



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

**Thursday
September 25, 2025**

**Administration Building
Airport Boardroom
6:00 P.M.**

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

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

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL: Moreno, Adams, Brown, Clayton, Guy

1. MINUTES OF THE REGULAR MEETING HELD SEPTEMBER 11, 2025

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

- a) Update on the Rent Study

4. FINANCE REPORT

- a) Demand Register
- b) Budget vs. Actual
- c) Financial Statements

5. **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.
6. **DISCUSSION AND DIRECTION TO STAFF REGARDING SPONSORSHIP FOR THE UNITED WAY MAYORS' BASH.**
7. **DISCUSSION AND DIRECTION TO STAFF REGARDING SPONSORSHIP FOR THE ANNUAL SANTA MARIA CHRISTMAS PARADE OF LIGHTS.**
8. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE SERVICE AGREEMENT FOR TERMINAL ADVERTISING BETWEEN THE DISTRICT AND FUSE CONNECT, LLC.**
9. **RESOLUTION 952. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT ADOPTING A POLICY TO REIMBURSE DUES FOR CIVIC CLUB MEMBERSHIPS TO MEMBERS OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT.**
10. **CLOSED SESSION.** The Board will hold a Closed Session to discuss the following item(s):
 - a) **Public Employment – Legal Counsel pursuant to Gov. Code Section 54957.**
 - b) **Conference with Legal Counsel-threatened litigation: 3111-K Airpark Drive, Santa Maria, CA 93455. Agency negotiators: General Manager and District Counsel. Negotiating parties: Ravindra Chandrasena. Under Negotiation: Settlement Agreement (Gov. Code Section 54956.9).**
11. **DIRECTORS' COMMENTS.**
12. **ADJOURNMENT.**

MINUTES OF THE REGULAR BOARD
MEETING OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT
DISTRICT HELD SEPTEMBER 11, 2025

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 Moreno, Brown, Guy, and Clayton. General Manager, Pehl, and District Counsel George. Director Adams was absent.

1. MINUTES OF THE REGULAR MEETING HELD August 28, 2025. Director Clayton made a Motion to approve the minutes of the regular meeting held August 28, 2025. Director Brown Seconded, and it was carried by a 3-0 vote. Director Guy abstained.
2. COMMITTEE REPORT(S):
 - a) EXECUTIVE – The committee met on the 4th to set the agenda.
 - b) ADMINISTRATION & FINANCIAL – No meeting scheduled.
 - c) SAFETY & SECURITY – No meeting scheduled.
 - d) REAL ESTATE – The committee met to discuss an ongoing lease.
 - 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.
3. GENERAL MANAGER’S REPORT: General Manager Pehl provided an update on the Runway Rehabilitation project.
4. The General Manager presented the Demand Register to the Board for review and approval.
 - a) Demand Register. The Demand Register, covering warrants 073976 through 074014 in the amount of \$500,398.94, was recommended for approval as presented. Director Brown made a Motion to accept the Demand Register as presented. Director Clayton Seconded, and it was carried by a 4-0 vote.
5. PUBLIC SESSION: Statements from the floor will be heard during public session. Request to Speak forms are provided for those wishing to address the board. After completing the form, please give it to the Clerk. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public are cordially invited to speak on agenda items as they occur. Staff reports covering agenda items are available for review in the offices of the General Manager on the Tuesday prior to each meeting. The Board has established a three-minute time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.

No one requested to speak.

6. Resolution 951. A Resolution of the Board of Directors of the Santa Maria Public Airport District adopting the Appropriations subject to limitation for fiscal year 2025-2026 under California Constitution Article XIII B (As Amended) and Implementing Statutes. Director Brown made a Motion to approve. Director Clayton Seconded, and it was carried by the following roll call vote. Directors Moreno, Brown, Guy, and Clayton voted "Yes".
7. Authorization for the President and Secretary to execute the Service Agreement for terminal advertising between the District and FUSE Connect, LLC. Director Clayton made a Motion to approve. Director Brown Seconded, and it was carried by a 4-0 vote.
8. Authorization for the President and Secretary to execute the contract between the District and Advance Aviation, LLC for Air Service Marketing. Director Brown made a Motion to approve. Director Moreno Seconded, and it was carried by a 4-0 vote.
9. Authorization for one staff member to attend the 2025 Marketing & Communications Conference to be held December 2-4, 2025, in Kansas City, MO. Director Clayton made a Motion to approve. Director Guy Seconded, and it was carried by a 4-0 vote.
10. Authorization for one staff member to attend the 2026 Air Service Data Seminar to be held January 26-28, 2026, in New Orleans, LA. Director Clayton made a Motion to approve. Director Guy Seconded, and it was carried by a 4-0 vote.
11. Authorization for the General Manager to execute the Change Order for the U.S. Customs Upgrades: Building & Site Civil between the District and Newton Construction & Management, Inc. Director Brown made a Motion to approve. Director Moreno Seconded, and it was carried by a 4-0 vote.
12. Authorization for the President and Secretary to execute the Consulting Service Agreement between the District and Veroneka Reade. Director Clayton made a Motion to approve. Director Moreno Seconded, and it was carried by a 4-0 vote.
13. Closed Session. At 6:32 p.m. the Board went into Closed Session to discuss the following item(s):
 - a) Public Employment – Legal Counsel pursuant to Gov. Code Section 54957.At 7:18 p.m., the Board and staff reconvened to Open Public Session.

There were no reportable actions.
14. Directors' Comments. Director Guy apologized for missing the last meeting and the marketing firm's presentation. He expressed appreciation for being brought up to speed and shared that he is pleased with the direction the airport is taking. He noted that the visible activity around the airport demonstrates to the community that exciting things are happening.

Director Clayton stated that he enjoys working with everyone and expressed that the airport is moving in the right direction.

Director Brown expressed excitement about seeing progress being made and noted that the airport is making real headway for the first time. With the additional air service and the ongoing construction to improve facilities, he stated that he sees a bright future for the airport.

Director Moreno agreed with the previous comments and stated his belief that within a year this will be a completely different airport.

15. Adjournment: President Moreno asked for a Motion to adjourn to a Regular Meeting to be held on September 25, 2025, at the regular meeting place. Director Clayton made that Motion, Director Guy 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 7:21 p.m. on September 11, 2025.

Ignacio Moreno, President

Steven Brown, Secretary

2025-2026

**DEMAND REGISTER
SANTA MARIA PUBLIC AIRPORT DISTRICT**

Full consideration has been received by the Santa Maria Public Airport District for each demand, numbers 074015 to 074055 and electronic payments on Pacific Premier Bank and in the total amount of \$328,424.87.

MARTIN PEHL
GENERAL MANAGER

DATE

The undersigned certifies that the attached register of audited demands of the Santa Maria Public Airport District for each demand, numbers 074015 to 074055 and electronic payments on Pacific Premier Bank in the total amount of \$328,424.87 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.

KATYA HAUSSLER
ACCOUNTING CLERK

DATE

THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVED PAYMENT OF THE ATTACHED WARRANTS AT THE MEETING OF SEPTEMBER 25, 2025.

STEVE BROWN
SECRETARY

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description
* 74015	9/10/2025	Advanced Cable Systems	\$220.00	Terminal Maintenance
* 74016	9/10/2025	Advantage Answering Plus	\$679.44	Answering Service
* 74017	9/10/2025	AT&T	\$141.91	Telephone Service
* 74018	9/10/2025	Bedford Enterprises, Inc.	\$364.35	Terminal Maintenance
* 74019	9/10/2025	Bomar Security & Investigation	\$4,867.50	Security Service
* 74020	9/10/2025	Coast Networx	\$210.00	Network Support Services
* 74021	9/10/2025	Coastal Ag	\$75.00	Vehicle Maintenance
* 74022	9/10/2025	Column Software PBC	\$1,860.92	Notice of Inviting Bids
* 74023	9/10/2025	Comcast	\$1,843.94	Internet/Cable- Customs&Admin
* 74024	9/10/2025	Comcast Business	\$2,216.59	Internet Service
* 74025	9/10/2025	Cygnnet Aerospace Corp.	\$695.00	Tenant Refund
* 74026	9/10/2025	Digital West	\$950.65	Network Services - Terminal
* 74027	9/10/2025	Earthbound Electric, Inc	\$4,701.52	Terminal Lighting
* 74028	9/10/2025	Fence Factory	\$129.40	Fencing and Gates
* 74029	9/10/2025	Grainger	\$217.05	Shop Supplies
* 74030	9/10/2025	Groveman Hiete LLP	\$235.00	Environmental Consulting
* 74031	9/10/2025	Gsolutionz, Inc.	\$91.70	GPS Cloud Services
* 74032	9/10/2025	Heath, Ray	\$3,575.20	Consulting Services - Contingencies
* 74033	9/10/2025	J B Dewar, Inc	\$482.98	Unleaded/Diesel Fuel
* 74034	9/10/2025	JD Humann Landscaping, Inc	\$4,955.00	Landscaping - Terminal
* 74035	9/10/2025	Local Copies, Etc.	\$54.52	Resolution 950
* 74036	9/10/2025	Lowe's	\$102.39	Pavement Maintenance - Terminal
* 74037	9/10/2025	MarTeeney Designs	\$550.00	Website Maintenance
* 74038	9/10/2025	McMaster-Carr	\$66.14	Admin Maintenance
* 74039	9/10/2025	Mission Linen Service	\$157.93	Uniform Service
* 74040	9/10/2025	Napa Auto Parts	\$25.00	Vehicle Maintenance
* 74041	9/10/2025	Oberon3, Inc	\$50.00	Terminal Maintenance
* 74042	9/10/2025	Planes of Fame Air Museum	\$75,000.00	Central Coast Air Fest
* 74043	9/10/2025	ProDIGIQ, Inc	\$106,020.00	Annual Software Support, Maint. and Svc Fees
* 74044	9/10/2025	RB Clean & Sweep	\$500.00	Street Sweeping
* 74045	9/10/2025	REACH	\$10,000.00	Airport Advertising
* 74046	9/10/2025	Robinson, Everett	\$679.00	Tenant Refund
* 74047	9/10/2025	S Lombardi & Assoc., Inc.	\$1,675.00	Airport Advertising
* 74048	9/10/2025	Safety-Kleen	\$306.73	Misc Hangar Maintenance
* 74049	9/10/2025	San Luis Powerhouse	\$1,035.00	Emergency Generator Quarterly Inspection
* 74050	9/10/2025	Service Star	\$12,333.98	Janitorial Service
* 74051	9/10/2025	Transportation Security Clearinghouse	\$12,000.00	Airbadge Integrated Services - Annual
* 74052	9/10/2025	Tri-Counties Plant Service	\$275.00	Interior Plant Service - Terminal
* 74053	9/10/2025	U.S. Bank Equipment Finance	\$607.22	RICOH Printer Lease
* 74054	9/10/2025	Verizon Wireless	\$1,983.84	Mobile Devices/Equipment Charges
* 74055	9/10/2025	VTC Enterprises	\$84.00	Trash - Paper Recycling

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description
		Subtotal	<u>\$252,018.90</u>	
ACH	9/9/2025	CalPers	\$7,083.93	Employee Retirement
ACH	9/11/2025	Paychex	\$27,237.52	Payroll
ACH	9/11/2025	Paychex	\$7,412.94	Payroll Taxes
ACH	9/11/2025	PG&E	\$3,177.29	Terminal/Admin/Hangar Electricity
ACH	9/11/2025	Ready Refresh	\$43.36	Water Delivery
ACH	9/11/2025	Frontier	\$1,164.68	Telephone Service
ACH	9/11/2025	CalPers	\$17,036.21	Employee Health Insurance
ACH	9/11/2025	The Gas Company	\$237.62	Utilities - Gas
ACH	9/11/2025	Quadient	\$200.00	Postage
ACH	9/12/2025	Paychex	\$192.61	Paychex Invoice
ACH	9/12/2025	De Lage Landen	\$83.74	Copier
ACH	9/15/2025	Empower Retirement	\$4,847.26	Employee Paid Retirement
ACH	9/22/2025	Frontier	\$948.71	Telephone Service
ACH	9/23/2025	CalPers	\$6,740.10	Employee Retirement
		Subtotal	<u>\$76,405.97</u>	
		Total	<u><u>\$328,424.87</u></u>	

Santa Maria Public Airport District

Budget vs. Actual - YTD

As of August 31, 2025

	<u>YTD</u>	<u>YTD BUD</u>	<u>VARIANCE</u>	<u>% VARIANCE</u>
61000-Landing fees	3,058.73	12,120.68	(9,061.95)	(74.8 %)
61100-Tiedowns	4,737.00	4,651.50	85.50	1.8 %
61200-Fuel Flowage Fees	17,997.18	21,840.00	(3,842.82)	(17.6 %)
62000-T-Hangar	103,017.00	104,615.00	(1,598.00)	(1.5 %)
62100-Corporate Hangar	76,644.00	76,840.50	(196.50)	(.3 %)
62200-Owner Build Hangar	3,994.00	3,994.00	0.00	.0 %
63000-T-Hangar Storage	8,586.00	8,691.18	(105.18)	(1.2 %)
64100-Main Hangar	24,210.00	24,209.18	0.82	.0 %
64200-Commercial Aviation	71,836.19	72,210.50	(374.31)	(.5 %)
64300-Land Lease - Commercial Aviation	16,368.00	16,368.00	0.00	.0 %
65000-Car Rental	21,350.09	29,978.18	(8,628.09)	(28.8 %)
65100-Terminal Space Lease	28,339.91	28,738.50	(398.59)	(1.4 %)
66100-Agricultural Lease	309,126.50	302,423.34	6,703.16	2.2 %
66200-Non Aviation Land Leases	70,207.00	67,455.84	2,751.16	4.1 %
66300-Cell Tower Lease	10,220.00	10,703.84	(483.84)	(4.5 %)
66400-Mobile Home Parks	98,542.54	100,413.68	(1,871.14)	(1.9 %)
67000-Administrative Income	5,718.00	4,790.84	927.16	19.4 %
69100-Interest and Investment Earnings	25,902.09	37,000.00	(11,097.91)	(30.0 %)
69110-AIP Reimbursement	0.00	725,134.50	(725,134.50)	(100.0 %)
69120-PFC Revenue	5,680.20	9,473.18	(3,792.98)	(40.0 %)
69200-Tax Revenues	0.00	424,550.00	(424,550.00)	(100.0 %)
Total Income	905,534.43	2,086,202.44	(1,180,668.01)	(56.6 %)
80000-G&A	6,995.96	2,665.50	4,330.46	162.5 %
80001-MHP - Maintenance	1,000.00	3,920.00	(2,920.00)	(74.5 %)
80002-MHP - MHP Liability Insurance	2,350.00	2,666.18	(316.18)	(11.9 %)
80003-MHP - Property Management	2,350.00	4,700.00	(2,350.00)	(50.0 %)
80004-MHP - Salaries/ Employee Related Expenses	19,037.55	21,592.34	(2,554.79)	(11.8 %)
80005-MHP - Utilities	40,994.09	39,150.00	1,844.09	4.7 %
80100-Salaries- Administration	73,412.08	90,148.18	(16,736.10)	(18.6 %)
80101-Salaries - Maintenance & Operations	86,073.84	93,868.34	(7,794.50)	(8.3 %)
80102-Employee Benefits - Other	10,984.51	10,559.50	425.01	4.0 %
80104-Employee Benefits - Medical	45,774.38	50,973.18	(5,198.80)	(10.2 %)
80105-Medicare Tax	3,105.26	2,919.50	185.76	6.4 %
80106-PERS Retirement	54,173.30	65,767.50	(11,594.20)	(17.6 %)
81000-ARFF Services	0.00	165,500.00	(165,500.00)	(100.0 %)
81100-Electricity	53,621.40	42,094.58	11,526.82	27.4 %
81200-Natural Gas	497.68	1,352.18	(854.50)	(63.2 %)
81300-Water	13,171.78	23,493.36	(10,321.58)	(43.9 %)
81600-Communications	12,980.17	12,673.84	306.33	2.4 %
81601-Communications - Alarm	3,176.85	3,044.36	132.49	4.4 %
81602-Communications - Wireless	3,232.33	4,145.68	(913.35)	(22.0 %)
81603-Communications - Access Control	0.00	253.84	(253.84)	(100.0 %)
82400-Supplies Office	6,403.86	7,500.02	(1,096.16)	(14.6 %)
82410-Supplies Shop	6,925.90	5,833.34	1,092.56	18.7 %
82500-Fuel Expense	2,455.81	7,500.00	(5,044.19)	(67.3 %)
83000-Maintenance - Misc	1,138.73	3,583.38	(2,444.65)	(68.2 %)
83001-Maintenance - Lighting	3,000.10	4,416.70	(1,416.60)	(32.1 %)
83002-Maintenance - Generator	1,035.00	1,245.18	(210.18)	(16.9 %)
83003-Maintenance - Pavement	8,335.36	5,666.70	2,668.66	47.1 %
83004-Maintenance - Weed/Wildlife	5,937.50	12,244.68	(6,307.18)	(51.5 %)
83005-Maintenance - Fencing & Gates	1,385.56	3,216.70	(1,831.14)	(56.9 %)
83006-Maintenance - Building	19,854.53	12,617.88	7,236.65	57.4 %
83007-Maintenance - Fire Alarm	821.56	1,096.52	(274.96)	(25.1 %)
83008-Maintenance - Drainage	0.00	2,500.02	(2,500.02)	(100.0 %)
83100-Signs	1,179.49	1,416.70	(237.21)	(16.7 %)
84000-Equipment Lease	1,825.78	1,666.68	159.10	9.5 %
84500-Janitorial	23,091.00	23,091.00	0.00	.0 %
84700-Landscaping	14,259.40	10,933.70	3,325.70	30.4 %

85000-Vehicle Maintenance	17,604.60	12,833.34	4,771.26	37.2 %
85400-Dues and Membership	28,035.98	16,181.00	11,854.98	73.3 %
86000-Advertising	19,623.61	12,500.00	7,123.61	57.0 %
86001-Consulting - Admin	11,877.24	18,695.18	(6,817.94)	(36.5 %)
86002-Consulting Professional	49,625.00	25,669.18	23,955.82	93.3 %
86003-Consulting - Legal	9,026.50	16,666.68	(7,640.18)	(45.8 %)
86004-Consulting - Security	22,128.25	83,289.50	(61,161.25)	(73.4 %)
86005-Bank Fees	0.00	400.00	(400.00)	(100.0 %)
86006-Computer Software	120,662.91	27,669.34	92,993.57	336.1 %
86007-Customs	0.00	20,833.34	(20,833.34)	(100.0 %)
86015-Depreciation - Hangar Area	0.00	4,916.68	(4,916.68)	(100.0 %)
86025-Depreciation - Landing Area	0.00	402,000.00	(402,000.00)	(100.0 %)
86035-Depreciation - FBO	0.00	3,000.00	(3,000.00)	(100.0 %)
86045-Depreciation - Revenue Gen Land	0.00	51,666.68	(51,666.68)	(100.0 %)
86055- Depreciation - Terminal Area	0.00	62,500.00	(62,500.00)	(100.0 %)
86100-Depreciation - Administration	0.00	5,500.00	(5,500.00)	(100.0 %)
86200-Insurance	0.00	91,364.50	(91,364.50)	(100.0 %)
86500-Permits	1,113.16	2,000.00	(886.84)	(44.3 %)
86600-Education and Recognition	2,149.78	4,971.68	(2,821.90)	(56.8 %)
86700-Business Travel	511.94	5,000.00	(4,488.06)	(89.8 %)
86800-Fire Fighting Training	0.00	4,500.00	(4,500.00)	(100.0 %)
88001-Airfest Expense - Sponsorship	75,000.00	12,500.00	62,500.00	500.0 %
88009-Airfest Expenses- Miscellaneous	(4,540.00)	0.00	(4,540.00)	.0 %
88609-Conservation Easement	0.00	175,000.00	(175,000.00)	(100.0 %)
Total Expenses	883,399.73	1,805,674.36	(922,274.63)	(51.1 %)
Net Income	22,134.70	280,528.08	(258,393.38)	(5.5 %)

Santa Maria Public Airport District
 Profit & Loss
 As of August 31, 2025

	YTD	PTD	PTD AVG	% AVG/PTD
Revenues from Operations				
Landing Area				
Landing fees and tiedowns	7,795.73	3,302.40	3,897.87	118.0 %
Fuel flowage fees	17,997.18	0.00	8,998.59	
Subtotal	25,792.91	3,302.40	12,896.46	390.5 %
Hangar area				
T-Hangar	103,017.00	51,378.00	51,508.50	100.3 %
Corporate T-Hangars	76,644.00	38,181.00	38,322.00	100.4 %
T-Hangar Storage Units	8,586.00	4,240.00	4,293.00	101.3 %
Owner Build Hangars	3,994.00	1,997.00	1,997.00	100.0 %
Subtotal	192,241.00	95,796.00	96,120.50	100.3 %
FBO Area				
Main Hangar	24,210.00	12,105.00	12,105.00	100.0 %
Commercial Hangars	71,836.19	33,017.52	35,918.10	108.8 %
Land Leases	16,368.00	8,184.00	8,184.00	100.0 %
Subtotal	112,414.19	53,306.52	56,207.10	105.4 %
Terminal Area				
Car Rental	21,350.09	5,647.00	10,675.05	189.0 %
Terminal Space Lease	28,339.91	14,151.23	14,169.96	100.1 %
TSA LEO Reimbursement	0.00	0.00	0.00	
Subtotal	49,690.00	19,798.23	24,845.01	125.5 %
Revenue generating land				
Non Aviation Land Leases	70,207.00	36,703.25	35,103.50	95.6 %
Agricultural Leases	309,126.50	154,563.25	154,563.25	100.0 %
Cell Towers	10,220.00	5,110.00	5,110.00	100.0 %
Airport Mobile Home Park	98,542.54	50,621.89	49,271.27	97.3 %
Subtotal	488,096.04	246,998.39	244,048.02	98.8 %
Administrative				
Badging Income			0.00	
Miscellaneous Income	5,718.00	3,797.00	2,859.00	75.3 %
Plans and Specs	0.00	0.00	0.00	
Cares Grant Revenue	0.00	0.00	0.00	
Subtotal	5,718.00	3,797.00	2,859.00	75.3 %
Total Revenue from operations	873,952.14	422,998.54	436,976.09	103.3 %
			0.00	

Santa Maria Public Airport District
Profit & Loss
As of August 31, 2025

	YTD	PTD	PTD AVG	% AVG/PTD
Operating Expenses:				
Landing Area	21,210.33	12,383.98	10,605.17	85.6 %
Hangar Area	14,656.01	7,513.84	7,328.01	97.5 %
FBO Area	14,942.80	6,321.52	7,471.40	118.2 %
Terminal Area	84,976.13	39,249.51	42,488.07	108.3 %
Revenue generating land	74,090.00	37,868.26	37,045.00	97.8 %
Salaries and Benefits	274,910.27	134,526.04	137,455.14	102.2 %
Utilities	23,928.97	6,289.57	11,964.49	190.2 %
Supplies	15,785.57	5,630.25	7,892.79	140.2 %
Maintenance and Repairs	23,685.28	6,518.70	11,842.64	181.7 %
Contractual Services	191,191.65	28,994.08	95,595.83	329.7 %
Real Estate Commission	0.00	0.00	0.00	
ARFF Services	0.00	0.00	0.00	
Security Services	22,128.25	10,403.50	11,064.13	106.4 %
Dues and Subscriptions	28,035.98	9,525.00	14,017.99	147.2 %
Advertising	19,623.61	15,202.28	9,811.81	64.5 %
Depreciation	0.00	0.00	0.00	
Insurance	0.00	0.00	0.00	
Election Expense	0.00	0.00	0.00	
Business Travel	511.94	90.02	255.97	284.3 %
Fire Fighting Training	0.00	0.00	0.00	
Rent Credit	0.00	0.00	0.00	
Air Show Expense	70,460.00	70,460.00	35,230.00	50.0 %
Conservation Easement	0.00	0.00	0.00	
Other Miscellaneous Expense	3,262.94	0.00	1,631.47	
Total Expenses	883,399.73	390,976.55	441,699.91	113.0 %
Operating income (loss)	(9,447.59)	32,021.99	(4,723.82)	(14.8) %
Non-Operating Revenues (Expenses):				
PFC Revenue	5,680.20	0.00	2,840.10	
Interest Income	25,902.09	12,118.29	12,951.05	106.9 %
Tax Revenues	0.00	0.00	0.00	
AIP Reimbursement	0.00	0.00	0.00	
Gain on Land Sale	0.00	0.00	0.00	
Total non-operating rev (exp)	31,582.29	12,118.29	15,791.15	130.3 %
Net Income	22,134.70	44,140.28	11,067.33	25.1 %

Balance Sheet

As of August 31, 2025

Current Assets:

Cash and cash equivalents	3,560,024
Restricted - cash and cash equivalents	418,226
Certificate-of-deposit	8,000
Accounts receivable - customers and tenants, net	539,587
Prepaid expenses and deposits	10,659,929
	<hr/>
Total current assets	15,185,766

Non-current assets:

Note receivable	0
Interest Receivable	0
Capital assets, not being depreciated	9,179,639
Depreciable capital assets	26,094,135
Deferred other post-employment benefits outflows	9,240
Deferred pension outflows	945,818
	<hr/>
Total non-current assets	36,228,833

Total assets	<hr/> 51,414,599
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Current Liabilities:

Accounts payable and accrued expenses	581,855
Accrued wages and related payables	5,794
Unearned Revenue (customer prepaid)	558,078
Hangar and other deposits	115,007
Long-term liabilities - due in one year:	
Compensated absences	43,436
Land improvements payable	8,574
	<hr/>
Total current liabilities	1,312,744

Long-term liabilities - due in more than one year

Compensated absences	130,307
Land improvements payable	48,588
Total other post-employment benefits liability	321,302
Net pension liability	2,566,217
Deferred pension inflows	72,640
	<hr/>
Total long term liabilities	3,139,055

Total Liabilities	<hr/> 4,451,799
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Net position:

Retained Earnings	46,940,665
Change in Net Position	22,135
	<hr/>
Total net position	46,962,800

Total liabilities and net position	<hr/> 51,414,599
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In-Terminal Advertising Program Management Permit – Santa Maria Airport

THIS IN-TERMINAL ADVERTISING PROGRAM MANAGEMENT PERMIT (“**Permit**”) is made and entered into by and between Santa Maria Public Airport District, a California special district formed under the California Airport District Act, Cal. Pub. Util. Code section 22001 et seq. (“**District**”), and Fuse Connect, LLC, a California limited liability company (“**Permittee**”). In consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. PREMISES: The District hereby grants Permittee the exclusive use of the following locations for advertising at the Santa Maria Airport (SMX) (the “**Premises**” or “**Airport**”):

- Digital Screens mutually agreed upon by the parties;
- Available blank walls mutually agreed upon by both parties for static advertising; and
- Physical floor locations mutually agreed upon by both parties for activations, e.g., Car Display.

Additional locations or opportunities, subject to approval by the General Manager of the District, may be incorporated into this Permit as they become available. The Permittee is granted a First Right of Refusal should opportunities arise to manage In-Terminal Advertising Programs across the District’s other airport locations, if any.

2. USE OF PREMISES: Permittee shall use the Premises, which are permitted in an as-is condition, for the sole purpose of providing Airport patrons with digital, static, and interactive advertisement content (the “**Advertising Program**”). Permittee shall not use or allow the Premises to be used in whole or in part for any purpose other than as set forth herein, without first obtaining the written consent of District’s General Manager or designee (hereinafter, “**General Manager**”). All aspects of the Advertising Program, including but not limited to advertisement placement, mounting, size, and type shall be approved by the General Manager, in writing, prior to its installation. The Advertising Program shall be well maintained and available for patron viewing within the Premises, seven (7) days per week, for the entire Term of this Permit. No permanent

signs, names, or placards shall be inscribed, painted or affixed upon the Premises, without prior written consent of the General Manager.

All Permittee displayed content shall be in compliance with the District's advertising policy. Permittee shall solely be responsible for providing of all services, equipment, supplies, and personnel for the installation and maintenance of the Advertising Program, including and not limited to all associated costs and expenses. Notwithstanding, District shall be responsible for providing necessary preparation work, including electrical work, mounting and wiring for any additional locations or opportunities mutually agreed to by the parties following the designation of the initial locations set forth in Section 1. Permittee shall not commit any nuisance, unlawful act or waste at the Premises and agrees to take all reasonable precautions to protect its property and the Premises from damage, theft, vandalism and other such hazards and liabilities.

3. DISPLAY ADVERTISING FEE: Permittee shall pay the District beginning on the Commencement Date (as defined herein), a monthly display advertising fee ("**Display Advertising Fee**") equal to forty percent (40%) of all Advertising Revenue (as defined below) for the preceding month, generated from all advertising displays which is the subject of this Permit. For the purposes of this Permit, "**Advertising Revenues**" means all gross revenues received or derived from the sale of advertising space or content at the Premises by Permittee (including digital, static, and interactive advertising) or otherwise attributable to the Advertising Program. Advertising Revenue shall not be reduced by bank charges, uncollected or uncollectible credit accounts, charges made by collection agencies, bad debt losses, or any commission or other amount paid out or rebated by the Permittee to others with respect to any sale of display advertisements. The Display Advertising Fee shall be paid monthly in arrears by Permittee, due on the 15th of the month following the monthly reporting period, **payable to the District, and paid at 3217 Terminal Drive, Santa Maria, CA 93455**. Statements and fees shall be submitted to the District monthly not later than the 15th of the month for the preceding month. Said compensation will become delinquent if not received by the 16th day of each month as described above, and shall be subject to a late penalty of ten percent (10%) of the amount due, or ten dollars (\$10), whichever is greater, which shall be added to the principle then due and owing. If still unpaid for 30 days after the delinquency date the legal rate of interest shall apply.

- a) **Bad Debt Adjustment.** Amounts owed which Concessionaire, after diligent collection efforts, deems uncollectible may be deducted from Gross Revenues, provided that in no event shall such deductions exceed two and one-half percent (2.5%) of Concessionaire's Gross Revenues. When Concessionaire, after diligent collection efforts, is unable to collect amounts due from an advertiser upon which Percentage Fee payments have been made, such bad debts shall be deemed uncollectible, and an appropriate adjustment shall be made in Concessionaire's subsequent revenue statements and Percentage Fee submissions. The uncollectible bad debts will be accrued and deducted from the Concessionaire's Percentage Fee at such time as Concessionaire commences paying such Percentage Fee. If Concessionaire subsequently collects amounts previously deemed uncollectible, an appropriate adjustment shall be made in the next revenue statement and Percentage Fee submission. For clarity, such adjustments shall exclude external collection costs.

4. MONTHLY PERFORMANCE STATEMENTS: Permittee shall submit to the District a Monthly Performance Statement of Gross Advertising Revenue with a Percentage Fee Computation ("**Monthly Performance Statement**") along with system-generated supporting documentation detailing individual sales, by the fifteenth (15th) day of each month following the month covered by the Monthly Performance Statement. The accuracy of the Monthly Performance Statement shall be certified by the affidavit of Permittee's Chief Financial Officer or their designee.

5. TERM: The "**Term**" for this Permit shall be three (3) years with two optional one (1) year extensions. The initial term shall start on October 1, 2025 ("**Commencement Date**") and end on September 30, 2028, subject however to earlier termination or suspension of this Permit as provided herein. In the event Permittee shall continue in possession of the Premises after the expiration of the initial Term, and the completion of the optional extensions, such possession shall not be considered a renewal of this Permit but a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this Permit.

- a) **Loss of Service:** Should the Airport lose commercial air service during the Term of this Agreement, both parties agree that this Agreement may be either terminated or suspended upon written notice by either party.

6. NON-EXCLUSIVE RIGHTS: Permittee may not have or enjoy, and may not grant, any exclusive rights of any kind which are forbidden by any applicable and pertinent law, statute, ordinance, rule or regulation of any governmental entity or agency. It is understood and agreed that nothing herein contained shall be construed to grant or authorize granting of an exclusive right within the meaning of Title 49 U.S.C.A. Section 40103 (e) and Section 47107 (a) (4). The Federal Aviation Administration (FAA) Rider ("**Exhibit A**") hereto is incorporated herein and made a part hereof.

7. REPAIR OF DAMAGE: Permittee shall regularly monitor each display for its appearance and shall repair and maintain the same at all times. Permittee shall promptly repair any and all damage to the Premises associated with the Advertising Program. Should Permittee fail or neglect to maintain or make repairs, as necessary to protect the health, safety, or welfare of individuals using the Premises, or fails or neglects to make a repair required to protect the structural integrity and/or cosmetic appearance of the Premises, District may, after written notice to Permittee, make said repair and charge Permittee for same, and Permittee shall pay said charges on demand.

8. LAWS: Permittee shall at all times observe and comply with all present and future laws, statutes, ordinances, regulations, rules, resolutions, or other binding enactments of any governmental authority. Permittee agrees to observe, obey, and abide by all directives of the General Manager, rules and regulations for the common and joint use of Premises and for maintenance and conduct of Permittee's service which are now or may hereafter be imposed by District, Federal Aviation Administration, or any other governmental agency having jurisdiction at the Premises.

9. INSURANCE: Permittee shall obtain and maintain for the entire Term, including during the optional extensions, of the Permit and shall not use the Premises or perform any work under this Permit until after Permittee has obtained insurance complying with the provisions of this section.

Said policies shall be issued by companies authorized to do business in the State of California. The following coverage shall be obtained and maintained by the Permittee:

(a) Commercial Liability Insurance. Commercial general liability insurance shall include, but not be limited to, bodily injury and death liability, property damage liability and premises liability in the total amount of One Million Dollars (\$1,000,000).

(b) Workers' Compensation Insurance. Permittee is required to be insured against liability for workers' compensation or to undertake self-insurance.

(c) Additional Insureds to be Covered. The District, its directors and officers shall be named as additional insureds. The policy shall provide that the Permittee's insurance will operate as primary insurance and that no other insurance maintained by the District, or additional insureds, will be called upon to contribute to a loss hereunder.

(d) Certificate of Coverage. Prior to commencing work under this Permit, Permittee shall furnish the District with a copy of the Certificate of Insurance for all policies. The certificate of insurances shall include a certification that the policies will not be canceled or reduced in coverage or changed in any other material aspect without thirty (30) days prior written notice to the District. Upon written request by the District, the Permittee shall provide a copy of the complete insurance policies.

10. INDEMNITY: To the fullest extent permitted by law, Permittee shall indemnify, defend, and hold harmless the Company and its directors, officers, agents, employees, representatives, and volunteers from and against all suits, proceedings, liens, actions, penalties, liability, loss, damage, expense, cost, claims or demands of any nature (including attorney's fees and costs of litigation) of every nature which District may incur, sustain or be subjected to arising out of or in connection with Permittee's, including its officers, agents, employees, guests, customers, licensees or invitees', performance or attempted performance of any obligation or duty provided for or relating to this Permit, the Advertising Program and/or the Premises, provided, however, that Permittee is not hereby indemnifying and holding the District harmless for liability of loss occasioned, caused or suffered by the sole active negligence or willful misconduct of the District.

11. NOTICE: All notices, demands, or communication may be served upon District or Permittee by personal service or by mailing the same in the United States Mail, postage prepaid, and directed as follows:

District: Santa Maria Public Airport District
Attn: General Manager
3217 Terminal Dr.
Santa Maria, CA 93455

Permittee: Fuse Connect, LLC
Attn: Scott Jacobson
8502 E Chapman Ave, Suite #645
Orange, CA 92869

Either District or Permittee may change such address by notifying the other in writing and said address shall continue as the notification address until further written notice.

12. POSSESSORY INTEREST: This Permit may create a possessory interest subject to taxation and Permittee will be required to pay any and all taxes levied on such interest prior to delinquency.

13. WAIVER: Permittee waives any and all claims for damages that may be caused by the District in re-entering and taking possession of the Premises, and all claims for damages that may result from the destruction of or injury to the Premises, and all claims for damages to or loss of such property belonging to Permittee as may be in or upon the Premises at the time of such re-entering. Permittee waives any and all claims against the District for loss or damages to any property of Permittee from any cause arising at any time, except for damage to Permittee's installed and owned digital equipment which is caused by the sole negligence of the District.

14. IMMEDIATE SUSPENSION AND TERMINATION CLAUSE: If Permittee causes an occurrence on the Premises which seriously threatens or damages the health, safety and or welfare of the public, the General Manager may, upon written notice to Permittee, immediately suspend all of Permittee's activities on the Premises and terminate this Permit, without recourse against the

District. If Permittee defaults on any term or condition of this Permit, the District may terminate this Permit without notice.

UPON EXPIRATION OR TERMINATION OF THIS PERMIT, PERMITTEE, AT PERMITTEE'S SOLE EXPENSE, SHALL REMOVE, WITHIN THIRTY (30) DAYS AFTER EXPIRATION OR TERMINATION, THE DISPLAY ADVERTISEMENTS AND RESTORE THE PREMISES TO THE SAME CONDITION AS BEFORE THE DISPLAY ADVERTISEMENTS' INSTALLATION.

15. GENERAL PROVISIONS:

- A. This Permit is of a personal nature and Permittee shall not assign, sublet, mortgage, pledge or otherwise transfer this Permit.
- B. This Permit is executed and delivered in California and the validity, enforceability and interpretation of any of its clauses shall be determined and governed by the laws of the State of California. Any action or proceeding arising from, out of or in relation to this Permit shall be brought in the Superior Court, County of Santa Barbara, State of California.
- C. Permittee enters into this Permit solely and exclusively as an independent contractor and not as a partner, employee or other agent of the District.
- D. If any term, covenant, condition, or provision of this Permit is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.
- E. Permittee shall have the nonexclusive right to utilize existing District public parking facilities and spaces subject to all applicable fees.
- F. This Permit embodies the whole agreement between the parties hereto as it pertains to the Premises and there are no promised terms, conditions, or obligations. Any alterations, changes or modifications to this Permit must be in writing and executed by both Permittee and District.
- G. Each person signing this Permit, for or on behalf of one of the parties hereto, represents, warrants, and guarantees to the other person that he/she is duly authorized and has legal power and/or authority to sign.

H. This Permit may be executed in counterparts, each of which shall be deemed to be an original instrument, but all of which shall constitute one and the same agreement.

16. GENERAL CIVIL RIGHTS, ACDBE PROGRAM: It is the policy of the District to practice nondiscrimination based on race, color, sex or national origin in the award or performance of this Agreement. Permittee agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Permittee for the period during which federal assistance is extended to the Airport through the Airport Improvement Program. This provision is in addition to that required to Title VI of the Civil Rights Act of 1964.

In cases where federal assistance provides, or is in the form of personal property, real property or interest therein, structures or improvements thereon, this provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the airport or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the Company or any transferee retains ownership or possession of the property.

This Permit is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. Permittee agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or Permit agreement, or other agreement covered by 49 CFR Part 23. Permittee agrees to include the above statements in any subsequent contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

17. CORPORATE AUTHORITY: Any individual executing this Permit on behalf of Permittee represents and warrants that he is duly authorized to execute and deliver this Permit on behalf of said Permittee, and that this Permit is binding upon said Permittee in accordance with its terms and covenants. If Permittee is a corporation, Permittee agrees to sign a Corporate Certificate.

18. ENTIRE AGREEMENT AND MODIFICATIONS: This Permit supersedes all previous use permits and constitutes the entire understanding of the parties hereto. Permittee shall be entitled to no other benefits than those specified herein. No changes, amendments, or modifications shall be effective unless in writing and signed, in advance of the effective date of the change, amendment or modification, by both parties. Permittee specifically acknowledges that in entering into this Permit, Permittee relies solely upon the provisions contained in the Permit and no other use permit or oral discussions prior to entering this Permit.

[Signature on next page.]

IN WITNESS WHEREOF, District and Permittee have executed this Permit as of the last day and year listed below.

DISTRICT:
SANTA MARIA AIRPORT

By: _____
Ignacio Moreno
President

Date: _____

PERMITTE:
FUSE CONNECT, LLC

By: _____
Scott Jacobsen
Chief Executive Office

Date: _____

By: _____
Steve Brown
Secretary

Date: _____

Approved as to content for the District:

By: _____
Martin Pehl
General Manager

Date: _____

Approved as to form for the District:

By: _____
Josh George
District Counsel

Date: _____

EXHIBIT "A"

FAA RIDER

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

1. Lessee, for themselves, their 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, Lessee 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. Lessee for themselves, their 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 Lessee 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. Lessee 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 Lessee 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. Lessee agrees that it shall insert the above five provisions in any lease agreement, contract, license, permit or other instrument by which Lessee 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. Lessee 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. Lessee 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. Lessee assures that it will require that its covered sub organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, 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 Lessee and without interference or hindrance.

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

15. Lessee 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 Lessee.

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