **DE LEON PAZ CORPORATION, a California corporation** (the "Assignee") (each a "Party" and collectively the "Parties" as the context indicates) with reference to the following facts.

A. Assignor as "Tenant" and the Santa Maria Public Airport District ("District"), as "Landlord," are the parties to a certain Building Space Lease, dated as of July 27, 2017, (the "Lease"), whereby the District leased to Assignor certain premises consisting of approximately 6,017 square feet, located at 3249 Terminal Drive, Suite 110, at the Santa Maria Public Airport, as more particularly described in the Lease (the "Premises") and the rights to use certain common areas adjacent thereto.

B. Assignor and Assignee have entered into that certain Asset Purchase and Sale Agreement dated as of July 7, 2026 (the "Purchase Agreement"), with respect the purchase and sale of a certain restaurant business located at the Premises, including Lessee's right to occupy the Premises pursuant to the Lease.

C. Pursuant to and in accordance with the Purchase Agreement, Assignor desires to convey all its right, title, and interest in and to the Lease to Assignee, and Assignee desires to acquire and assume all of Assignor's right title and interest in and to the Lease, all on the terms and conditions specified herein.

D. Assignor and Assignee further seek the District's consent to enter into this Assignment, as required under Section 35 of the Lease.

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions contained herein, the parties hereto agree as follows.

1. TRUTH OF RECITALS. To the Parties' best knowledge, all the matters specified in Recitals A through D above are true and correct, as of the date of this Assignment.

2. ASSIGNMENT. Effective as of consummation of the transaction contemplated by the Purchase Agreement ("Sale Effective Date"), which is currently scheduled for approximately October 5, 2026, Assignor hereby assigns, sells, transfers, sets over, and delivers to Assignee all of Assignor's right, title, and interest as Tenant under the Lease, and Assignee hereby accepts such assignment. This assignment shall be contingent upon the District's consent below and other terms and conditions contained in the Purchase Agreement.

3. CONSENT TO ASSIGNMENT. Assignor and Assignee agree that this Assignment shall be of no force and effect unless it obtains consent from the District, as Landlord to the Lease, which shall be obtained in substantially the same form as Exhibit A, attached hereto and incorporated herein.

4. **ASSIGNOR INDEMNITY**. Assignor shall indemnify, protect, defend (with counsel reasonably acceptable to Assignee) and hold harmless Assignee from and against any and all liability of the Assignor as Tenant under the Lease accruing before the Sale Effective Date.

5. **ASSIGNEE ASSUMPTION**. Assignee hereby assumes and agrees to perform of all the terms, covenants and conditions imposed upon the Assignor as Tenant under the Lease accruing on or after the Sale Effective Date. Assignee shall indemnify, protect, defend (with counsel reasonably acceptable to Assignor), and hold harmless Assignor from and against all liability as Tenant under the Lease accruing on and after the Sale Effective Date.

6. **FURTHER INSTRUMENTS**. Assignor and Assignee each hereby covenant that such Party will, at any time, and from time to time, upon written request therefor, execute and deliver to the other Party, and its successors and assigns, such additional documents as may be reasonably required in order fully to assign and transfer to and vest the leasehold interest under Lease in Assignee or Assignee's successors and assigns.

7. **AUTHORITY TO ACT**. Each person executing this instrument on behalf of a Party, represents and warrants to the other Party that this Assignment represents a duly binding obligation of the entity; duly authorized and executed in accordance with the entity's organizing documents and such other action as may be required by the entity.

8. **COUNTERPARTS; ELECTRONIC SIGNATURES**. This Assignment may be executed in one or more counterparts and by facsimile and electronic signature, each of which shall be considered an original and all of which, together, shall be deemed one and the same agreement. This Assignment may be executed by a Party's signature transmitted by electronic mail in portable document format ("pdf") or through an electronic signature/online signature service such as "DocuSign", and copies of this Assignment executed and delivered by means of pdf signatures or by DocuSign or similar service shall have the same force and effect as copies hereof executed and delivered with original signatures. All Parties hereto may rely upon pdf signatures as if such signatures were original. Upon request by either Party, any Party executing and delivering this Assignment by pdf shall promptly thereafter deliver a counterpart of this Assignment containing said Party's original signature.

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

IN WITNESS WHEREOF, the Assignor and Assignee execute this Assignment as follows:

ASSIGNOR:

Milt Guggia Enterprises, Inc.
a California corporation

By: ______________________
Milt Guggia
President

ASSIGNEE:

DE LEON PAZ CORPORATION,
a California corporation

By: ______________________
Jorge De Leon
President

New address for Assignee / Tenant Notice:

519 North Ranch
Santa Maria, CA 93454

EXHIBIT A

LANDLORD CONSENT TO LEASE ASSIGNMENT AND ASSUMPTION

This CONSENT TO LEASE ASSIGNMENT AND ASSUMPTION ("Consent") is dated ____________, 2026, for reference, and is executed by the SANTA MARIA PUBLIC AIRPORT DISTRICT, ("Landlord"), in favor of MILT GUGGIA ENTERPRISES, INC., a California corporation (the "Tenant").

A. Landlord and Tenant are parties to that certain Building Space Lease, dated as of July 27, 2017, (the "Lease"), whereby the District leased to Tenant certain premises consisting of approximately 6,017 square feet, located at 3249 Terminal Drive, Suite 110, at the Santa Maria Public Airport, as more particularly described in the Lease (the "Premises") and the rights to use certain common areas adjacent thereto.

B. Section 35 of the Lease requires Tenant to obtain Landlord's written consent to assign the Lease.

C. Tenant desires to assign the Lease to De Leon Paz Corporation, a California Corporation (the "Assignee"), pursuant to the terms of that certain Lease Assignment and Assumption agreement ("Assignment") between Tenant and Assignee, dated on or about October 5, 2026, and accordingly seeks Landlord's written consent.

D. Landlord desires to provide its written consent pursuant to the terms and conditions of this Consent.

NOW, THEREFORE, in consideration of the foregoing recitals, Landlord agrees as follows:

1. **Consent.** Landlord hereby consents to the assignment between Tenant and Assignee under the terms of the Assignment.

2. **Reservation of Rights.** Neither the assignment provided for in the Lease Assignment and Assumption Agreement or Landlord's consent thereto shall release Tenant from any liabilities or obligations arising under the Lease through the date of the Assignment. Nothing in this Consent waives any defaults by Tenant that may exist under the Lease, and Landlord reserves all of its rights and remedies with respect to any such defaults.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Landlord executes this Consent as follows:

LANDLORD:

SANTA MARIA AIRPORT DISTRICT

Dated: ________________________ 2026

By: ____________________________
Name: Steve Brown
Title: President

Dated: ________________________2026

By: ____________________________
Name: Tony Guy
Title: Secretary

Approved as to Content:

By: ____________________________
Name: Martin Pehl
Title: General Manager

Approved as to Form:

By: ____________________________
Name: Craig A. Steele
Title: General Counsel

BUILDING SPACE LEASE

THIS BUILDING SPACE LEASE (“Lease”), dated July 27, 2017, for reference purposes only, by and between the SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called “Landlord” or “District”), a Public Airport District of the State of California, and MILT GUGGIA ENTERPRISES, INC. a California Corporation, dba Pepper Garcia’s Restaurant (herein called “Tenant”).

WITNESSETH:

For and in consideration of the conditions, covenants and agreements herein contained, the parties agree as follows:

1. Definitions. Unless the context otherwise requires, the following terms shall for all purposes of this Lease have the meanings specified as follows:

(a) Airport” means the Santa Maria Public Airport at Santa Maria, California.

(b) “FAA” means the Federal Aviation Administration or its successor organization or department.

(c) “Improvements” include buildings, structures, fixtures, partitions, counters, and other property affixed to the realty in any manner.

(d) “Leased Premises” or “Premises” mean and include space in the airport terminal building, consisting of approximately 6,017 square feet, at 3249 Terminal Drive, Suite 110, at the Santa Maria Public Airport, as shown on Exhibit “A” attached hereto and made a part hereof.

(e) “Party” or “Parties” mean the District and/or Tenant.

2. Leased Premises. District hereby leases to Tenant and Tenant leases from District the Leased Premises for the term and rent and on the terms and conditions hereinafter set forth.

3. Lease Term and Option.

(a) The term of this Lease shall be for a five (5) year period (the “Term”) commencing August 1, 2017 (the “Effective Date”) and expiring, unless sooner terminated, on July 31, 2022 (the “Termination Date”).

(b). Tenant shall, if not in default under this Lease, have the option, exercisable upon the terms and conditions and in the manner hereinafter provided, to extend the Term of this Lease from the Termination Date for two (2) additional five (5) year periods (the "Extended Term") on the same terms, covenants and conditions herein contained, except that the rent for the Extended Term shall be as provided below and except as otherwise specifically provided in this Lease. The option to extend the Initial Term shall be deemed exercised, unless Tenant delivers to District at least six (6) months prior to the Termination Date, written notice of Tenant's election to not extend the Initial Term or First Extended Term, as applicable. Tenant's right to exercise the each option is contingent upon the Lease being in effect and Tenant not being in default under the Lease at the time of giving notice and at the time the Extended Term is to begin. At commencement of the Extended Term, 'Term" or 'Term of this Lease" shall mean and include the Extended Term.

4. Rent. Beginning September 1, 2017 (the “Rent Commencement Date”) Tenant agrees to pay to District, in advance, the monthly rent as follows:

(a) Minimum Rent. Tenant shall pay as monthly rent to District for and during the term of this Lease $2,567 (6,017 s.f. X $0.4267) per month.

(b) Percentage Rent. Tenant shall pay to District percentage rent equal to four percent (4%) of Tenant’s gross revenues, as hereinafter defined, (herein called the “Percentage Rent”) for each month during the term of this Lease, provided however, that should the Percentage Rent for any month be less than the minimum rent for that month, Tenant shall, in lieu of the Percentage Rent, pay to District the minimum monthly rent for such rent. “Tenant’s gross revenues” means and includes the entire gross revenues, receipts, income, fees, commissions, or charges, whether for cash, on credit or otherwise, from all sales, services, operations, or business done, made, or rendered in, on or from the Leased Premises during the Term of this Lease by Tenant or any other person, firm or corporation, including but not limited to proceeds from all mechanical or other vending machines in or on the Leased Premises, and the proceeds from sales based on orders taken in or on the Leased Premises for food, beverage, merchandise or service to be delivered or rendered off the Leased Premises. “Tenant’s gross revenues” shall not include, or if included, there shall be deducted (but only to the extent that they have been included), as the case may be: (i) sales and use taxes which have to be accounted for and paid by Tenant to any governmental agency; and (ii) rebates, credits or refunds made to customers. NO deduction shall be allowed for uncollected or uncollectible credit amounts.

(c) Monthly Rent During Extended Term. The minimum rent during the extended term shall be adjusted upwards, but not downwards, by the percentage proportion of the change in the Consumer Price Index, All Items, 1982-84 = 100, Los Angeles-Anaheim-Riverside, For All Urban Consumers (the “CPI”) published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the most recent five (5) year period available before the adjustment date. Adjusted rent shall be capped at an increase of no more than an average of three percent (3%) increase per year.

(d) Payment. All rent is payable in advance commencing on the commencement date of the Lease Term and on the first day of each calendar month thereafter during the Term of this Lease, without prior notice or demand, or without deduction or offset, except as otherwise expressly permitted in this Lease, at the address where notices are to be delivered to District in accordance with Paragraph 28, or at such other address as District shall direct Tenant in writing.

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

(f) Security Deposit. As of the Effective Date, Tenant shall maintain a deposit with District in an amount equivalent of two months' rent ($5,134 for initial term) as a security deposit for the performance by Tenant of the provisions of this Lease. If Tenant is in default, District can use the security deposit, or any portion of it, to cure the default or to compensate District for all damage sustained by District resulting from Tenant's default. Tenant shall immediately upon demand pay to District a sum equal to the portion of the security deposit expended or applied by District as provided in this section so as to maintain the security deposit in the sum required by the District. If Tenant is not in default at the expiration or termination of this Lease, District shall return the security deposit to Tenant. District's obligations with respect to the security deposit are those of a debtor and not a trustee. District shall deposit into an account in the name of District, subject to withdrawal and retention by District of all or any part of the amount on deposit to cure the default of Tenant or to compensate District for all damage sustained by District resulting from Tenant's default.

(g) Books and Records. Tenant shall at all times keep or cause to be kept on the Premises complete and accurate records and books of account showing the total amount of gross revenue made in, on, or from the Premises. Tenant covenants that it shall cause to be installed accurate cash registers, which shall show and record each and every sale made on and within the Premises and which also shall show the total of all daily sales. Tenant agrees to maintain on the Premises for a period of three years following the close of each calendar month all records and books of account and all cash register tapes showing or in any way pertaining to the gross sales made in, on, or from the Premises during that calendar month.

(h) Statement of Sales and Audit

(i) Tenant agrees to submit the following to District: quarterly statements of gross revenue received from the business operated on the Premises; a statement of yearly gross revenue, within thirty (30) days immediately following the end of the first and each succeeding full year of the term of this Lease; and a statement of gross revenue made since the last quarterly statement, within thirty (30) days following the expiration or earlier termination of this Lease. The first such yearly statement shall include gross revenue for the first twelve (12) whole months and any partial month immediately following the Commencement Date of this Lease. All such statements shall be signed by a responsible and authorized financial officer of

Tenant certifying the amount of gross revenue (as defined in this Lease) defined for the period to be accounted for. If by any such yearly statement it appears that any percentage rent is due and payable to District for the preceding yearly period, it shall be paid to District within thirty (30) days immediately following the date the yearly statement is rendered. All minimum and percentage rent shall be paid to District without deduction or offset.

(ii) District may at any time within one year after receiving a statement from Tenant, at District's own cost and expense, cause all books, records, and cash register tapes described in Section 4(g) of this Lease for the calendar month purportedly covered by the statement to be audited by a public or certified public accountant selected by District. On receiving written notice of District's election for such an audit, Tenant shall deliver and make available all such books, records, and cash register tapes to District, or District's designee. Furthermore, Tenant shall promptly on demand reimburse District for the full cost and expense of the audit if the audit discloses that the questioned statement understated gross sales or the rent payable because of gross sales by five percent (5%) or more. Tenant's bookkeeper and/or accountant shall respond to all questions and inquiries of District, or District's designee, with respect to the books and records being examined, and shall provide other further documentation as may be required.

(iii) District is entitled to take statements by deposition under oath of Tenant, Tenant's officers, or of any person who prepared the financial reports.

5. Permitted Uses of Leased Premises. Tenant may use the Leased Premises only for:

(a) Full service restaurant open to the public

(b) Private events and functions

(c) Catering

(d) Full service bar

Tenant shall not use the Leased Premises, or any portion thereof, for any other purposes, unless the use is approved in advance in writing by the District. Nothing contained herein shall be deemed to give Tenant exclusive rights at the Airport in connection with any of the permitted uses herein.

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

(a) Store any flammable liquids or substances or explosives within the building, except for properly stored supplies incidental to the business.

(b) Use any portion of the Airport contrary to or in violation of the directives, rules or regulations of the District.

(c) Store on the Premises any property or articles or conduct any activities or operations which are not directly related or incidental to the permitted uses in Paragraph 5 of this Lease.

7. Tenant's Agreements. Tenant shall do all of the following:

(a) Comply with the rules, regulations and directives of District related to use of the Premises, Airport and its facilities.

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

(c) Keep the Premises in good order and condition, free of trash and debris, at Tenant's expense.

(d) Neither be required nor permitted to make any changes or alterations affecting the structural integrity of the building of which the Premises forms a part.

(e) Deliver possession of the Premises to District on termination of this Lease in at least as good condition as it is at the inception of this Lease, ordinary wear and tear excepted, and free of any personal property.

8. Tenant Obligation to Construct. Tenant acknowledge and agrees that Tenant is leasing the Premises with the understanding that Tenant is obligated to construct the improvements listed on Exhibit "B" (the "Required Improvements"). Any modification to the Required Improvements must be approved in advance in writing by the general manager for District. The Required Improvements shall be completed on or before the first anniversary of the date of this Lease. Tenant shall obtain any governmental approval legally required to improve or alter the Premises. Tenant shall construct the Required Improvements free of any claims (including mechanic's liens) against District and the Premises and shall obtain the prior written approval of the final design of the Required Improvements by District's General Manager, and shall provide District with "as-built" drawings in such format as District requests and comply with the provisions of Paragraph 18.

9. Landlord Improvements.

During the initial term, District shall provide a rent credit to tenant in a collective amount not to exceed $50,000 for improvement listed on Exhibit "C". Tenant shall provide detailed invoices and proof that the improvement has been completed prior to approval of the reimbursement. District general manager may approve credit for improvements that exceed the $50,000 collective estimate by up to 15%, provided that Tenant notifies District prior to such over expenditure. Any constructed improvements not explicitly listed on Exhibit C, or any amounts expended by Tenant over the approve estimates shall be at Tenant's sole cost and expense, unless Tenant receive prior written approval from general manager shall. District shall repair plumbing located under kitchen floor as needed and provide a sign located on

Skyway Drive to identify the location of the restaurant on premises.

10. Utilities and Grease Trap.

(a) Tenant shall pay all costs, charges and deposits for all utilities and services furnished to or used by Tenant, including without limitation, gas, water, electricity (including electricity for heating and air condition the Leased Premises), telephone service, trash collection and removal, and all other utilities and services furnished to Tenant or used in or on the Leased Premises, including but not limited to all connection, extension and utility expansion charges ("Tenant Services"). District shall have no obligation to extend utility services to the Premises. If any Tenant Services are not separately metered or billed to Tenant, but are furnished to or paid by Landlord, Tenant shall pay Landlord the cost of furnishing Tenant Services on an estimated basis, as reasonably determined in good faith by Landlord. At present, the water and sewer are not metered separately to the Leased Premises.

(b) Tenant shall, at its expense, clean, maintain and clear the sewer system within the Leased Premises and the sewer lateral from the Airport Terminal Building to the main sewer line, including without limitation, the sum system in the bar area, and the Grease Trap (as defined below).

(c) Any covenant's on District's part to furnish utilities or any other services pursuant to any terms or provisions of this Lease or perform any act or thing for the benefit of the Tenant shall not be deemed breached if Landlord is unable to perform the same by virtue of any causes beyond Landlord's control. Landlord reserves the right to stop service of the utilities when necessary by reason of accident or emergency, or by reason of repairs, alterations or improvements which Landlord deems, in the exercise of its sole discretion, desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed. Tenant's rent shall be equitably adjusted if Tenant's business is affected by the service stoppage.

(d) Tenant shall, at Tenant's expense, repair and maintain the 1,500 gallon capacity grease trap (the "Grease Trap"), and coordinate the removal of grease from the Grease Trap, if required.

11. Taxes, Licenses. Tenant shall pay before delinquency any and all taxes, assessments, fees or charges, including possessory interest taxes, which may be imposed, levied or assessed upon any leasehold or possessory interests of Tenant, and personal property, improvements or fixtures owned, controlled or installed by Tenant and used or located on the Airport or Tenant's business. By entering into this Lease, a possessory interest subject to property taxation may be created, and Tenant may be subject to payment of property taxes levied on such interest. Tenant shall pay all such taxes. Tenant shall also secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Tenant's business or operations.

12. Assumption of Risks. Tenant acknowledges that Tenant is currently leasing the Premises from Landlord and represents that Tenant has inspected and is familiar with the Airport and Leased Premises and accepts the condition of the Leased Premises and fully assumes all

risks incidental to use of the Airport and Leased Premises. District shall not be liable to Tenant for any damages or injury to persons or property of any of Tenant's agents, employees, visitors, guests or invitees from any cause or condition whatsoever.

13. Indemnity. Tenant shall defend (with counsel acceptable to District), indemnify and hold harmless District, its directors, officers, employees, agents and representatives and the Premises (collectively herein "District") at all times from and against any and all liability, suits, proceedings, liens, actions, penalties, damages, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subject to (collectively "Liability") sustained by anyone in, on or about the Premises or arising out of or in any way connected with: the acts or omissions of Tenant or its officers, agents, employees, guests, customers, visitors or invitees; or Tenant's operations on, or use or occupancy of the Premises. The forgoing indemnification excludes only Liability caused by the sole active negligence of District or its willful misconduct. Tenant shall also defend (with counsel acceptable to District), indemnify and hold District harmless from and against, all Liability, including third party claims, environmental requirements and environmental damages (as defined in Exhibit "D", Hazardous Material Definitions), costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Premises or the Airport 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 (collectively "Release") of any toxic or hazardous materials (defined in Exhibit "D") which occurs in, on or about the Premises or the Airport as the result of any activities of Tenant or Tenant's agents, employees, invitees, licensees, guests, successors or assigns, or subtenants. Tenant shall notify District immediately of any Release of any toxic or hazardous material on the Premises.

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

15. Default. The occurrence of any of the following shall constitute a default and breach of this Lease by Tenant:

(a) Any failure by Tenant to pay the rent or to make any other payment required to be made by Tenant under this Lease (when that failure continues for ten (10) days after written notice of the failure is given by District to Tenant);

(b) The abandonment or vacation of the Premises by Tenant (the absence of Tenant from or the failure by Tenant to conduct business on the Premises for a period in excess of seven (7) consecutive days shall constitute an abandonment or vacation for purposes of this Lease).

(c) A failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, when that failure continues for thirty (30) days after written notice of Tenant's failure is given by District to Tenant; provided, however, that if the nature of that default is such that it cannot reasonably be cured within a 30-day period, Tenant shall not be deemed to be in default if Tenant commences that cure within the 30-day period and thereafter diligently prosecutes it to completion.

(d) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, it is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, when possession is not restored to Tenant within 30 days; or the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, when that seizure is not discharged within 30 days.

(e) Dissolution or liquidation of Tenant of all or substantially all of its assets.

The notices provided for in subsections (a) through (c) of this Section 15 are not intended to replace, but rather are in addition to, any required statutory notices for unlawful detainer proceedings under Code of Civil Procedure Section 1161 et seq.

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

(a) Commercial general liability and property damage insurance, including bodily injury and death liability, property damage liability, completed operations and products liability coverage, contractual liability, public liability, and owners and contractors protective coverage with a combined single limit of liability of at least $1,000,000 for each accident or occurrence; and

(b) District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District.

(c) Tenant shall provide District with copies of all insurance policies and certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be cancelled or coverage reduced except after thirty (30) days' written notice to District.

(d) The foregoing limits of liability coverage may be annually reviewed by the District's General Manager and, upon report of his recommendations for an increase or decrease to the Board of Directors of the District, the District may increase or decrease the limits of liability of such liability insurance coverage's in accordance with the General Manger's recommendations or otherwise.

17. Insurance Premium Increase. Tenant shall not do or permit to be done any act or thing upon the Premises which will invalidate or be in conflict with the fire insurance or liability policies covering the Premises or which shall or might subject District to any unreasonable risks or exposure to liability or responsibility for injury to any person or persons or to any property by reason of any business activity or operation being carried on by Tenant upon the Premises. Tenant shall pay for any additional premiums of District's fire and liability insurance policies charged by reason of Tenant's use or operations on the Premises.

18. Alterations; Removal of Tenant-Installed Property. Tenant shall make no alterations, additions or improvements (including the Required Improvements) to the Leased Premises or otherwise at the Airport without District's prior written consent. Such alterations, additions or improvements shall be Tenant's property during the Term of the Lease, but shall become District's property at the expiration or termination of the Lease unless District elects (upon written notice to Tenant of such election) that all or a designated portion of the alterations, additions, or improvements made by Tenant shall be removed by and at the expense of Tenant. If District so elects, then Tenant shall at Tenant's expense remove (within 30 days after termination or expiration of this Lease or such other time specified in the notice) such alterations, additions or improvements, or such portion thereof designated by District, restore District's property to at least its former condition, normal wear and tear excepted, and repair any damage resulting from such removal. Machinery, equipment and trade fixtures installed by Tenant in the Leased premises shall not be considered "alterations, additions or improvements" subject to the foregoing provisions and may be removed from the Airport by Tenant on or before expiration or termination of this Lease, providing any damage to District's property resulting from such removal shall be repaired or restored at Tenant's expense. All alterations, additions and improvements made by Tenant shall be done in a workmanlike manner, with good materials, and in full compliance with all applicable building codes, laws, ordinances, regulations and directions or public agencies having jurisdiction.

19. Airport Facilities. All mobile equipment used on the Airport shall be parked only in locations designated by District. Tenant agrees to observe, obey and abide by all directives, rules and regulations for the common and joint use of Airport facilities and for maintenance and conduct of Tenant's business at the Airport, which may hereafter by imposed by District's Board of Directors, FAA, City of Santa Maria, or any other governmental agency having jurisdiction over the subject matter. District has no obligation to provide security guards, lighting or fencing or to provide any services and utilities not expressly set forth in this Lease.

20. FAA Restrictions and Reservations. The Rider marked Exhibit "E" attached hereto, consisting of four pages of provisions required by the Federal Aviation Administration, is incorporated herein and made a part hereof. Tenant agrees to comply with all of the terms and conditions of said Rider.

21. Compliance with Laws/Payment of Costs of Compliance. Tenant shall at all times comply with, and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with, all applicable laws, statutes, ordinances, rules, regulations and orders of federal, state and local governments, and other public agencies ("laws") which apply to Tenant's operation and/or use of the Premises. These laws include, but are not limited to, all laws concerning air and/or water quality, fire and/or occupational safety or handicapped accessibility, as well as those requiring alterations or additions to be made to, or safety devices or appliances to be maintained or installed in, on, or about the premises under any laws now or hereafter adopted, enacted or made applicable to the Premises. Tenant shall pay any fees, charges or assessments arising out of or in any way related to the Premises as a source of adverse environmental impacts or effects. It is expressly understood that this section shall apply to laws that may be enacted and/or changed in the future in addition to laws existing at the time of the execution of the Lease.

22. Repairs and Maintenance.

(a) Except as otherwise provided herein, Tenant shall, at Tenant's sole cost, keep and maintain the Leased Premises and every part thereof, including the fixtures and equipment, in good and sanitary order, condition and repair. Tenant shall not make any repairs which are the responsibility of District without District's prior written consent. Tenant waives all rights to make repairs at District's expense. Tenant agrees to keep the Leased Premises, at Tenant's expense, clean and free from litter and dust at all times.

(b) District will, at District's expense, repair and maintain the roof, exterior walls, and HVAC if needed, as need is determined by District's Board of Directors, except for damage caused by Tenant or Tenant's employees, contractors or invitees. District will, at District's expense, replace fixtures (including electrical and plumbing for water and sewer and grease trap) owned by District and that are a part of the Leased Premises as of the Effective Date once such fixtures reach the end of their natural life and are no longer repairable, provided that: (i) Tenant has fulfilled its obligations set forth in Section 22(a) regarding repair and maintenance; and (ii) subject to the provisions of Section 24 below. Provided, however, that Landlord's duty to replace fixtures pursuant to this Section 229(b) shall not apply to improvements made pursuant to Sections 8 and 9 above. The parties also acknowledge and agree that District has no liability for failure to replace fixtures that do not work due to any act or neglect of Tenant or Tenant's employees, agents, customers, invitees or licensees.

23. Acceptance; Surrender. By entry hereunder, Tenant accepts the Leased Premises as being in good and sanitary order, condition and repair, and agrees on the last day of the term hereof or sooner termination to surrender to District forthwith the Leased Premises in the same condition as when received, reasonable use and wear excepted, and subject to the provisions of Paragraph 18.

24. Damage or Destruction.

(a) Partial Destruction - Insured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause, (ii) the Premises are not thereby rendered totally untenantable, (iii) the loss is covered by insurance, and (iv) the destruction can be repaired within sixty (60) days from the date of destruction, this Lease shall not terminate, but District shall repair or rebuild the same from and to the extent of the insurance proceeds payable for the loss.

(b) Total Destruction - Uninsured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause and are thereby rendered wholly untenantable or are more than fifty percent (50%) damaged or destroyed, or (ii) the damage or destruction of the Premises is not covered by insurance, then, in either event, District, if District so elects, may repair or rebuild the building within a reasonable time after such destruction or damage, or District may give notice terminating this Lease as of a date not later than thirty (30) days after such damage or destruction. If District elects to repair or rebuild the Premises, District shall, within thirty (30) days after such damage or destruction, give Tenant notice of District's intention to repair or rebuild and shall proceed with reasonable speed to make the repairs or to rebuild. Unless District elects to terminate this Lease, this Lease shall remain in full force and effect, and the parties waive the provision of any law to the contrary. If there should be a substantial interference with Tenant's business, a just and proportionate part of the rent shall be abated from the fifteenth day following the damage or destruction until the Premises are repaired or rebuilt. In the event of termination under this subparagraph, rent will be prorated to the date of termination and surrender of possession of the Premises to District.

(c) Extent of Rebuilding. If District should elect or be obligated to repair or rebuild the building because of any damage or destruction, District's obligation shall be limited to the basic building. Tenant shall at Tenant's expense fully repair or replace all fixtures, equipment, and other installations installed by or for Tenant at its expense.

25. Termination By District. District, in addition to any right of termination as a matter of law or any other right herein given to District, may at its option cancel and terminate this Lease and agreement, by written notice thereof given to Tenant, upon or after the occurrence of any default of this Lease by Tenant.

26. Termination by Tenant. Tenant may at its option cancel and terminate this Lease and agreement, for the failure by District to observe and perform any other provision of this Lease to be observed or performed by District, when that failure continues for thirty (30) days after written notice of District's failure is given by Tenant to District; provided, however, that if the nature of that default is such that it cannot reasonably be cured within a 30-day period, District shall not be deemed to be in default if District commences that cure within the 30-day period and thereafter diligently prosecutes it to completion.

27. Additional Remedies of District. In addition to any other remedy District may have under this agreement or by operation of law, District shall have the right, in the event of Tenant's nonpayment of rent required under this Lease, or in the event of default of any of the

terms or conditions of this Lease, or if Tenant shall abandon or vacate the Leased Premises, to terminate this Lease upon written notice to Tenant and reenter the Leased Premises and eject all persons, or eject some but not all, and remove all property, other than District's property, from the Leased Premises or any part of the Leased Premises. Any property removed from the Leased Premises upon reentry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and District shall have no liability therefor. No waiver by District of a default by Tenant of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. On such termination, District may recover from Tenant:

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

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

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

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

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

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

28. Notices. All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and to Tenant at 719 S McClelland, Santa Maria, CA 93454. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

29. Access; Contact Personnel.

(a) Tenant agrees to comply with reasonable regulations and directives of District regarding access to the building during hours that Tenant is not open for business. In the event of riot, war, or other event affective public safety or national security, District reserves the right to prevent access to the building during the continuance of the same for the safety of persons and protection of property. Tenant shall not alter any lock or install a new or additional lock or new bolt on any door of the Leased Premises without prior written consent of District. If District shall give its consent, Tenant shall in each case furnish District with a key for any such lock. Upon expiration or termination of this Lease, Tenant shall deliver to District all keys which shall have been furnished Tenant or which Tenant shall have had made.

(b) Tenant shall designate and furnish District with the names, telephone numbers and addresses of two employees of Tenant who have authority to provide access to the Premises by District's personnel for emergency purposes.

30. Attorneys' Fees. If either party brings any action or proceeding to interpret, enforce, protect, or establish any right or remedy under this Lease, the prevailing party shall be entitled to recover reasonable attorney's fees, costs and expenses. In the event that, following the Tenant's breach of the Lease, the District commences an unlawful detainer action that is dismissed before entry of judgment, the cost incurred by the District, including but not limited to attorney's fees and service fees, shall be paid by Tenant on the next date rent is due.

31. Advances. In the event of Tenant's breach of any covenant or condition of this Lease, District may, but shall not be obligated to at any time, with or without prior notice, cure such breach for the account and at the expense of Tenant, and in such event the amount thereof shall be immediately due and payable by Tenant to District upon demand in writing and shall bear interest at the maximum rate an individual is permitted by law to charge from the date such expenses were incurred until repaid in full.

32. Signs. No sign, advertisement, notice or other lettering shall be inscribed, painted or affixed by Tenant on any part of the Leased Premises or on any portion of the Airport without the prior written consent of the District. Any such sign, advertisement, notice or other lettering must be removed by Tenant at Tenant's expense before the end of the term of this Lease, including repair of any damage in such removal. Any sign not removed at the end of the term shall be deemed abandoned and may be retained as property of the District or may be removed by District, in which case Tenant shall pay District the cost of removal thereof. All signs shall be kept in good repair and condition by Tenant. All signs must conform to the ordinances and regulations of the City of Santa Maria and approval of the District.

33. Parking. Tenant and its invitees shall have exclusive use of existing public parking areas as shown on Exhibit A-1, additionally Tenant and its invitees shall have nonexclusive use of all other existing public parking areas.

34. Nuisance. Tenant shall not commit, or suffer or permit waste, excessive noise, excessive accelerations of air, obnoxious odors, excessive dust or any other nuisance on or adjacent to the Leased Premises or on the Airport constituting an unreasonable interference with other District tenants or persons using the Airport.

35. Assignment, Subletting and Encumbering. Tenant shall not assign, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein or sublet the whole or any portion of the Leased Premises or license or grant concessions for use of the Leased Premises or any part thereof, or transfer a controlling interest in Tenant without prior written consent of the District, which such District consent shall not be unreasonably withheld, and the approval and consent of the Federal Aviation Administration if required. Any such action taken without the District's prior written consent shall be voidable and, at the option of District, shall terminate this Lease.

36. Fire Safety. Tenant shall furnish and keep adequate fire extinguishers in sufficient numbers and in convenient and accessible places upon the Premises; said fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Tenant receives an inspection notice or a deficiency or correction notice following an inspection by the City of Santa Maria Fire Department, Tenant agrees to make any and all corrections immediately in the manner required by the fire department, but in no event later than five (5) days after receipt of the notice.

37. General.

(a) Each term and each provision of this Lease agreement, including, without limitation, the obligation to pay rent, performable by Tenant shall be construed to be both a covenant and a condition. Time is of the essence of each term, condition and provision of this Lease agreement.

(b) One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by Tenant requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent similar act by Tenant. No act or thing done by District or District's employees or agents shall be deemed an acceptance or a surrender of the Leased Premises, and no agreement to accept such surrender shall be valid unless in writing signed by District. Delivery of keys to any agent or employee of District shall not operate as a termination of this Lease or a surrender of the Leased Premises.

(c) This Lease and Tenant's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights of way, and encumbrances affecting the Leased Premises now of record or hereafter granted, caused or suffered by District.

(d) Captions appearing herein are for convenience of reference only and shall not govern the construction of this agreement. All exhibits attached hereto are incorporated herein and made a part hereof.

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

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

(g) This agreement is made subject to any approval or consent of the Federal Aviation Administration which may be required.

38. Entry By District. District reserves the right to enter the Premises at any reasonable time, with notice, to make inspections or repairs, and at any time without notice in case of an emergency.

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

40. Severability. If any term or provision of this Lease, other than the obligation of Tenant to pay rent, shall be held by a court of competent jurisdiction to be invalid, the remainder of this Lease shall continue in full force and effect and shall in no way be affected or invalidated thereby.

41. Integration. This Lease, together with the exhibits and documents incorporated herein by reference, constitutes the entire agreement between the parties. Any modification or amendment hereto shall be in writing, signed by the parties.

42. Holding Over. If Tenant shall hold over the Premises after the expiration of the term hereof with the consent of District, either expressed or implied, such holding over shall be construed to be only a tenancy from month-to-month, subject to all the covenants, conditions and obligations contained in this Lease, including the obligation to pay rent monthly in advance, in an amount equal to the current rent or the rent as determined by the District's most recent approved rates and charges for commercial hangar and office space whichever is higher.

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

44. Tenant's Obligations. Tenant shall:

(a) If a California corporation, furnish to District a copy of its Articles of Incorporation and a current listing of its officers, directors and agent for service of process filed with the California Secretary of State. If an out-of-state corporation, also furnish a copy of a current Certificate of Qualification issued by the California Secretary of State qualifying the corporation to do business in the State of California, as well as a certificate designating its agent for service of process in the State of California.

(b) If a partnership, furnish District a copy of the published statement of doing business under a fictitious name filed with the Santa Barbara County Clerk.

(c) If any other type of entity, furnish such information as District may reasonably request to verify the nature and status of the entity and responsible individuals.

(d) Tenant's signatories on the Agreement shall complete, as individuals, and return to District District's Lessee/Licensee Information Form.

IN WITNESS WHEREOF, the parties have executed this Lease.

DATED: July 27, 2017

Approved as to content
for District:

General Manager

SANTA MARIA PUBLIC AIRPORT DISTRICT

By: ______________________
CARL ENGEL, President

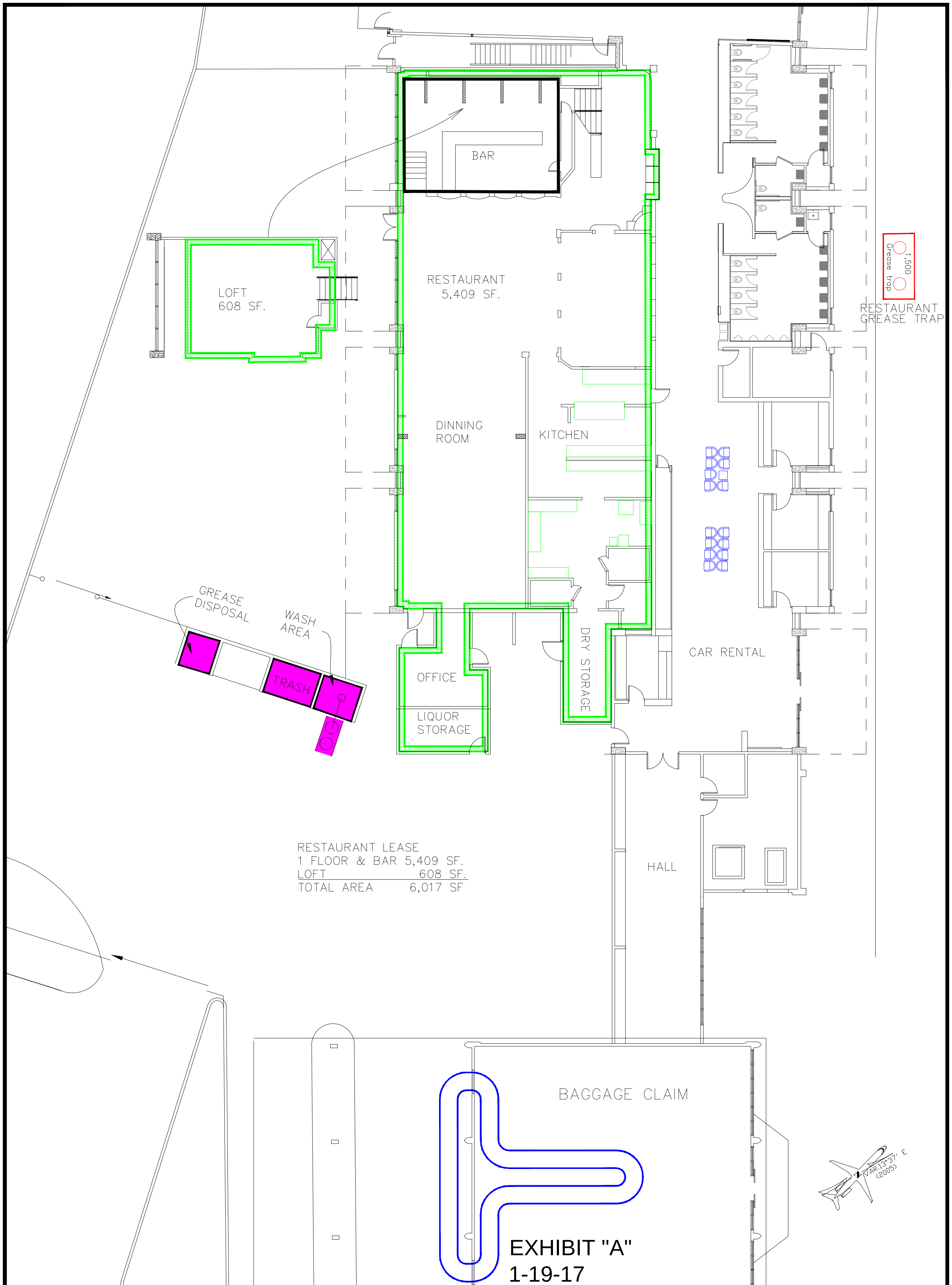
Approved as to form
for District:

District Counsel

By: ______________________
CHUCK ADAMS, Secretary

MILT GUGGIA ENTERPRISES INC.
DBA PEPPER GARCIA'S RESTAURANT

By: ______________________
Milt Guggia, President



SANTA MARIA PUBLIC AIRPORT DISTRICT

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

DATE
1/19/17

DRAWN BY:
Ray Heath

Pepper Garcia's
3249 Terminal Dr.
Suite 110

DRAWING NUMBER
3249 TERMINAL
RESTAURANT

Z:\Drawings\AutoCad\LEASES\3249 TERMINAL Restruant.dwg, 1/19/2017 9:40:28 AM, DWG To PDF.pc3

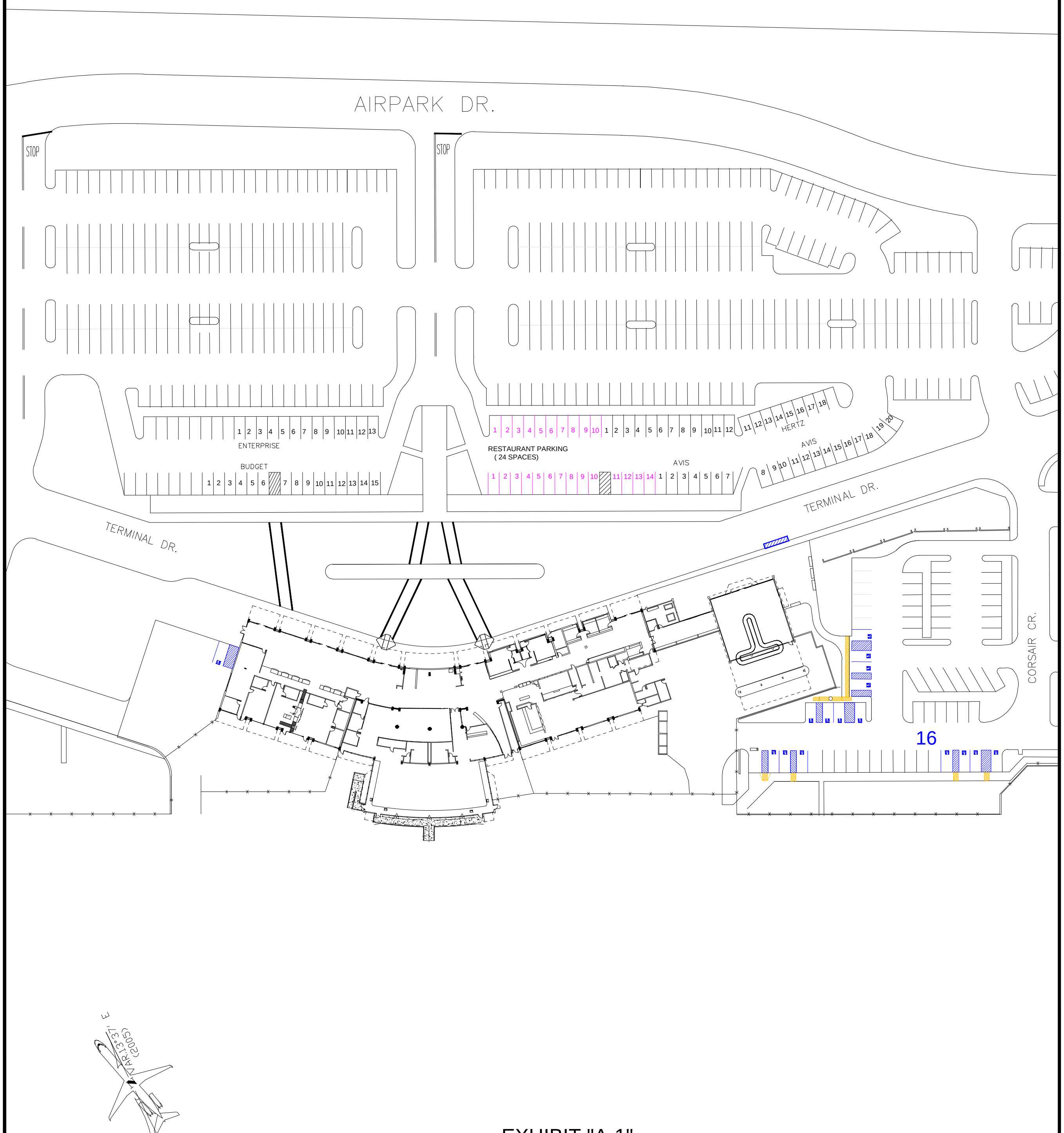


EXHIBIT "A-1"
1/19/17

SANTA MARIA PUBLIC AIRPORT DISTRICT

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

REVISIONS	
DATE	By:
1/19/17	RH

DRAWN BY:
Ray Heath

Pepper Garcia's
3249 Terminal Dr.
Parking

DRAWING NUMBER
3249 TERMINAL
RESTAURANT

Exhibit “B”

List of Tenant Required Improvements

1. Replace/Reupholster dining room seating with Equipale Leather or equivalent

2. Paint interior walls in public area of restaurant

3. Replace/refurbish flooring in public areas of restaurant

4. Install new sinks in kitchen and bar area as required by County Health Department

Exhibit "C"

1. Demolition of:
    a. Quarry tile floor
    b. Back prep room floor tile
    c. 12" wall base in kitchen cook area
    d. FRP paneling in dish room area

2. Installation of ½" greenboard to demo walls in kitchen prep area

3. Installation of ½" hardy board to 12" high wall base in kitchen cook area

4. Installation of 6" quarry tile to floors in
    a. Kitchen prep area
    b. Cook station
    c. Walk-in coolers

5. Grout and seal all tile installed

6. Installation of FRP in kitchen area which includes:
    a. Floor to ceiling of 9" white pebble FRP

7. Installation of six (6) 48" stainless steel corners in kitchen area

8. Provide two (2) space heaters for walk-in coolers (to dry out for evaluation)

9. General construction clean-up and disposal fees.

EXHIBIT “D”

Definitions

A. HAZARDOUS MATERIAL

Hazardous Material means any substance:

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

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

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

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

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

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

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

(viii) without limitation radon gas.

B. ENVIRONMENTAL REQUIREMENTS

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

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

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

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

C. ENVIRONMENTAL DAMAGES

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

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

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

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

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

EXHIBIT "E"

RIDER

Rider to Lease Agreement dated June 22, 2017 (herein called "this lease") between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and MILT GUGGIA ENTERPRISES, INC. a California Corporation, dba Pepper Garcia's Restaurant (herein called "Tenant").

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

13. There is hereby reserved to District, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased premises. This public right of flight shall include the right to cause in said airspace

any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Airport.

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

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

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

TO:	President and Members of the Board Board of Directors Santa Maria Public Airport District
FROM:	Craig A. Steele, General Counsel Richards Watson & Gershon
MEETING:	July 30, 2026

ITEM

Authorization for the President and Secretary to Execute a First Amendment to "Estoppel Certificate and Second Addendum to Ground Lease" regarding Ground Lease with United Lions Corporation

BACKGROUND

This item, requested by United Lions ("Tenant") as Tenant and operator of the hotel on leased Airport property, is the latest request in a continuing attempt by Tenant to close financing for its improvements to the hotel.

The Santa Maria Public Airport District ("District") and H&H, LLC and Edgewater Motel, Inc. ("H&H") entered into a Ground Lease on July 14, 2011, effective on August 1, 2011, as amended and restated on October 27, 2022 ("Lease"). The District, as Landlord, leased property containing an area of approximately 5.19 acres, located at 3455 Skyway Drive, Santa Maria, California 93455 ("Property"). On October 27, 2022, H&H assigned the Lease to United Lions Corporation ("Tenant"), assigning all rights and obligations under the Lease to Tenant for the remainder of the Lease term. Tenant's term on the Lease, following the assignment, commenced on November 30, 2022 and expires on November 29, 2062.

The Lease was amended and supplemented pursuant to two Estoppel Certificates, which facilitated Tenant's financing for its projects on the Property. The Estoppel Certificates include: (i) The Estoppel Certificate and Addendum to Lease recorded in Official Records on December 2, 2022, as Instrument No. 2022-0049916, and (ii) The Estoppel Certificate and Second Addendum to Lease recorded in Official Records on October 29, 2024, as Instrument No. 2024-0032135.

Tenant is currently undergoing a renovation project on the Property and is in the process of seeking various funding sources. Tenant previously sought options for funding under the California Statewide Communities Development Authority ("CSCDA") Open PACE Program ("PACE Program"). Documents to assist that financing were previously brought to your Board for approval on February 12, 2026 and April 23, 2026. Unfortunately, according to counsel for Tenant, these financing efforts have since failed.

As an alternative to the PACE Program funding source, Tenant now seeks to enter into a restructured loan with its existing lender for an increased amount. Tenant and Lender have requested that the District sign a First Amendment to the October 29, 2024 "Estoppel Certificate and Second Addendum to Ground

Lease” as to the new loan amount. Tenant’s letter to the District describing the circumstances surrounding this request is attached to this request as Attachment C.

Signing the Estoppel Certificate would confirm the current, accurate status of the Lease between District and Tenant. The requested document does not make the District liable for Tenant’s loan.

ANALYSIS

The Lease, at Article 11, outlines the terms for Leasehold Financing arrangements, such as the arrangement Tenant seeks though Lender.

Section 11.01 of the Lease, provides Tenant the option to subject its interest in the Lease for financing purposes. The District’s ownership interest in the Property is not altered when Tenant chooses to engage in these arrangements. The interest of a lender and mortgage is subject to the covenants, conditions, and restrictions of the Lease and all rights and interests of the District. The provisions of Article 11 allow lender to prevent any forfeiture under the Lease, cure a default of Tenant, and provides that the purchaser at the foreclosure sale shall assume the interest of Tenant following this sale. Section 16.06 allows Tenant to seek an Estoppel Certificate from the District and make such representations regarding the Lease that a lender may need for its financing of the project.

The terms of the First Amendment to “Estoppel Certificate and Second Addendum to Ground Lease” are consistent with rights provided to Tenant through the Lease and the financing will provide a benefit to the Airport by providing funds for covered improvements. Our office has reviewed the documents and requested certain changes, to which the Tenant and the lender have agreed.

RECOMMENDATION

It continues to be in the interest of the Airport to support Tenant’s effort to finance improvements at the hotel. We recommend that the Board of Directors authorize the President and Secretary to execute the First Amendment to “Estoppel Certificate and Second Addendum to Ground Lease” regarding Ground Lease with United Lions Corporation.

ATTACHMENTS

A. First Amendment to “Estoppel Certificate and Second Addendum to Ground Lease”
B. Estoppel Certificate and Second Addendum to Ground Lease, recorded on October 29, 2024
C. Letter from United Lions Corporation regarding request for First Amendment to “Estoppel Certificate and Second Addendum to Ground Lease”

RECORDING REQUESTED BY:

AND WHEN RECORDED, MAIL TO:

American Riviera Bank
1033 Anacapa Street
Santa Barbara, CA 93101

SPACE ABOVE THIS LINE FOR RECORDER'S USE
APN: 111-231-005 & 111-231-006 and 111-231-018

FIRST AMENDMENT TO "ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE"

THIS FIRST AMENDMENT TO "ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE" (this "First Amendment") is made this ___ day of July, 2026, by the **Santa Maria Public Airport District** ("Lessor"), with an address of 3217 Terminal Drive, Santa Maria, CA 93455, and **United Lions Corporation, a California corporation** ("Lessee"), with an address of 512 Canfield Court, Lompoc, CA 93436, for the benefit of American Riviera Bank ("Lender"), with an address of 1033 Anacapa Street, Santa Barbara, CA 93101.

WHEREAS, H&H, LLC, a California limited liability company and Edgewater Motel, Inc., a California Corporation, as lessee ("**Original Lessee**") and Lessor entered into that certain unrecorded lease dated July 14, 2011 ("**Original Lease**"), as referenced-in that certain Memorandum of Lease recorded in the official real property records of Santa Barbara County, California ("**Official Records**") on August 8, 2011, as Instrument No. 2011-0044694, and re-recorded in Official Records on May 7, 2012 as Instrument No. 2012-0029085, and re-recorded in Official Records on August 15, 2012 as Instrument No. 2012-0053595, for certain premises located at 3455 Skyway Drive, Santa Maria, CA 93455, comprising the real property ("**Property**"), described in Exhibit A attached to the Lessor Consent (as defined below);

WHEREAS, Lessee succeeded to the interests of Original Lessee under the Original Lease pursuant to that certain Assignment and Assumption of Lease recorded in Official Records on October 27, 2022 as Instrument No. 2022-0049913, at which time the Original Lease was amended and restated pursuant to the terms of that certain unrecorded Lease dated October 27, 2022 ("**Lease**")(as amended and supplemented pursuant to that certain (i) Estoppel Certificate and Addendum to Lease recorded in Official Records on December 2, 2022, as Instrument No. 2022-0049916, and (ii) Estoppel Certificate and Second Addendum to Lease recorded in Official Records on October 29, 2024, as Instrument No. 2024-0032135, the "**Lessor Consent**");

WHEREAS, capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the Lessor Consent;

WHEREAS, Lender is providing or intends to provide an additional advance under the First Loan and, in connection therewith, Lessee has executed and delivered to Lender that certain Promissory Note dated June 11, 2026, in the principal amount of $22,227,875.00 ("**Restated Note**"), which serves to evidence an additional advance and wholly amends, restates, replaces and supersedes that certain Promissory Note dated October 4, 2024, in the principal amount of $20,047,500.00, and is secured by a first priority leasehold Deed of Trust dated October 4, 2024 and recorded in Official Records on October 29, 2024 as Instrument #2024-0032136 (as modified pursuant to Modification of Deed of Trust to be recorded concurrently herewith, the "**First Deed of Trust**") encumbering the Leasehold Estate, and (ii) a commercial construction loan in the principal amount of up to $4,448,917.00 ("**Second Loan**") secured by a second priority leasehold Deed of Trust dated October 4, 2024 and recorded in Official Records on October 29, 2024 as Instrument #2024-0032138 ("**Second Deed of Trust**") encumbering the Leasehold Estate, and (iii) refinancings, modifications, consolidation and amendments of the First Loan and/or Second Loan ("**Supplemental and Replacement Loans**"). The First Loan, the Second Loan and the Supplemental and Replacement Loans are collectively referred to as the "**Loans**". The term "**Leasehold Mortgage**" shall mean, as of record from time to time, the First Deed of Trust, the Second Deed of Trust and any lien on the Leasehold Estate securing one or more of the Loans, as may be modified, amended, supplemented, replaced, consolidated or refinanced from time to time.

WHEREAS, in accordance with Section 16.06 of the Lease, Lessee requests that Lessor execute this First Amendment and make such representations as necessary for Lender's financing on the Property.

NOW, THEREFORE, it is hereby agreed by Lessor, Lessee and Lender that:

1. CONSENT TO ENCUMBRANCE OF LEASEHOLD ESTATE. Lessor acknowledges receipt of copies of the documents evidencing, governing and securing the Restated Note, acknowledges that Lessee has satisfied any conditions precedent to Lessee's right under the Lease to further encumber the Leasehold Estate and the Lessor Consent remains in full force and effect with respect to the First Loan (as evidenced by the Restated Note), the Second Loan and the Supplemental and Replacement Loans. Lessor confirms that all requirements to the encumbering of the Leasehold Estate have been satisfied and agrees that Lender shall have all of the rights conferred under the Lease on a mortgagee that is encumbering the Leasehold Estate.

2. REPRESENTATIONS AND WARRANTIES

2.1 STATUS OF LEASE. Lessor warrants and certifies to Lender that: (a) the Lease is in full force and effect and has not been amended other than by the instruments specifically referenced in the Lessor Consent; (b) Lessee has entered upon and taken possession of the Property and any improvements situated thereon and has commenced the payment of rent; (c) Lessee has made all payments under the Lease required to be made through the date of this First Amendment, has not prepaid rent more than one month in advance and is in compliance with all other obligations of Lessee under the Lease; (d) neither Lessor nor Lessee has given or received notice of the occurrence of a default under the Lease; (e) to the best knowledge of Lessor, there are no defaults, breaches, defenses, claims or offsets under the Lease or to the enforcement thereof by either of them against the other; and (f) Lessee has no other obligations to Lessor in connection with the Lease, matured or not yet matured, except as set forth in the Lease.

2.2 OWNERSHIP OF INTERESTS IN PROPERTY. Lessor warrants and certifies that it has not assigned or agreed to assign its interest in the Lease, or any portion thereof, or the rents or other amounts payable thereunder to any other person, and there are no other leases affecting the Property to which Lessor is a party or by which Lessor is bound. Lessee warrants and certifies that it has not assigned, subleased, encumbered or pledged its interest in the Leasehold Estate, and Lessor has not received any notice of any such assignment, sublease, hypothecation, mortgage or pledge of Lessee's interest under the Lease.

3. ASSIGNMENT BY LENDER. Lender shall have the right to assign all of its rights and obligations under any Loan to any assignee, and, upon such assignment, this First Amendment shall be binding upon and shall inure to the benefit of such assignee.

4. THIRD PARTY BENEFICIARY. It is the intent of the parties that Lender shall be a third party beneficiary of the Lease with the right to enforce its terms.

5. **NO MERGER**. Notwithstanding anything to the contrary contained in the Lease, no merger of interest of Lessor and Lessee shall operate to defeat the lien of Lender under the Leasehold Mortgages, including but not limited to situations where the merger of title results from an uncured default of Lessor or Lessee. No estate in the Property, whether fee title to the leasehold premises, the Leasehold Estate, or any subleasehold estate, will merge without Lender's express written consent; rather these estates will remain separate and distinct, even if there is a union of these estates in Lessor, Lessee or a third party who purchases or otherwise acquires the estates. Should Lessee acquire all or a portion of the fee simple title, or any other leasehold or subleasehold title to the Property, title will, at Lender's option, immediately become subject to the terms of the Leasehold Mortgages, and Lessee will execute, deliver and record all documents necessary or appropriate to assure that such title is secured by the Leasehold Mortgages.

6. **REAFFIRMATION; CONTINUING VALIDITY.** All of the terms, covenants, provisions, representations, warranties, and conditions of the Lessor Consent, as amended or modified hereby, are ratified, acknowledged, confirmed, and continued in full force and effect as if fully restated herein.

7. **RELIANCE BY LENDER**. This First Amendment is made by the parties hereto with the knowledge that Lender has made or is about to make one or more of the Loans to Lessee and has committed to making the Loans, that Lender is relying upon the certifications, terms, conditions and agreements contained herein in making the Loans, and that the terms contained herein constitute material conditions of the Loans.

8. **MISCELLANEOUS**. This First Amendment shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This First Amendment is governed by the laws of the State of California, without regard to the choice of law rules of that State. If there is a lawsuit, Lessor and Lessee agree upon Lender's request to submit to the jurisdiction of the courts of Santa Barbara County, State of California. This First Amendment may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same Agreement. This First Amendment shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this First Amendment. This First Amendment constitutes the entire understanding and agreement of the parties as to the matters set forth in this First Amendment. No alteration of or amendment to this First Amendment shall be effective unless consented to in writing by Lender.

9. **NO MODIFICATION**. Except as expressly modified by this First Amendment, all provisions of the Lessor Consent shall remain unaltered and in full force and effect. In the event of a conflict between the provisions of this First Amendment and the provisions of the Lessor Consent, the provisions of this Second Amendment shall control.

10. **RECORDATION**. This First Amendment shall be recorded in the office of the Santa Barbara County Recorder.

[Signatures on the Following Page.]

Dated as of the date first set forth above.

LESSOR:

SANTA MARIA PUBLIC AIRPORT DISTRICT

By:________________________
STEVE BROWN, PRESIDENT

By:________________________
TONY GUY, SECRETARY

Approved as to Content:

By:________________________
MARTIN PEHL, GENERAL MANAGER

Approved as to Form:

By:________________________
CRAIG A. STEELE, GENERAL COUNSEL

LESSEE:

UNITED LIONS CORPORATION, A CALIFORNIA CORPORATION

By: Sardaben P. Patel.
SARDABEN PATEL, CEO/CFO/SECRETARY

LENDER:

AMERICAN RIVIERA BANK

By: Neil A
NEIL AMARANTE, SENIOR VICE PRESIDENT

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 San Luis Obispo)

On July 23rd, 2026 before me, Tyler Flesner, Notary Public
(insert name and title of the officer)

personally appeared Neil Amarante,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 [signature] (Seal)

TYLER FLESNER
Notary Public - California
San Luis Obispo County
Commission # 2487210
My Comm. Expires May 14, 2028

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 July 22, 2026 before me, Mary Salgado
(insert name and title of the officer)

personally appeared Sardaben P. Patel,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 Mary Salgado **(Seal)**

MARY SALGADO
Notary Public - California
Santa Barbara County
Commission # 2490276
My Comm. Expires May 16, 2028

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 ______________________________)

On ________________________ before me, ____
(insert name and title of the officer)

personally appeared ____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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)**

Recording Requested By
Fidelity National Title Company

Order No. 342400065

RECORDING REQUESTED BY:

AND WHEN RECORDED, MAIL TO:

American Riviera Bank
Santa Barbara Commercial Lending Branch
1033 Anacapa Street
Santa Barbara, CA 93101

Electronically Recorded in Official Records
County of Santa Barbara
Joseph E. Holland
County Clerk-Recorder

DOC# 2024-0032135

10/29/2024 08:00 AM		Titles: 1	Pages: 12
	Fees		$57.00
	Taxes		$0.00
E40	CA SB2 Fee		$75.00
	Total		$132.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Transfer Tax: none ** APN: 111-231-005 & 111-231-006 and 111-231-018
City of Santa Maria, Computed on full value. **Lease modification - transfer tax paid on document recorded 12/2/2022 2022-0049913 in the amount of $14,520.00

ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE

THIS ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE (this "Addendum") is made this 10th day of October, 2024, by **Santa Maria Public Airport District** ("Lessor"), with an address of 3217 Terminal Drive, Santa Maria, CA 93455, and **United Lions Corporation, a California corporation** ("Lessee"), with an address of 512 Canfield Court, Lompoc, CA 93436, for the benefit of American Riviera Bank ("Lender"), with an address of 1033 Anacapa Street, Santa Barbara, CA 93101.

WHEREAS, H&H, LLC, a California limited liability company and Edgewater Motel, Inc., a California Corporation, as lessee ("Original Lessee") and Lessor entered into that certain unrecorded lease dated July 14, 2011 ("Original Lease"), as referenced in that certain Memorandum of Lease recorded in the official real property records of Santa Barbara County, California ("Official Records") on August 8, 2011, as Instrument No. 2011-0044694, and re-recorded in Official Records on May 7, 2012 as Instrument No. 2012-0029085, and re-recorded in Official Records on August 15, 2012 as Instrument No. 2012-0053595, for certain premises located at 3455 Skyway Drive, Santa Maria, CA 93455, comprising the real property described in Exhibit A attached hereto ("Property");

WHEREAS, Lessee succeeded to the interests of Original Lessee under the Original Lease pursuant to that certain Assignment and Assumption of Lease recorded in Official Records on October 27, 2022 as Instrument No. 2022-0049913, at which time the Original Lease was amended and restated pursuant to the terms of that certain unrecorded Lease dated October 27, 2022 (as amended and supplemented pursuant to that certain Estoppel Certificate and Addendum to Lease recorded in Official Records on December 2, 2022 as Instrument No. 2022-0049916, the "Lease");

WHEREAS, Lender is providing or intends to provide certain financial accommodations to Lessee as follows: (i) a commercial construction loan in the principal amount of up to $20,047,500.00 ("First Loan") to be secured by a first priority leasehold Deed of Trust ("First Deed of Trust")* encumbering the leasehold interest of Lessee under the Lease ("Leasehold Estate"), and (ii) a commercial construction loan in the principal amount of up to $4,448,917.00 ("Second Loan") to be secured by a second priority leasehold Deed of Trust ("Second Deed of Trust")* encumbering the Leasehold Estate, and (iii) refinancings, modifications, consolidation and amendments of the First Loan and/or Second Loan ("Supplemental and Replacement Loans"). The First Loan, the Second Loan and the Supplemental and Replacement Loans are collectively referred to as the "Loans". The term "Leasehold Mortgage" shall mean, as of record from time to time, the First Deed of Trust, the Second Deed of Trust and any lien on the Leasehold Estate securing one or more of the Loans, as may be modified, amended, supplemented, replaced, consolidated or refinanced from time to time.

*Recording Concurrently Herewith

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

1. **CONSENT TO ENCUMBRANCE OF LEASEHOLD ESTATE.** Lessor acknowledges receipt of copies of the documents evidencing, governing and securing the First Loan and Second Loan, including, without limitation, the First Deed of Trust and Second Deed of Trust and hereby consents to the liens created thereunder on the Leasehold Estate. Lessor acknowledges that Lessee has satisfied any conditions precedent to Lessee's right under the Lease to encumber the Leasehold Estate. Lessor waives the satisfaction of any requirements to the encumbering of the Leasehold Estate that have not been satisfied and agrees that Lender shall have all of the rights conferred under the Lease on a mortgagee that is encumbering the Leasehold Estate.

2. **REPRESENTATIONS AND WARRANTIES**

2.1 STATUS OF LEASE. Lessor warrants and certifies to Lender that: (a) the Lease is in full force and effect and has not been amended other than by the instruments specifically referenced above; (b) Lessee has entered upon and taken possession of the Property and any improvements situated thereon and has commenced the payment of rent; (c) Lessee has made all payments under the Lease required to be made through the date of this Addendum, has not prepaid rent more than one month in advance and is in compliance with all other obligations of Lessee under the Lease; (d) neither Lessor nor Lessee has given or received notice of the occurrence of a default under the Lease; (e) to the best knowledge of Lessor, there are no defaults, breaches, defenses, claims or offsets under the Lease or to the enforcement thereof by either of them against the other; and (f) Lessee has no other obligations to Lessor in connection with the Lease, matured or not yet matured, except as set forth in the Lease.

2.2 HOTEL IMPROVEMENTS. Except as described in Schedule A, attached hereto and fully incorporated herein by this reference, all conditions precedent to Lessee's construction of the Hotel Improvements (as defined in the Lease), including, as set forth in Section 5.03 of the Lease, have been satisfied.

2.3 OWNERSHIP OF INTERESTS IN PROPERTY. Lessor warrants and certifies that it has not assigned or agreed to assign its interest in the Lease, or any portion thereof, or the rents or other amounts payable thereunder to any other person, and there are no other leases affecting the Property to which Lessor is a party or by which Lessor is bound. Lessee warrants and certifies that it has not assigned, subleased, encumbered or pledged its interest in the Leasehold Estate, and Lessor has not received any notice of any such assignment, sublease, hypothecation, mortgage or pledge of Lessee's interest under the Lease.

3. **COVENANTS.** Lessor and Lessee hereby covenant and agree that, until the indefeasible payment in full of all Loans and reconveyance of all Leasehold Mortgages:

3.1 Neither Lessor nor Lessee shall modify or cancel the Lease without Lender's written approval, Lessee shall have no right to surrender the Property nor acquire Lessor's interest in the Property nor terminate the Lease and Lessor shall not accept any surrender or termination from Lessee nor agree to sell its interest in the Property to Lessee.

3.2 Lessor shall furnish to Lender written notice of default by Lessee of any term, condition or provision of the Lease within thirty (30) days of the date of default and shall give Lender 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.

3.3 In the event Lessor gives Lender 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 Lessee ("Sixty Day Notice"), Lender 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, Lender shall have such longer time as may be reasonably necessary to cure the default; provided that Lender commences the cure within such period and continuously and diligently pursues the cure to completion.

3.4 In the event Lessor gives Lender a Sixty Day Notice and if Lender gives written notice to Lessor within ninety days of the expiration of the Sixty Day Notice that Lender intends to initiate proceedings for foreclosure and sale of its interest in the Leasehold Estate, then Lessor will refrain from terminating the Lease, initiating any notice to quit, or filing any suit or action against Lessee for such period of time as may be necessary for Lender to complete such foreclosure and sale proceedings, provided that Lender cures any outstanding monetary defaults of Lessee and continues to do so during the period of its foreclosure and sale proceedings, and further provided that Lender pursues its foreclosure and sale proceedings diligently and continuously to completion.

4. TERMINATION NOTICE; LENDER'S RIGHT TO CONTINUE LEASE IN EFFECT.

4.1 Lessor agrees that the Lease shall not be terminated unless a default continues following the notice and cure period provided for above and a separate written notice of termination (a "Termination Notice") is given to Lender. To be effective, any such Termination Notice (a) must be in writing, (b) must be given after the expiration of the cure period specified in Sections 3.3 and 3.4, above, (c) must specify (i) the uncured defaults on which such notice is based, and (ii) the date on which such termination will become effective (the "Termination Date"), and (d) must be given to and received by Lender not less than thirty (30) days prior to the Termination Date specified in the Termination Notice.

4.2 Lender shall have the right to nullify any Termination Notice given by Lessor, and to keep the Lease in effect, provided that, prior to the Termination Date specified in the Termination Notice:

4.2.1 Lender (a) pays or causes to be paid all rent, additional rent and other payments then due and in arrears as specified in the Termination Notice or which will become due during the notice period; and (b) proceeds with due diligence and in good faith to endeavor to cure all non-monetary obligations of Lessee then in default and reasonably susceptible of being cured by Lender, other than satisfying and discharging any lien, charge or encumbrance against the Leasehold Estate or the improvements which is junior in priority to the lien of Lender; and

4.2.2 Lender thereafter (a) pays or causes to be paid the monthly rent and any other monetary obligations of Lessee under the Lease when and as the same become due, and (b) continues to perform all other obligations of Lessee thereunder, other than: (i) any obligation of Lessee to satisfy or otherwise discharge any lien, charge or encumbrance against Lessee's interest in the Lease or the improvements situated thereon which is junior in priority to the lien of the lien of Lender, and (ii) non-monetary obligations under the Lease which are not reasonably susceptible of performance by Lender; and

4.2.3 Lender initiates and prosecutes to completion the actions necessary to acquire or sell Lessee's interest in the Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with due diligence within 180 days following receipt of a Termination Notice, or if such foreclosure is delayed for reasons outside of Lender's control, proceeds with due diligence to complete such foreclosure as expeditiously as possible.

5. DISPOSITION OF LEASEHOLD ESTATE. Lender shall be entitled to sell, transfer or assign the Leasehold Estate acquired upon foreclosure, or by deed in lieu of foreclosure, notwithstanding any contrary provisions of the Lease that (a) create any rights of first refusal rights or other purchase options in the event of a transfer of the Leasehold Estate, or (b) establish suitability standards or qualifications for any proposed transferee or assignee, or (c) otherwise restrict the transfer of the Leasehold Estate, provided that (1) Lender furnishes Lessor with any information required by the Lease with respect to the identity and business experience of the assignee and (2) the assignee (i) meets Lender's underwriting criteria for a loan in the same original principal amount and on the same terms as the loan which Lender made to Lessee and (ii) the transferee expressly assumes in writing all of the duties and obligations of

Lessee under the Lease. In the event Lender acquires the Leasehold Estate by foreclosure or assignment in lieu of foreclosure, Lender shall have the right to sublease all or any portion of the Property without further consent of Lessor.

6. **DISCLAIMER OF INTEREST**. Lessor acknowledges and consents to Lender's security interest in any and all of Lessee's personal property and fixtures ("FF&E"), agrees to, and hereby does, subordinate any interest Lessor may have in said FF&E to the security interest of Lender, and agrees that, in the event of default by Lessee under the Loan or the Leasehold Mortgages, Lender may at any time enter onto the Property and may remove or dispose of all or any part of said FF&E from the Property. The entry on the Property for such removal shall not be deemed entering on, taking possession of or operating the Property, for purposes of imposing on Lender any responsibility or obligation for any term, provision, or condition provided in the Lease.

7. **INSURANCE PROCEEDS; CONDEMNATION AWARDS.** All policies of fire, casualty and extended coverage insurance carried by Lessee covering the Land and improvements shall have a loss payable clause in favor of Lender to the extent of Lender's interest in the Leasehold Estate, and Lender shall be named as an additional insured under all other policies of insurance maintained by Lessee under the Lease. Lender shall have the right to participate in any settlement or adjustment of losses under such insurance policies and shall have the right to participate in any negotiations, settlements, or legal proceedings relating to the property interest for which Lessee is to be compensated under the Lease. Lessor and Lessee agree that (a) any insurance proceeds payable under the policies maintained by Lessee insuring the improvements and (b) any condemnation award arising from any partial or total taking or a conveyance by deed in lieu of a taking to which Lessee is entitled under the Lease shall, subject to any obligations imposed on Lender by law with respect to the use of such insurance proceeds for the repair or restoration of the Property, be subject to the rights of Lender as provided in the Leasehold Mortgages and thereafter as the interests of the parties appear.

8. **RIGHT OF ENTRY**. Lender and its authorized agents shall have the right to enter the Property upon forty-eight hours advance notice to Lessee at all reasonable times and otherwise in accordance with the Leasehold Mortgages.

9. **NEW LEASE.** Should the Lease be terminated by reasons of Bankruptcy, assignment for benefit of creditors, insolvency or other events beyond the ability of Lender to cure or remedy, Lessor and Lessee shall upon the written request of Lender or its designee enter into a new lease with Lender or its designee on the same terms and conditions as the existing Lease.

10. **LIMITATION ON LIABILITY.** Lender shall not be liable for the performance of Lessee's obligations under the Lease unless and until Lender acquires the Leasehold Estate by foreclosure or deed in lieu thereof. Upon acquiring title to or possession of the Leasehold Estate due to the foreclosure of a Leasehold Mortgage or acceptance of a deed in lieu of foreclosure, Lender or its designated affiliate shall be liable for the performance of all of the terms, covenants and conditions of the Lease from and after the date on which title or possession was so obtained, but only for so long as such Lender party owns or is in possession and control of the Leasehold Estate.

11. **ASSIGNMENT BY LENDER**. Lender shall have the right to assign all of its rights and obligations under any Loan to any assignee, and, upon such assignment, this Addendum shall be binding upon and shall inure to the benefit of such assignee.

12. **NOTICE TO LESSOR'S SUCCESSORS**. Lessor will provide a written notice of the existence of this Addendum to Lease to any subsequent holder of a security interest in or purchaser of the Property.

13. **NOTICES.** 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 the party at the address set forth in the introductory paragraph or at such other address within the United States as may hereafter be designated in writing. Any notice required to be given under this Addendum shall effective when actually delivered, when actually received by email (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or if mailed, when deposited in the United States

mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Addendum. Any party may change its address for notices by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address.

14. **THIRD PARTY BENEFICIARY**. It is the intent of the parties that Lender shall be a third party beneficiary of this Addendum to Lease with the right to enforce its terms.

15. **NO MERGER**. Notwithstanding anything to the contrary contained in the Lease, no merger of interest of Lessor and Lessee shall operate to defeat the lien of Lender under the Leasehold Mortgages, including but not limited to situations where the merger of title results from an uncured default of Lessor or Lessee. No estate in the Property, whether fee title to the leasehold premises, the Leasehold Estate, or any subleasehold estate, will merge without Lender's express written consent; rather these estates will remain separate and distinct, even if there is a union of these estates in Lessor, Lessee or a third party who purchases or otherwise acquires the estates. Should Lessee acquire all or a portion of the fee simple title, or any other leasehold or subleasehold title to the Property, title will, at Lender's option, immediately become subject to the terms of the Leasehold Mortgages, and Lessee will execute, deliver and record all documents necessary or appropriate to assure that such title is secured by the Leasehold Mortgages.

16. **RELIANCE BY LENDER**. This Addendum is made by the parties hereto with the knowledge that Lender has made or is about to make one or more of the Loans to Lessee and has committed to making the Loans, that Lender is relying upon the certifications, terms, conditions and agreements contained herein in making the Loans, and that the terms contained herein constitute material conditions of the Loans.

17. **MISCELLANEOUS**. This Addendum shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Addendum is governed by the laws of the State of California, without regard to the choice of law rules of that State. If there is a lawsuit, Lessor and Lessee agree upon Lender's request to submit to the jurisdiction of the courts of Santa Barbara County, State of California. This Addendum may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same Agreement. This Addendum shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Addendum. This Addendum constitutes the entire understanding and agreement of the parties as to the matters set forth in this Addendum. No alteration of or amendment to this Addendum shall be effective unless consented to in writing by Lender.

18. **RECORDATION**. This Addendum shall be recorded in the office of the Santa Barbara County Recorder.

19. **RESOLUTION OF CONFLICTS.** To the extent that this Addendum is inconsistent with or conflicts with the terms or conditions of the Lease, and/or to the extent the Leasehold Mortgages or any of the other loan documents evidencing, governing or securing one or more Loan entered into in connection therewith ("Loan Documents") are inconsistent with or conflict with the terms or conditions of the Lease, the terms of this Addendum and the Loan Documents shall supersede the terms of the Lease and the Lease shall be deemed amended and modified such that it is consistent with the terms of this Addendum, the Leasehold Mortgages and the other Loan Documents.

ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE
(CONTINUED)

Dated as of the date first set forth above.

LESSOR:

SANTA MARIA PUBLIC AIRPORT DISTRICT

By: ____________________
NASH MORENO, PRESIDENT

LESSEE:

UNITED LIONS CORPORATION, A CALIFORNIA CORPORATION

By: Sardaben P. Patel.
SARDABEN PATEL, PRESIDENT

ACKNOWLEDGED:

LENDER:

AMERICAN RIVIERA BANK

By: ____________________

Name: Neil Amarante

Title: SVP, Senior Lender

ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE
(CONTINUED)

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 October 10, 2024 before me, Mary Salgado, notary public
(insert name and title of the officer)

personally appeared Nash Moreno,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 Mary Salgado (Seal)

MARY SALGADO
Notary Public - California
Santa Barbara County
Commission # 2490276
My Comm. Expires May 16, 2028

ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE
(CONTINUED)

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 October 17, 2024 before me, Jennifer Gutierrez, Notary Public
(insert name and title of the officer)

personally appeared Sardaben P. Patel,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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)**

JENNIFER GUTIERREZ
Notary Public - California
Santa Barbara County
Commission # 2426715
My Comm. Expires Dec 3, 2026

ESTOPPEL CERTIFICATE AND SECOND ADDENDUM TO GROUND LEASE
(CONTINUED)

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 October 18, 2024 before me, Jennifer Gutierrez, Notary Public
(insert name and title of the officer)

personally appeared Neil Amarante,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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)**

JENNIFER GUTIERREZ
Notary Public - California
Santa Barbara County
Commission # 2426715
My Comm. Expires Dec 3, 2026

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SANTA MARIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE: APN 111-231-005 & 006

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 at 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 111-231-018

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 Two, 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 at 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.

SCHEDULE A

PENDING CONDITIONS TO HOTEL IMPROVEMENTS

NONE

VIA DELIVERY

Sardaben Patel
United Lions Corporation
512 Canfield Court
Lompoc CA 93436

July 23, 2026

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

RE: Santa Maria Airport Radisson Hotel, Lease Estoppel Request

Gentlemen:

I believe you are aware that I am the principal shareholder in United Lions Corporation, your Lessee, and the operator of the Santa Maria Airport Radisson Hotel. My son, Atul Patel, manages the company operations and has been primarily responsible for overseeing the financing matters outlined in this letter.

You are also aware that we have been going through an extensive renovation to address substantial deferred maintenance by the prior owners and bring the hotel up to current standards in preparation for a rebranding to Delta by Marriot. The primary financing for the late 2022 purchase of the Lease and a 2024 refinancing to provide construction funds for the renovations and rebranding has been through American Riviera Bank. In late 2024 your Board approved an Estoppel Certificate associated with the refinancing in the total amount of approximately $24,496,500.

Because of unexpected costs associated with repairing and in many cases completely replacing the deferred maintenance items, and the upgrades to all the mechanical systems to more energy efficient equipment, we encountered cost overruns. The plan to address that was to use approximately $12,222,000 of Property Assessed Clean Energy ("PACE") financing through the California Statewide Communities Development Authority (the "CSCDA"). The PACE financing amount contemplated partially paying off American Riviera Bank (an SBA guaranteed second priority loan of approximately $4,449,000) and the Bank subordinating its remaining loan (a first priority loan of about $20,047,500) to the new PACE financing. This would have resulted in a total of about $32,269,500 of debt encumbering the Lease and business. And you previously approved that financing at our request.

American Riviera Bank initially approved this arrangement and working with an investment group that would buy the bonds issued under the PACE program we applied for the financing and were approved by CSCDA.

As part of the PACE financing rules, the County Assessor's Office held discretionary authority to approve the process whereby the annual assessment payments would be collected concurrently with the regular real property taxes and then forwarded to the State. Documents were submitted to the Assessor's Office for approval of this process in February of this year. At that time, they indicated that there would be an extended review without making any time commitment on how long that would take. To date, we still have not received a response or an indication how long they will take.

As the timeline kept extending due to delays by the Assessor's Office with no end in sight, the end of the construction looming in approximately five to six weeks (August 30, 2026 target), and construction costs needing to get paid, American Riviera determined that it was no longer willing to wait and subordinate to the PACE financing. As an alternative, the Bank offered to increase its existing approximately $20,047,500 first-priority loan by $2,180,000, while maintaining its existing approximately $4,449,000 second-priority SBA guaranteed loan. The net result would be that a total of approximately $24,496,500 of debt would encumber the Lease and business. The approximately $7,773,500 difference between that and the $32,269,500 anticipated under the PACE loan is cash invested into the property acquisition and renovation by my family.

The matter we are asking you to approve at this time is a First Amendment to the 2024 Estoppel Certificate required by the Bank to facilitate the restructured loan. The PACE loan will not go forward at this time and the documents previously approved by you associated with that financing have been withdrawn.

Our sole request to you therefore is to approve the enclosed First Amendment to Estoppel Certificate and Second Amendment to Ground Lease. My son Atul and our legal counsel, Alex Simas can be available to answer any question you may have.

Thank you for your consideration.

Sardaben P. Patel.

Sardaben Patel