DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

COUNTY OF SANTA BARBARA
GENERAL SERVICES DEPARTMENT

LEASE AND MANAGEMENT AGREEMENT

FOR

SANTA YNEZ AIRPORT

SANTA YNEZ VALLEY AIRPORT AUTHORITY, INC. – LESSEE

COUNTY OF SANTA BARBARA - LESSOR

Folio YF 2627

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

COUNTY OF SANTA BARBARA
GENERAL SERVICES DEPARTMENT

LEASE AND MANAGEMENT AGREEMENT

This LEASE AND MANAGEMENT AGREEMENT ("LEASE" or "AGREEMENT") is entered into as of the_____ day of _____, 2020 between SANTA YNEZ VALLEY AIRPORT AUTHORITY, INC., a California non-profit public benefit corporation ("AUTHORITY"), and COUNTY OF SANTA BARBARA, a political subdivision of the State of California ("COUNTY").

RECITALS:

A. COUNTY is the owner of that certain real property located in the County of Santa Barbara, commonly known and referred to as the Santa Ynez Airport (hereinafter, the "AIRPORT") in the Santa Ynez Valley; and

B. AUTHORITY is a non-profit public benefit corporation which was founded for the sole purpose of leasing, managing and operating the AIRPORT for the benefit of COUNTY, the community in which the AIRPORT is located, and the users thereof; and

C. COUNTY, as lessor, and AUTHORITY, as lessee, entered into that certain Lease and Management Agreement effective June 1, 1993, which was subsequently amended by a First Amendment dated August 27, 1996, a Second Amendment dated June 16, 1998, and a Third Amendment dated December 15, 2005 (hereinafter, the "Original Lease"). Unless otherwise stated herein, the effective date of the Original Lease shall be June 1, 1993. Pursuant to the Original Lease, COUNTY leased portions of the AIRPORT (hereinafter the "PREMISES") to AUTHORITY, retained certain portions of the AIRPORT (herein the "PROPERTY"), and provided for all of the AIRPORT to be managed efficiently, competently, and economically by AUTHORITY; and

D. The AIRPORT is comprised of both the PREMISES and the

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

PROPERTY; and

E. COUNTY and AUTHORITY mutually desire to terminate the aforementioned Original Lease upon the acceptance, execution, and effectiveness of this Lease and Management Agreement ("LEASE" or "AGREEMENT"); and

F. COUNTY desires that members of the public, especially local residents, have an opportunity to participate in AIRPORT management; and

G. COUNTY and AUTHORITY acknowledge that AUTHORITY's Bylaws were created June 2, 1993 and have been amended several times by the Authority and now desire to have those Bylaws updated, with those updates and all future changes, approved by the COUNTY; and

H. COUNTY has the power to lease the AIRPORT and to contract for its management by AUTHORITY pursuant to the provisions of California Government Code sections 25536, 50474 et seq. and 50478.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, COUNTY hereby demises and leases the PREMISES to AUTHORITY for airport purposes and COUNTY authorizes AUTHORITY to manage the AIRPORT and AUTHORITY hereby takes and hires the PREMISES from COUNTY for airport purposes and accepts responsibility for managing the AIRPORT as follows:

1. LEASE TERMINATION AGREEMENT; PREMISES AND PERSONAL PROPERTY

A. LEASE TERMINATION. COUNTY AND AUTHORITY mutually agree that, upon the effective date of this LEASE, the Original Lease shall be terminated, replaced, and superseded by this LEASE.

B. PREMISES. The AIRPORT is comprised of the real property shown

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

on the County Surveyor's Map Number 695 dated August 5, 1947, on file in the office of the County Surveyor and as depicted on Exhibit A annexed hereto and incorporated herein by reference, except and excluding County Fire Station 32, which is not included as part of the AIRPORT. The PREMISES is that portion of the AIRPORT, including the buildings, structures, and improvements located thereon, all shown on Exhibit A annexed hereto and incorporated herein by reference. All portions of the AIRPORT, including runways, taxiways, and aprons, which are not a part of the PREMISES, are the PROPERTY, shown on Exhibit A annexed hereto and incorporated herein by reference.

C. ADDITION OF ROAD YARD AND RETAINED LANDFILL AREA TO THE PREMISES. COUNTY and AUTHORITY are parties to that certain Agreement dated December 1, 2005 (the "FAA AGREEMENT"). Under Section 3.3 of the FAA Agreement, the parties hereby agree that the "Retained Landfill Area" and "Retained Road Yard Area" (as defined in the FAA Agreement) are hereby added to the "PREMISES" and are shown as part of the PREMISES on Exhibit A annexed hereto and incorporated herein by reference.

D. PERSONAL PROPERTY. AUTHORITY shall have and hold, for and during the term of this AGREEMENT, all items of personal property currently used in connection with the operation of the AIRPORT and all additional and after-acquired property as well as improvements thereon and equipment used in connection therewith and purchased or acquired for such purposes.

2. AIRPORT OPERATION AND MAINTENANCE

A. AUTHORITY shall maintain the entire AIRPORT together with all improvements, fixtures and personal property thereon, whether now on the PREMISES or hereafter added, and shall make all necessary repairs, inside and outside, structural or

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

otherwise, so as to maintain and preserve the AIRPORT in good order and condition as an operating airport. Said maintenance responsibilities shall include, but are not limited to, painting of buildings; resurfacing of the runway, taxiways, and ramp areas; replacement of light bulbs and fixtures; control of weeds; mowing the lawn; and watering the landscaping. Expenditures pursuant to these obligations shall be those reasonable, necessary, and attributable to the operation and maintenance of the AIRPORT and such reasonable amounts as are needed to create prudent reserves for long-term maintenance, capital improvements, operating contingencies, and to match foreseeable state and federal grant funds available to implement this AGREEMENT and the improvements designated on the Plan as hereinafter set forth.

B. AUTHORITY shall comply with all laws, rules and regulations promulgated by duly authorized authorities with respect to airport and aircraft operations. AUTHORITY shall appoint an airport manager, (herein the "AIRPORT MANAGER") who, in addition to its primary duties, shall be responsible for enforcing compliance with all such laws, rules and regulations, including COUNTY's Airport Ordinance and any amendments thereto. COUNTY agrees to, at all times, delegate to the AIRPORT MANAGER powers appropriate to permit the AIRPORT MANAGER to lawfully enforce such compliance.

C. AUTHORITY agrees to provide space at the AIRPORT, to the extent available, to permit the use of the AIRPORT by all qualified persons, firms and entities desiring to conduct aeronautical operations at the AIRPORT, subject to such reasonable conditions, rules and regulations as AUTHORITY may impose and subject to the limitations of applicable law and contractual obligations. AUTHORITY shall provide usual and appropriate amenities to members of the public, including, without limitation, a pilot's

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

lounge, public restrooms and telephones, and said facilities shall be accessible to persons defined as "disabled" under the Americans with Disabilities Act and applicable California law.

D. AUTHORITY shall on behalf of COUNTY procure, at its sole cost and expense, all permits and licenses that are, or may in the future become, necessary or required for the operation of the AIRPORT. AUTHORITY further agrees not to allow or permit any fee or charge for such permit or license to become delinquent or to become a lien on the AIRPORT or any improvement thereon.

E. AUTHORITY shall take all reasonable steps to protect the AIRPORT and COUNTY'S property on the AIRPORT from damage, theft, vandalism and other hazards, to the end that all property, the title to which by the provisions of this AGREEMENT will or may pass to COUNTY during the term or at the expiration of this AGREEMENT, will be preserved in good and useable condition, ordinary wear and tear excepted. To this end, AUTHORITY agrees to replace or repair any and all such COUNTY property that is damaged as aforesaid and is needed in the operation of the AIRPORT.

F. AUTHORITY agrees to use diligent efforts to promote activities at the AIRPORT and to secure persons who wish to base their aeronautical activities at the AIRPORT. COUNTY hereby delegates to AUTHORITY the right to negotiate and consummate such agreements that will further these ends to the extent permitted herein.

G. AUTHORITY shall supervise the AIRPORT and all activities thereon in a business-like and prudent manner, and shall cooperate with COUNTY in securing compliance by AIRPORT users with applicable laws and regulations and with the terms of any agreement, lease or sublease relative to the use of the AIRPORT.

H. AUTHORITY shall prepare grant applications for COUNTY to submit

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

to the appropriate agencies to secure funding for the support of AIRPORT projects and operation. COUNTY approval of such grant applications shall not be unreasonably withheld.

I. In the event that AUTHORITY is unable to meet all of its financial obligations under this AGREEMENT, it shall apply its available funds in the following order of priority:

(1) The reasonable and necessary expenses of AUTHORITY attributable to the operation and maintenance of the AIRPORT and the performance of AUTHORITY'S obligations hereunder, and the payment of debt incurred with the consent of COUNTY;

(2) Payments on all other debt of AUTHORITY;

(3) Reasonable amounts for operating, maintenance, and capital improvements reserves required to satisfy AUTHORITY's existing and contemplated obligations hereunder.

J. (1) The maintenance and management obligations contained herein shall be conducted pursuant to local, state, and FAA requirements. The maintenance and management obligations herein shall apply to both the PREMISES and the PROPERTY and shall include grading and maintaining the proper condition of the safety areas, maintenance of the runway lights, VASI, and all other devices and improvements essential to the safe operation of the AIRPORT. Construction related to maintenance or new improvements shall be done in conformance with applicable FAA requirements.

(2) In the maintenance and management of the AIRPORT, AUTHORITY shall adhere to all federal obligations and requirements applicable during

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

the term of this AGREEMENT, including without limitation COUNTY's obligations to the federal government, the provisions of COUNTY's Federal Grant Assurances (including but not limited to assurances at 49 USC 47107), Federal Aviation Act Advisory Circulars, the Federal Aviation Act sections regarding "exclusive rights," 49 USC 40103, and FAA Order 5190.6B, as those obligations exist as of the effective date of this AGREEMENT and as they may be amended, re-codified, replaced or otherwise updated from time to time. In furtherance of this general covenant, but without limiting its general applicability, AUTHORITY specifically agrees to operate the AIRPORT for the use and benefit of the public; to make available all AIRPORT facilities and services to the public on fair and reasonable terms and without discrimination; to provide space at the AIRPORT, to the extent available; and to grant rights and privileges for use of the aeronautical facilities of the AIRPORT to all qualified persons, firms and entities desiring to conduct aeronautical operations at the AIRPORT.

(3) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of 49 USC 40103(e) and 49 USC 47107(a)(4). AUTHORITY shall possess no exclusive right to sell aviation fuel and oil at the AIRPORT, except as may be provided by law and AUTHORITY shall have no right to set rates for the sale of fuel and oil except for fuel and oil sold by AUTHORITY.

(4) COUNTY reserves the right to take any action it considers necessary to protect the aerial approaches of the AIRPORT against obstruction, together with the right to prevent AUTHORITY from erecting, or permitting to be erected, any building or other structures on the AIRPORT which, in the opinion of COUNTY, would limit the usefulness of the AIRPORT or constitute a hazard to aircraft.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

K. (1) COUNTY's Special Aviation Account which pertains solely to and may be used only for the benefit of the AIRPORT, as required by FAA regulations, shall be used for the benefit of the AIRPORT at COUNTY's discretion. A threshold balance of fifty thousand dollars ($50,000) is established as COUNTY's operating requirement.

(2) At such time as the threshold balance is exceeded, COUNTY may use the funds in excess of the threshold balance as matching funds for granting projects in lieu of AUTHORITY's matching fund requirements. Amounts in excess of this established threshold balance may also be used, upon request of AUTHORITY, for capital improvement and maintenance projects at the AIRPORT. Approval of such requests shall be at the discretion of the Director of General Services. Request shall be made in writing and shall include an estimate and description of the proposed project. COUNTY shall reimburse actual costs within thirty (30) days of receiving original invoices on COUNTY-approved projects.

(3) COUNTY shall furnish AUTHORITY, on a quarterly basis, copies of the Special Aviation Account balances of revenues and expenditures for the previous quarter. The reports shall be sent within sixty (60) days of the completion of each calendar quarter.

For the purpose of interpreting this Section 2, "maintenance" means activities such as repair, replacement, repainting, and cleaning of existing equipment, facilities, and structures for the purpose of keeping the AIRPORT in a safe operating condition, financially self-sufficient, and not materially increase the value of the object of maintenance; "capital improvement" means any new construction, remodeling, alteration, addition, or betterment which consists of more than mere repairs or replacement of

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

existing facilities, and which is intended to have a useful life of five or more years; and "reserves" means money set aside, allocated or appropriated for expenditure in a future fiscal year to further the purpose of this AGREEMENT.

3. TERM

The term of this AGREEMENT shall commence on the date signed by the COUNTY of Santa Barbara Board of Supervisors as set forth below and shall expire fifty (50) years thereafter, unless said term is sooner terminated as hereinafter provided.

Upon expiration or sooner termination of said term, AUTHORITY covenants and agrees that it will give up, surrender and deliver to COUNTY the PREMISES together with all buildings, structures and improvements thereon, as well as all personal property, furniture, fixtures and other equipment owned by AUTHORITY or leased from COUNTY and contained therein or on the PROPERTY and used in connection with the operation of the AIRPORT and purchased or acquired for said purposes. The parties intend that upon the termination of this AGREEMENT, the AIRPORT shall be in good condition as an airport, and shall be free and clear of any and all liens, debts, or encumbrances of whatsoever kind, nature and description, except as otherwise permitted by the provisions of this AGREEMENT.

4. RENT

Upon the effective date of this AGREEMENT, AUTHORITY shall pay the sum of Fifty Dollars ($50.00), being the rental at the rate of One Dollar ($1.00) per year and representing payment of rent for the entire fifty (50) year term of this LEASE.

5. STATUS OF AUTHORITY

A. AUTHORITY is a non-profit public benefit corporation whose sole

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

purpose is serving COUNTY as a lessee and independent contractor engaged in the activity of managing the AIRPORT and leasing the PREMISES. All meetings of the Board of Directors and general membership shall be open to the public, and shall be subject to the Brown Act (Government Code Section 54950 et seq.). Certain confidential matters as allowed under the Brown Act may be discussed in closed session, including, without limitation, litigation, real property negotiations, and personnel matters. AUTHORITY shall give reasonable notice, in writing, to COUNTY of all meetings of its Board of Directors and of meetings of its general membership and of the agenda items to be discussed and acted upon, and shall post a copy of the agenda of such meetings in a conspicuous public place at the AIRPORT office at least 72 hours in advance of the meeting, except in the event of an emergency that prevents the giving of such notice.

B. AUTHORITY shall submit to COUNTY an updated version of its corporate bylaws including all covenants and provisions, for approval by the Board of Supervisors within six (6) months of the execution of this lease. The bylaws shall be in conformity with this master lease. At a minimum, updates should include revisions needed to coincide with Paragraphs 5.C (1) and (2) below. Any further changes made to those bylaws by the Authority during the term of this lease, shall be submitted to the COUNTY for approval by the Santa Barbara Board of Supervisors.

C. AUTHORITY represents and warrants that its corporate bylaws contain the following provisions, and it covenants that such provisions shall not be altered, directly or indirectly, without the express written consent of COUNTY:

(1) That the only qualification for election to membership in the corporation is that members be bona fide residents of the Santa Ynez Valley Union High School District and be a minimum of eighteen years of age who have demonstrated and

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

evidenced an interest in aviation and community affairs and that should a member cease to be a resident of the Santa Ynez Valley Union High School District such membership shall automatically be terminated.

(2) That the membership shall as nearly as feasible be composed of sixty percent (60%) non-users and forty percent (40%) users, provided that in no event shall the user or non-user percentages vary by more than five percentage points (5%) from such percentages, and that no person shall be elected to membership if his/her election would cause a variance greater than five percentage points (5%); and should a person elected to membership as a non-user, during their term of membership, become a user and such change from non-user to user cause the percentage of users to exceed forty-five (45%), then such membership shall automatically be terminated except that such person shall be entitled to membership as a user upon the next vacancy in user members.

(3) That the Board of Directors shall consist of nine (9) members, of whom five (5) shall be non-users and four (4) shall be users, and that no person shall be elected as a member of the Board of Directors if his/her election would cause more than four (4) of the nine (9) members of the Board of Directors to be users of the AIRPORT. Should a person elected to the board as a non-user become, during the term of their directorship, a user and such change from non-user to user cause the number of user directors to exceed four (4), then such membership on the Board of Directors shall automatically be terminated, but membership in the corporation shall not be affected so long as such person remains qualified under Paragraphs 5.B. (1) and (2) above. Conversely, should a person elected to the board as a user become, during the term of his or her directorship, a non-user and such change from user to non-user cause the

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

number of non-user directors to exceed five (5), then such membership on the Board of Directors shall automatically be terminated, but membership in the corporation shall not be affected so long as such person remains qualified under Paragraphs 5.B. (1) and (2) above. The minimum age for Board of Directors membership shall be eighteen (18) years of age as of the date of election to the Board of Directors.

(4) That, as used in these provisions, "user" is defined as any person who:

a. Is a tenant, occupant of land or of buildings on the AIRPORT, or a person who has a real property interest in the AIRPORT or who has been granted contract rights to use the AIRPORT; or

b. Owns, leases, or flies often or regularly one or more aircraft stored or hangered at the AIRPORT; or

c. Is an agent, associate, employee, parent, spouse or child of a person defined in subparagraph 5.B. (4) a or b above.

If any person shall be refused membership in AUTHORITY, AUTHORITY will notify COUNTY of the person's name and the reasons for refusal.

AUTHORITY's Board of Directors shall approve and adopt a conflict of interest policy for the purpose of setting forth policies for preventing conflicts of interest and policies for preventing the appearance of conflicts of interests in the conduct and decisions of the Board of Directors regarding AUTHORITY business. The members of the Board of Directors shall execute conflict of interest statements on an annual basis as provided under the conflict of interest policy.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

6. PERSONAL PROPERTY

AUTHORITY shall maintain, purchase or acquire such equipment as may be required to keep the AIRPORT operating as an active airport. The property purchased or acquired for such purposes shall be turned over to COUNTY upon the termination of this AGREEMENT.

7. CONSTRUCTION CONTRACTS

AUTHORITY agrees to comply with any applicable provisions of State and Federal law, including the California Public Contract Code and Labor.

8. ASSIGNMENTS, SUBLEASES, PERMITS AND HYPOTHECATION

AUTHORITY shall not assign this AGREEMENT nor sublease, mortgage, pledge, hypothecate, permit the use of, or encumber the PREMISES or any part thereof, except as provided herein.

A. ASSIGNMENTS. AUTHORITY shall not assign this AGREEMENT in whole or in part without complying with the requirements below and without the prior written consent of COUNTY, which shall not unreasonably be withheld. Any attempt to assign in violation of this provisions shall be void and without legal effect. The following requirements shall apply to any assignment of this AGREEMENT:

(1) Any assignee shall be either a public entity or a non-profit public benefit corporation. The proposed assignee shall demonstrate with a five-year pro forma financial statement and business plan its ability to manage the AIRPORT. Such proposed assignee shall demonstrate that it has the experience and staff to operate the AIRPORT and shall provide copies of its books and financial records to COUNTY's Auditor-Controller so as to satisfy the Auditor-Controller that the proposed assignee is a

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

fiscally sound operator. The costs to COUNTY of processing the application for assignment shall be borne by AUTHORITY, which may seek reimbursement from the proposed assignee.

(2) Before entering into any assignment of this AGREEMENT, AUTHORITY shall give written notice to COUNTY identifying the intended assignee by name and address and specify the terms of the intended assignment. For a period of One Hundred Twenty (120) days after such notice is given, COUNTY shall have the right by written notice to AUTHORITY to terminate this AGREEMENT as of a date specified in such notice, which date shall not be less than thirty (30) days nor more than one hundred twenty (120) days after the date COUNTY'S notice is given, unless different times are agreed upon by the parties. If COUNTY so terminates this AGREEMENT, COUNTY may, if it elects, enter into a new lease covering the AIRPORT with the intended assignee on such terms as COUNTY and such intended assignee may agree, or enter into a new agreement covering the AIRPORT with any other person. From and after the date of such termination of this AGREEMENT, AUTHORITY shall have no further obligation to COUNTY hereunder, except for matters occurring or obligations arising hereunder prior to the date of such termination.

(3) AUTHORITY may assign and/or consent to the assignment of subleases created prior to, on or after the effective date of this AGREEMENT, subject to its satisfactory determination of the suitability of the proposed assignee to assume the obligations under such a sublease.

B. SUBLEASES AND PERMITS.

(1) AUTHORITY may sublease parts of the PREMISES for the purposes for which this AGREEMENT is granted and may enter into other agreements

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

for the use thereof and for such purpose without the prior consent of COUNTY, except as provided herein. This right does not include the right to sublet the entire PREMISES or substantially the entire PREMISES.

(2) Any subleases, licenses, agreements, contracts, or permits for use shall contain provisions to effect the following standards:

a. AUTHORITY shall have the right to negotiate any subleases, licenses, agreements, contracts, or permits; provided however, the term of any of the foregoing shall not exceed the term of this AGREEMENT.

b. There shall be no use that is not consistent with aviation purposes or the purposes of a public-use airport and any mandates regarding its use as provided in any and all applicable state and federal laws.

c. All alterations, additions or improvements made by any sublessee shall be the property of the sublessee during the term of such sublease. Upon termination or earlier expiration of such sublease, sublessee, at its sole cost and expense, shall remove such alterations, additions, contents or improvements and shall be provided up to and no later than sixty (60) days after termination of the sublease within which to remove the same. If after sixty (60) days, such sublessee has not removed such alterations, additions or improvements, then AUTHORITY (or COUNTY in the event of any termination of this AGREEMENT) shall have the option to claim the ownership thereof or to remove the same at sublessee's expense.

d. The AIRPORT shall maintain a fee and rental structure in order to provide for the AIRPORT's financial resiliency and sustainability. Use fees, and land and hangar rents, may be consistent with the prevailing market rates. Rental values shall be assessed every five (5) years by an independent appraisal as authorized

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

and reviewed by COUNTY. AUTHORITY will be responsible for all costs incurred in association with such required independent appraisal. Notwithstanding anything to the contrary contained herein, charges for aeronautical uses of the AIRPORT shall be reasonable and fees for use of the airfield generally may not exceed the AIRPORT's capital and operating costs of providing the airfield. Aeronautical fees for landside or non-movement area airfield facilities (e.g., hangars and aviation offices) may be at a fair market rate, but are not required to be higher than a level that reflects the cost of services and facilities.

e. Rentals of business properties shall be based upon the approach that is appropriate and customary to the type of business to be carried on by the sublessee.

f. All activities shall be consistent with Federal Aviation Administration (or its successor) rules, regulations, and grant assurances.

g. All activities shall be consistent with the approved Plan as it may from time to time be amended, and, until it is approved, with the Airport Layout Plan in effect at the time of execution of this AGREEMENT.

h. To the extent feasible, provisions regarding five-year revaluation and arbitration of rental amounts shall be included and shall be substantially consistent with the provisions of those in the now existing leases of Rows E&F at the AIRPORT. These provisions shall attempt to coordinate revaluation and reappraisal of all hangars at the same time. An example of such provisions from a now existing lease of Row F at the Airport is attached hereto as Schedule 8(B)(2)(h).

i. All permittees, licensees, and sublessees shall defend, indemnify and hold harmless, AUTHORITY and COUNTY and shall maintain appropriate

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

insurance coverages with limits of at least One Million Dollars ($1,000,000) combined single limit for bodily injury and property damage. This limit may be adjusted from time to time within commercially reasonable limits upon reasonable notice by COUNTY to AUTHORITY.

j. All permittees, licensees and sublessees shall comply with the FAA's Policy on the Non-Aeronautical Use of Airport Hangers (81 FR 38906). AUTHORITY shall routinely monitor use of hangars and take reasonable measures to eliminate and prevent unapproved non-aeronautical use of hangars. AUTHORITY shall take measures to minimize length of time on any waiting list for use of a hanger.

(3) Notwithstanding any other provision of this AGREEMENT, the sublease of real property by AUTHORITY for a period of time in excess of ten (10) years, or contrary to the above standards, and/or the modification or amendment of any sublease subject to this provision, shall be subject to approval by COUNTY'S Director of General Services. In such event, AUTHORITY may present the essential terms and conditions of such sublease, modification, or amendment to COUNTY'S Director of General Services for approval prior to entering negotiations with a particular party for a specific part of the PREMISES. Following approval by COUNTY'S Director of General Services, AUTHORITY may enter negotiations, but prior to execution of the final sublease or modification or amendment document, AUTHORITY shall present the document to COUNTY'S Director of General Services, or his or her designee, for determination that the specific terms and conditions of the final document conform to the essential terms and conditions previously approved by COUNTY.

(4) In the event of any termination of this AGREEMENT, COUNTY shall assume and have all of the rights and obligations of AUTHORITY under

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

subleases, licenses, agreements, contracts or permits for use which (i) AUTHORITY has entered into with the consent of COUNTY or (ii) are otherwise consistent with the provisions of Paragraph 8.B. (2) hereof.

(5) HYPOTHECATION. Nothing contained in this section shall prevent AUTHORITY from pledging the gross rental revenues from subleases, licenses, or other agreements made by AUTHORITY, as security for the payment of notes or other obligations issued, incurred or assumed by AUTHORITY for airport purposes to or for the benefit of the holders of such notes or other obligations, or from making such notes or other obligations a lien upon such revenues.

9. ACCOUNTS

AUTHORITY shall keep separate books, records and accounts in regard to the construction, operation and maintenance of the AIRPORT, and COUNTY and its designated representatives shall have the right to inspect and audit such books, records and accounts during regular business hours. AUTHORITY shall use the "enterprise" system of accounting. AUTHORITY shall engage the services of an independent certified public accountant to perform an annual financial audit of AUTHORITY'S balance sheet and the related statements of revenues, expenses and changes in retained earnings, and changes in financial position (cash flow statement) in accordance with generally accepted auditing standards. A copy of the audited financial statements and the certified public accountant's opinion thereon shall be forwarded to the Santa Barbara County Auditor-Controller within One Hundred Twenty (120) days of the close of AUTHORITY'S fiscal year.

AUTHORITY shall develop and adopt a records retention policy which will be submitted to COUNTY and approved by the General Services Director. Said policy

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

provides for the duration of and the form of retaining documents related to AIRPORT operation, including but not limited to agreements, leases, subleases, licenses, permits, cash register receipts, bills, and minutes of the Board of Directors and other documents of legal and financial significance. All records may be destroyed in accordance with the approved policy.

Within ninety (90) days of the termination of this LEASE, AUTHORITY shall furnish to COUNTY a final accounting of its books, records, and accounts, with an audited financial statement and a certified public accountant's opinion thereon. AUTHORITY shall distribute to COUNTY any funds remaining in its treasury after the payment of its obligations herein.

10. DEVELOPMENT OF PREMISES

AUTHORITY shall ensure development of the PREMISES is consistent with the Plan as provided and shall rehabilitate, expand, and improve the AIRPORT to the extent it shall deem appropriate to further the interests of COUNTY, the community and the users, and it shall have the right, in its discretion, to incur obligations and make expenditures for such purposes.

All alterations, additions or improvements made by AUTHORITY to the PREMISES shall be the property of AUTHORITY during the term of this AGREEMENT, but shall become COUNTY's property upon the termination or earlier expiration of the AGREEMENT.

Obligations incurred or assumed by AUTHORITY for AIRPORT purposes shall not be obligations of COUNTY, and AUTHORITY shall have no power to pledge the credit of COUNTY in any way whatsoever.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

AUTHORITY shall submit to COUNTY's Director of General Services, a long-term capital improvements budget for non-FAA projects not later than six (6) months after the effective date of this LEASE. Thereafter, AUTHORITY shall revise such budget to the extent there is any material change to the scope of the previously submitted budget.

11. CONTRACTS AND OBLIGATIONS

AUTHORITY shall be responsible for, and shall defend, indemnify and hold COUNTY harmless from, all claims arising out of or in respect to all leases, permits, licenses, contracts, agreements, and construction contracts, made from and after the effective date of the Original Lease. COUNTY, however, shall be responsible for, and shall defend and indemnify and hold AUTHORITY harmless from, any claims arising out of any acts done or omitted to be done by COUNTY in respect to any contracts, leases, licenses, or permits relating to the AIRPORT prior to the effective date of the Original Lease.

COUNTY represents to AUTHORITY that there are no obligations which are a lien on the AIRPORT or as to which AUTHORITY shall be liable for payment or which AUTHORITY shall be compelled to pay in order to acquit its obligations hereunder. COUNTY shall indemnify and hold AUTHORITY harmless from any such liability.

12. AIRPORT LAYOUT/LAND USE PLAN

A. Under the terms of the Original Lease, AUTHORITY caused the preparation of planning documents (herein, the "PLAN") which identified a vision of the AIRPORT and its prospective uses and processed and obtained a Conditional Use Permit (herein, the "CUP"). AUTHORITY shall cause any development at the Airport to be in compliance with the PLAN and the CUP. Prior to the commencement of construction of

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

any improvements on the PROPERTY or any portion thereof by AUTHORITY or any of its authorized sublessees, contractors, licensees, or permittees, AUTHORITY agrees to cause the preparation of final plans and specifications for construction of any and all such improvements. Plans and specifications for public use facilities to which COUNTY or AUTHORITY assumes immediate title shall be approved by COUNTY's Board of Supervisors.

B. All final plans and specifications shall be submitted to COUNTY's Department of Planning and Development for issuance of land use permits and building permits as required by applicable COUNTY regulations and shall be subject to COUNTY'S prior written approval including a finding of substantial conformity with the approved CUP. If not found in substantial conformity, the applicant shall be required to process an amended or revised CUP. Nonstructural alterations, such as, but not limited to, painting and carpeting, may be made by AUTHORITY to a particular improvement without permit if otherwise permitted by law.

C. Applicant shall be responsible for all costs associated with issuance of permits. Upon applicable approval of said plans and specifications, AUTHORITY shall cause the timely completion of construction of any and all such improvements in accordance with said final plans and specifications. It is further understood that said final plans and specifications may be subject to necessary change orders, and any and all such change orders in excess of $100,000 shall be subject to the prior written approval of the appropriate COUNTY land use and/or building permit authorities.

D. All buildings, structures and other improvements of every kind and/or nature which are constructed, erected or otherwise placed on the AIRPORT shall be in

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

full compliance with all applicable rules, regulations, ordinances or laws which may be in effect at the time of said construction, erection or placement of such improvements.

E. Nothing contained herein or in other sections of the AGREEMENT shall be construed as a limitation on COUNTY's legislative discretion.

F. AUTHORITY expressly agrees to be bound by all provisions which bind COUNTY in all grant agreements between COUNTY and the FAA, as if AUTHORITY, not COUNTY, were the grantee.

13. MODIFICATIONS AND/OR UPDATES OF THE PLAN

A. AUTHORITY and COUNTY understand and agree that from time to time, modifications and/ or updates of said PLAN will become desirable or necessary. Either party hereto may propose to the other that such PLAN be modified in one or more particulars and, if such other party agrees to such proposed modification, such modification shall be in writing and executed by the parties, and shall thenceforth be submitted to the authorities who originally approved the PLAN for their subsequent review and/or approval.

B. AUTHORITY shall submit an update to the adopted PLAN at least every five (5) years, in accordance with FAA regulations. Such update shall be prepared in accordance with good planning principles and shall conform to all applicable existing COUNTY standards and policies.

C. Anything herein contained to the contrary notwithstanding, modifications to said PLAN may be submitted unilaterally by COUNTY but only when:

(1) The modification is required by the Federal Aviation Administration; or

(2) The modification is necessary for the health or safety of

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

persons using the AIRPORT or of the general public.

14. SERVICES AND CHARGES

A. AUTHORITY shall operate the AIRPORT and manage the facilities thereon for the use and benefit of the public, in a good, efficient and economical manner, rendering fair and acceptable service to the public and in a manner conducive to obtaining and retaining the general good will of the public and to generating revenue sufficient to cover the operating, maintenance, financing, and capital improvement costs of such operation. AUTHORITY shall not in any way discriminate against users of the AIRPORT on any basis prohibited by law.

B. AUTHORITY shall have the right and discretion to set the rates for sale of fuel, hangar rentals and ground leases, tie-downs, commercial use licenses, special events, commercial filming, parking, and other such activities. Such rates shall be set in accordance with the provisions of subparagraph 8.B.(2)d hereof.

In the event that COUNTY shall deem that (1) AUTHORITY'S rates are unfair, unreasonable or not in accord with the parameters of subparagraph 8.B.(2)d; or (2) the rates, if sublease rates, are inconsistent with the provisions of the subleases in effect; or (3) the rates would result in insufficient operating revenue for the AIRPORT, then COUNTY's Director of General Services shall notify AUTHORITY, which shall investigate the facts concerning such rates and report the results of such investigation to the Director. If AUTHORITY and the Director are unable to agree, the dispute shall be settled by and the rates determined by the Board of Supervisors.

AUTHORITY further agrees to promptly notify COUNTY in writing and with specificity of any complaints received pertaining to any alleged violations of this Section.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

15. POLLUTION AND REMEDIATION.

A. Pollution. COUNTY acknowledges that there has been extensive leakage of gasoline at the AIRPORT prior to the commencement of the Original Lease as well as the existence of other pollutants at the AIRPORT, the exact extent of which is unknown. Furthermore, the identities of all the parties potentially responsible for the above-described pollutants prior to the commencement of the Original Lease are not fully known. COUNTY recognizes that, as between COUNTY and AUTHORITY, it is COUNTY's responsibility to clean up and abate all such polluting materials existing prior to the commencement of the Original Lease. Therefore, COUNTY shall retain the responsibility for remediation of such pollution, known or unknown, existing on the AIRPORT as of the commencement of the Original Lease, and this AGREEMENT shall not act as an assignment of that legal obligation.

B. Subject to Paragraph 15.A above, COUNTY shall defend, indemnify and hold harmless AUTHORITY from, claims, damages, expenses, fines, or penalties caused by the presence of any hazardous material on the PREMISES or COUNTY'S alleged violation of applicable laws, but only in proportion to and to the extent that such claims, damages, expenses, fees, fines, or penalties result from the negligent or wrongful acts or omissions of COUNTY, its officers, officials, employees or agents. This obligation shall not apply, if and to the extent that: COUNTY did not violate any applicable laws or act negligently with respect to, or otherwise contribute to, the condition or the hazard posed by the condition.

C. Subject to Paragraph 15.A above, AUTHORITY shall defend, indemnify and hold harmless COUNTY from, claims, damages, expenses, fines, or penalties caused by the presence of any hazardous material on the PREMISES or

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

AUTHORITY'S alleged violation of applicable laws, but only in proportion to and to the extent that such claims, damages, expenses, fees, fines, or penalties result from the negligent or wrongful acts or omissions of AUTHORITY, its officers, officials, employees or agents. This obligation shall not apply, if and to the extent that: AUTHORITY did not violate any applicable laws or act negligently with respect to, or otherwise contribute to, the condition or the hazard posed by the condition.

16. SUBORDINATION TO FEDERAL AND STATE AGREEMENTS GENERALLY

This AGREEMENT shall be subordinate to the provisions of any existing or future agreements between COUNTY and the United States Government or the State of California relative to the development, operation or maintenance of the AIRPORT, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development or maintenance of the AIRPORT. COUNTY, as the only party to this AGREEMENT eligible to receive funding from the United States Government or the State of California, is solely responsible for the proper disbursement of those funds. For the purposes of this AGREEMENT, COUNTY and AUTHORITY agree to cooperate in their efforts towards completing grant-funded projects. AUTHORITY will provide any matching funds required.

COUNTY and AUTHORITY shall agree in writing on a Work Plan prior to the commencement of work on each grant funded project. The Work Plan shall contain, at a minimum, the allocation of duties between AUTHORITY and COUNTY and an allocation of the grant monies, including COUNTY's administrative costs. All expenditures associated with grants shall be approved by the Director of General Services or his or her successor prior to the expense being accrued. All expenditures pursuant to said signed Work Plan that are determined to be ineligible to receive grant funding shall be at the

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

expense of AUTHORITY. All expenditures by COUNTY, not approved by AUTHORITY, not required by law, and not provided for in this AGREEMENT and any amendment thereto, shall be at the expense of COUNTY. All original financial records will be forwarded to COUNTY for audit purposes.

17. INDEMNIFICATION AND INSURANCE

A. Indemnification: AUTHORITY hereby agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its officers, officials, employees, agents and volunteers from and against any and all claims, actions, losses, damages, judgments and/or liabilities arising out of this AGREEMENT from any cause whatsoever, including the acts, errors or omissions of any person or entity and for any costs or expenses (including but not limited to reasonable attorneys' fees) incurred by COUNTY on account of any claim except where such indemnification is prohibited by law. AUTHORITY's indemnification obligation does not apply to COUNTY's gross negligence, sole negligence or willful misconduct.

B. Insurance: AUTHORITY shall, at its sole cost and expense, procure and maintain for the term of this AGREEMENT insurance against claims for injuries to persons or damage to property which may arise from, or in connection with, the performance of the work, or in connection with products, materials or services supplied to AUTHORITY.

C. Minimum Scope and Limit of Insurance: Coverage shall be at least as broad as:

(1) Airport Liability Insurance: On an "occurrence" basis, including products and completed operations, property damage, and bodily injury with limits, no less than $10,000,000 per occurrence, including owned and non-owned aircraft

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

coverage.

(2) Automobile Liability: Insurance Services Office Form Number CA 0001 covering any auto (Code 1), or if AUTHORITY has no owned autos, hired (Code 8) and non-owned (Code 9) autos, with limit no less than $2,000,000 per accident for bodily injury and property damage.

(3) Workers' Compensation: insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease.

(4) Pollution Legal Liability and Remediation: and/or Errors & Omissions applicable to underground or above-ground fuel storage tanks, fueling or refueling operations with a limit no less than $2,000,000 per claim or occurrence and $2,000,000 aggregate per policy period of one year. This policy shall include coverage for bodily injury, property damage, personal injury and environmental site restoration, including fines and penalties in accordance with applicable EPA or state regulations.

(5) Hangerkeepers Liability: with a limit not less than $5,000,000 combined single limit per occurrence and $5,000,000 aggregate.

(6) Directors and Officers Liability: The directors and officers liability insurance shall include protection against any claim arising out of any actual or alleged error or misstatement or act or omission or neglect or breach of duty by the directors and officers of AUTHORITY in the discharge of their duties with AUTHORITY individually or collectively, or any matter claimed against them solely by reasons of their being or having been directors and officers of AUTHORITY.

(7) Property Insurance: AUTHORITY agrees to reimburse COUNTY the proportional costs for COUNTY to provide all risk property insurance

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

coverage on any and all buildings subject to this AGREEMENT. In the event of any loss to any buildings subject to this agreement caused by any occurrence that is covered by such risk property insurance, AUTHORITY shall be responsible for any payment of any deductible. AUTHORITY understands that above-described all risk property insurance coverage does not cover the personal property of AUTHORITY, nor is there any intention for said coverage to insure such interest. All property insurance carried by either party shall include provisions denying to the insurer acquisition by subrogation of rights of recovery against the other party to the extent the rights have been waived by the insured prior to or, if permitted by the insurer, after the occurrence of loss or injury. The other party shall be entitled to have certificates of the policies containing such provisions. Each party, notwithstanding any provisions of this AGREEMENT to the contrary, waives any rights of recovery against the other for loss or injury against which the waiving party is protected by insurance containing provisions denying to the insurer acquisition of rights by subrogation.

If AUTHORITY maintains broader coverage and/or higher limits than the minimums shown above, COUNTY requires and shall be entitled to the broader coverage and/or the higher limits maintained by AUTHORITY. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to COUNTY.

D. Other Insurance Provisions: The insurance policies are to contain, or be endorsed to contain, the following provisions:

(1) Additional Insured: COUNTY, its officers, officials, employees, agents and volunteers are to be covered as additional insureds on the General, Airport and Hangerkeeper's Liability policies with respect to liability arising out of work or operations performed by or on behalf of AUTHORITY, including materials, parts, or

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

equipment furnished in connection with such work or operations. The General liability coverage can be provided in the form of an endorsement to AUTHORITY's insurance at least as broad as ISO Form CG 20 10 11 85 or, if not available, through the addition of both CG 20 10 and CG 20 37 (if a later edition is used).

(2) Primary Coverage: For any claims related to this AGREEMENT, AUTHORITY's insurance coverage shall be primary insurance as respects COUNTY, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by COUNTY, its officers, officials, employees, agents or volunteers shall be in excess of AUTHORITY's insurance and shall not contribute with it.

(3) Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to COUNTY.

(4) Waiver of Subrogation Rights: AUTHORITY hereby grants to COUNTY a waiver of any right to subrogation which any insurer of said AUTHORITY may acquire against COUNTY by virtue of the payment of any loss under such insurance. AUTHORITY agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not COUNTY has received a waiver of subrogation endorsement from the insurer.

(5) Deductibles and Self-Insured Retention: Any deductibles or self-insured retentions must be declared to and approved by COUNTY. COUNTY may require AUTHORITY to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

(6) Acceptability of Insurers: Unless otherwise approved by Risk

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A- VII".

(7) Verification of Coverage: AUTHORITY shall furnish COUNTY with proof of insurance, original certificates and amendatory endorsements as required by this AGREEMENT. The proof of insurance, certificates and endorsements are to be received and approved by COUNTY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the AUTHORITY's obligation to provide them. AUTHORITY shall furnish evidence of renewal of coverage throughout the term of the AGREEMENT. COUNTY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

(8) Failure to Procure Coverage: In the event that any policy of insurance required under this AGREEMENT does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right, but not the obligation or duty, to terminate the AGREEMENT. Maintenance of required insurance coverage is a material element of the AGREEMENT and failure to maintain or renew such coverage or to provide evidence of renewal may be treated by COUNTY as a material breach of contract.

(9) Subcontractors: AUTHORITY shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and AUTHORITY shall ensure that COUNTY is an additional insured on insurance required from subcontractors.

(10) Claims-Made Policies: If any of the required policies provide coverage on a claims-made basis:

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

b. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of contract work.

c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, AUTHORITY must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

(11) Special Risks or Circumstances: COUNTY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

18. GOVERNMENT AID

COUNTY agrees to cooperate with AUTHORITY, if so requested by AUTHORITY, in making any necessary applications for and in securing any and all governmental grants, loans, or other aid which may be obtainable for the AIRPORT under any applicable laws, but COUNTY shall not be obligated to AUTHORITY to assume any financial liability or obligation in connection therewith.

19. ADDITIONAL LANDS AND INTERESTS THEREIN

AUTHORITY shall immediately upon acquisition of any lands and improvements thereon or rights, easements, or interests therein for use in extension of the runway, or for use in expansion of the AIRPORT, or for use in maintaining airplane beacons, guides or other aids to aviation, convey the same to COUNTY without consideration, and such property shall become part of the PREMISES or PROPERTY.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

20. CONDEMNATION OR ACQUISITION BY OTHERS

A. In the event the PREMISES or any part thereof be condemned, taken or acquired by a body having superior power of eminent domain, then the compensation or award therefor shall be payable, in accordance with the following provisions:

(1) Out of said compensation or award there shall be paid to AUTHORITY an amount equal to the sum of the following :

a. The amount required to pay any AUTHORITY obligations incurred for AIRPORT purposes and outstanding at the time title vests in the condemning power at the earliest dates after such decree or judgment or such obligations may be paid, or if any such obligations are not subject to immediate payment, then the amount required to pay them at their due date; less the following three items:

1. The assets of any sinking fund established for the payment any obligations incurred or assumed for AIRPORT purposes, or any other public purposes, including interest thereon;

2. The unexpended proceeds from the sale of any obligations issued, incurred or assumed for AIRPORT purposes; and

3. Any cash set aside for the payment of any obligations incurred or assumed for AIRPORT purposes. The interest on any such obligations from the last interest payment date prior to the vesting of title in the condemning power up to the date of such due date.

a. The prepayment penalty, if any; and

b. Any unamortized AUTHORITY funds, other obligation proceeds, or federal, state or city grants, expended for capital improvements at the

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

AIRPORT.

(2) The balance, if any, of such compensation or award shall be paid to COUNTY.

(3) The amount paid to AUTHORITY as provided for in this article shall, together with any funds remaining unexpended for AIRPORT purposes from the proceeds of any such obligations, be set aside in a special fund. If, after the payment of all obligations with interest, and after the deduction of unamortized AUTHORITY funds as aforesaid, there shall remain any balance in said special fund including income and appreciation thereon, AUTHORITY shall pay such balance to COUNTY.

B. If the whole of said PREMISES shall be condemned, taken or acquired, as aforesaid, or if the part of said PREMISES condemned, taken or acquired is so substantial as to make it impractical to proceed with the operation of the AIRPORT for airport purposes, then and in such event, possession of the PREMISES remaining shall be promptly surrendered to COUNTY as if the term hereof shall have come to an end.

C. If, however, only a part of said PREMISES or of the right and interest of AUTHORITY in or to the same shall be condemned, taken or acquired, and the remaining is sufficient to conduct the operation thereof for airport purposes, then and in such event, the obligations of AUTHORITY under the provisions of this AGREEMENT shall continue and remain unaffected by such condemnation, taking or acquisition.

21. INSPECTION

COUNTY reserves the right, at all reasonable times, to free access to all portions of the PREMISES for the purpose of inspection for compliance with the provisions of this AGREEMENT.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

22. DEFAULT AND TERMINATION

A. BY COUNTY. COUNTY shall have the right to terminate this AGREEMENT in its entirety or to enforce this AGREEMENT by any appropriate remedy immediately upon the happening of any of the following events:

(1) Filing of a petition, voluntarily or involuntarily, for the adjudication of AUTHORITY as a bankrupt;

(2) The making by AUTHORITY of any general assignment for the benefit of creditors;

(3) The occurrence of any act which operates to deprive AUTHORITY permanently of the ability to perform its duties under this AGREEMENT (except suspension of operations resulting from war or national emergency);

(4) Any abandonment of operations at the AIRPORT by AUTHORITY; unless reason for such abandonment is beyond the control of AUTHORITY.

(5) The failure of AUTHORITY to perform, keep and observe the terms, covenants, and conditions herein contained on the part of AUTHORITY to be performed, kept, or observed after expiration of thirty (30) days from the date that written notice has been given to AUTHORITY by COUNTY to correct such default or breach, unless AUTHORITY shall furnish satisfactory evidence that it is continuously and diligently attempting to correct such default or breach.

(6) A resolution adopted by the Board of Supervisors of COUNTY under which termination of this AGREEMENT shall occur one year from such date of resolution by the Board. During such intervening year, AUTHORITY shall not enter into any agreements with others which would extend beyond such intervening year without consent of COUNTY.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

B. TERMINATION BY AUTHORITY. Should COUNTY fail to observe any provisions of this AGREEMENT, written notice of such delinquency shall be given by AUTHORITY to COUNTY; if such delinquency continues uncured for thirty (30) days after receipt of such notice, AUTHORITY may elect to terminate this AGREEMENT in its entirety or enforce this AGREEMENT by any appropriate legal remedy, unless COUNTY shall furnish satisfactory evidence that it is continuously attempting to correct such default or breach.

AUTHORITY may also terminate this AGREEMENT by passage of a resolution adopted by the Board of Directors of AUTHORITY under which termination of this agreement shall occur one year from such date of determination by the Board of Directors of AUTHORITY. During such intervening year, AUTHORITY shall not enter to any agreements with others which would extend beyond such intervening year without the consent of COUNTY.

23. NOTICES

All notices required herein shall be in writing, sent by certified or registered mail, and addressed a follows:

To COUNTY: Department of General Services,

County of Santa Barbara,

105 E. Anapamu Street, Santa Barbara, CA 93101

To AUTHORITY: Santa Ynez Valley Airport Authority,

P. O. Box 1572, Santa Ynez, CA 93460.

All communications shall be sent to the above addresses until notice in writing of change of address is sent by either party to the other by registered mail.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

24. NO COST TO COUNTY

Except as otherwise provided herein, no COUNTY funds are to be expended for the repair, maintenance or improvement of the AIRPORT unless COUNTY shall have authorized such expenditure in advance.

25. SEVERABILITY

If it is determined that any specific clause or provision is prohibited by law, then that provision shall be null and void, but shall not affect the other provisions of this AGREEMENT which nevertheless remain in full force and effect.

26. TAXES

AUTHORITY covenants and agrees to pay all taxes and assessments which may be levied lawfully including, without limitation, possessory interest taxes, upon AUTHORITY'S interest in the land, any improvements, fixtures, furniture, and other property owned by AUTHORITY and used in the exercise of AUTHORITY'S rights and obligations pursuant to this AGREEMENT . In the event that AUTHORITY is not granted a welfare exemption, COUNTY agrees to pay any possessory interest taxes upon AUTHORITY'S interest in the land and property leased hereunder to AUTHORITY by COUNTY.

27. DISCRIMINATION

In the performance or attempted performance of this AGREEMENT, AUTHORITY shall not discriminate nor permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, sex or national origin in any manner prohibited by the laws of the United States, the State of California or any ordinance or policy of COUNTY. Noncompliance with the provisions herein shall constitute a material

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

breach of this AGREEMENT and, in addition to any other remedies provided by law or in this AGREEMENT, COUNTY shall have the right to terminate this AGREEMENT and any rights hereby created without liability therefore, under the provisions hereof.

28. CALIFORNIA LAW

This AGREEMENT shall be governed by the laws of the State of California. Any litigation regarding this AGREEMENT or its contents shall be filed in the County of Santa Barbara, if in state court, or in southern California, if in federal court.

29. BINDING EFFECT

This AGREEMENT shall be binding upon the parties, their successors, and assigns.

30. 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.

31. EXECUTION IN COUNTERPARTS

This AGREEMENT may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

32. 2005 AGREEMENT.

Nothing herein shall amend, modify, replace or supersede the FFA Agreement and the FFA Agreement remains in full force and effect.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

IN WITNESS WHEREOF, COUNTY and AUTHORITY have executed this LEASE by its respective authorized officers or representatives as set forth below to be effective upon final execution by COUNTY.

"AUTHORITY"

SANTA YNEZ VALLEY AIRPORT AUTHORITY, INC.,
a California nonprofit public benefit corporation

By: _____

Name: Jouzsi de Wees

Date: 11-18-2020

COUNTY SIGNATURE PAGE TO FOLLOW

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

COUNTY SIGNATURE PAGE

"COUNTY"
COUNTY OF SANTA BARBARA

By: _____
Gregg Hart, Chair
Board of Supervisors

Date: 12-8-20

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

By: _____

APPROVED AS TO FORM
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: _____
Scott Greenwood, Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
BETSY M. SCHAFFER, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

APPROVED:

By: Carlo Achdjian
Carlo Achdjian, Real Estate Division Manager

APPROVED:

By: Ray Aromatorio
Ray Aromatorio, ARM, AIC
Risk Manager

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

EXHIBIT A

AIRPORT, PREMISES AND PROPERTY

SEE SITE PLAN ATTACHED

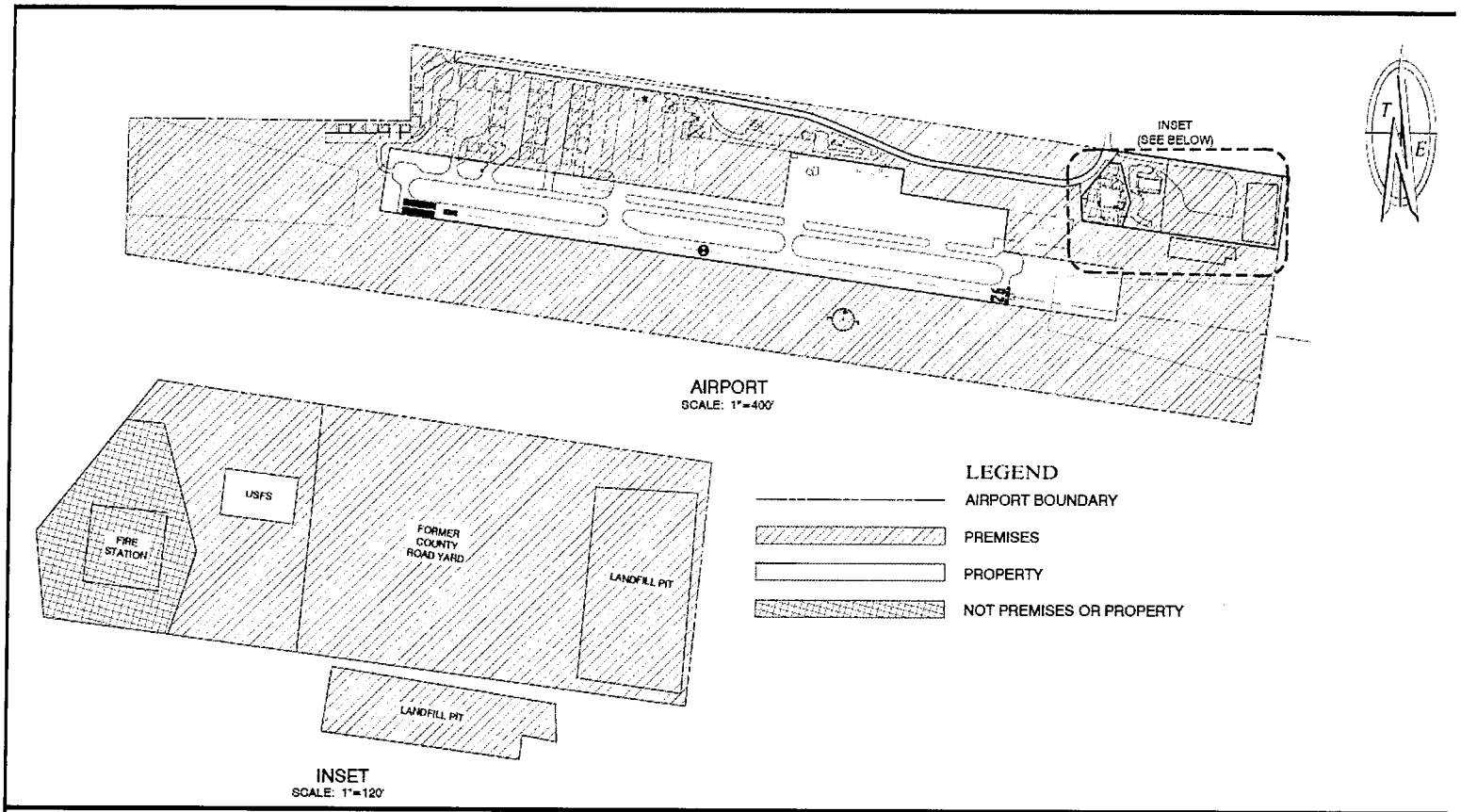

EXHIBIT A

LEASE BOUNDARY EXHIBIT

TE TARTAGLIA ENGINEERING
CIVIL ENGINEERS

SANTA YNEZ AIRPORT

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

Schedule 8(B)(2)(h)

Example of provisions regarding five-year revaluation and arbitration of rental amounts in a now existing lease of Row F at the Airport.

See attached.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

Project: Land Lea , For
Privately-Owned
Aircraft Hangar (1991)
Folio: YF 2566
APN: 141-220-05 (Portion)
Agent: DBH

LAND LEASE AGREEMENT

THIS LAND LEASE AGREEMENT, hereinafter referred to as "LEASE", is entered into by and between the COUNTY OF SANTA BARBARA, a political subdivision of the State of California, hereinafter referred to as "COUNTY" and [redacted], hereinafter referred to as "LESSEE", and is executed in duplicate.

RECITALS:

WHEREAS, COUNTY owns that certain real property in the County of Santa Barbara, State of California, generally known as the Santa Ynez Airport; and

WHEREAS, said Santa Ynez Airport is a public general aviation airport; and

WHEREAS, COUNTY may enter into lease agreements with private parties on property held for ultimate use for airports without competitive bidding or other formalities, by a four-fifths (4/5) vote of COUNTY's Board of Supervisors, pursuant to Government Code Section 25536; and

WHEREAS, COUNTY desires to lease vacant land on Santa Ynez Airport to further the purposes of a public airport and to generate revenue, and LESSEES desire to lease airport land to construct hangars to protect their aircraft from the weather.

NOW, THEREFORE, the parties agree as follows:

1. LEASE: COUNTY hereby leases to LESSEE and LESSEE hereby

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

7. REVALUATION: COUNTY and LESSEE hereby agree that COUNTY or a majority of the hangar owners who are members of the E&F Hangar Association, effective January 1, 1996, and no more frequently than every five (5) years thereafter, may request reappraisal of the leased PREMISES to determine its fair market value for the purpose of adjusting base rental of the land, which shall become the new base rental. COUNTY shall submit an appraised value and proposed adjusted base rental to LESSEE by March 30 of the year of revaluation. COUNTY and LESSEE shall attempt to reach a new valuation by mutual agreement by the first day of June of the year of revaluation. If COUNTY and a majority of the E&F Hangar Association members are unable to do so, then LESSEE may request arbitration using the Method of Appraisal set forth in Section 43, starting at Paragraph "A". If the majority of ASSOCIATION members fail to request arbitration within 90 days of receipt of the COUNTY'S submission of a proposed adjusted base rent in the year of revaluation, then the COUNTY'S proposed adjusted base rent shall be effective as set forth below.

Any adjustments pursuant to this section, including those that may go to Arbitration under Section 43 of this LEASE, shall be due from July 1st of the year of the revaluation. In the event that the adjusted base rent is not established by June 1st of the year of revaluation, the amount of the adjustment shall be paid with the adjusted semi-annual installment next due (January). In any event, the undertaking of the revaluation process shall not relieve LESSEE of the obligation to pay the July 1st semi-annual installment, which shall be paid in the same amount as the prior installment.

[redacted]

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

[redacted] shall be given up to sixty (60) days after the termination of this Agreement or any extension thereof within which to remove said improvements. If, after sixty (60) days, LESSEE has not removed said improvements, then COUNTY shall have the option to claim the ownership thereof or to remove the same at the expense of [redacted]

43. METHOD OF APPRAISAL: In any situation requiring revaluation or appraisal, the COUNTY and LESSEE will first attempt to mutually agree upon a new value. If COUNTY AND LESSEE cannot agree within thirty (30) days on a new appraised value of the real property or the improvements thereon, then the following procedures will be followed:

A. ESTABLISHMENT OF THE VALUATION PANEL: If a majority of the member of the E & F Association requests arbitration, the request will be sent by registered letter to COUNTY. Within ten (10) days of the postmark of the request letter, both parties shall appoint an appraiser. The two appointed appraisers so selected shall, within ten (10) days after their appointment, appoint a third appraiser; provided, however, that if one party fails to appoint an appraiser, the single appraiser appointed by the other party shall be deemed to be the mutually appointed appraiser for both the parties and shall serve alone. If the two appraisers cannot agree on a third appraiser within the period of ten (10) days, the third appraiser shall be appointed by the President of the Southern California Chapter of the Appraisal Institute on the application of either party and on ten (10) days notice to the other party. An appraiser appointed by either of the parties who dies,

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

resigns, is disqualified or incapacitated, or who fails or refuses to act shall within ten (10) days be replaced with another appraiser by the party that selected the displaced appraiser.

B. QUALIFICATION OF VALUATION PANEL MEMBERS: The three appraisers designated under this paragraph shall function as impartial members of a valuation panel of experts (herein "Panel") on the valuation of real estate, rather than advocates for the position of, or consultants to, COUNTY or LESSEE. Each shall meet the following minimum qualifications:

(1) Qualify as an expert in the valuation of similar properties.

(2) Be a professionally designated and currently certified Member of the Appraisal Institute , or successor/new designation of equal or superior stature.

(3) Be an independent person, not currently an employee, agent, or business associate of COUNTY OR LESSEE. This provision shall not preclude the use of independent appraisers under contract to the parties for unrelated projects that do not pose a conflict of interest.

C. PROCEDURES AND FUNCTIONS OF THE PANEL:

(1) The Arbitration shall be conducted in accordance with the then-prevailing rules of the American Arbitration Association pertaining to real estate, except as set forth herein.

(2) Fair market value for all purposes shall be

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

defined as in the most recent edition of REAL ESTATE APPRAISAL TERMINOLOGY, or equivalent, as sponsored by the Appraisal Institute or successor organization.

(3) The Panel will consider only those appraisal practices, approaches, methods, and techniques that are relevant and conform to the then-recognized Standards of Practices and Code of Ethics of the Appraisal Institute or successor organization.

(4) The decision of the panel shall be conclusive and binding on the parties hereto and be enforceable with the same force and effect as a decree of a court having competent jurisdiction and shall establish fair market value for the base rent. The decision of the Panel shall be reached as follows:

(a) By a majority vote of the three members of the Panel, or

(b) By an average of the opinions of fair market value of the three members, if an agreement between at least two members cannot be reached within the time periods specified herein.

(c) By the single member of the Panel in the event that either party fails to appoint a member as herein provided.

(5) The Panel shall within ten (10) days of its establishment commence a hearing and continue such

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

hearing on successive days or at time intervals as determined by the Panel. At such hearing COUNTY and any LESSEE who is a member of the E & F Hangar Association shall each have the right to submit evidence, oral and/or written, in support of their respective opinions of fair market value. The Panel shall consider all information deemed relevant by it.

(6) Within ten (10) business days after conclusion of the hearing, the Panel shall mail to COUNTY and LESSEE a preliminary written report of its findings and decisions. COUNTY or LESSEE may, within ten (10) business days of the date of mailing by the Panel, submit a written response to the preliminary report. Within ten (10) business days following the deadline for receipt of responses by parties to the preliminary report, the Panel shall prepare and mail to COUNTY and LESSEE a final written report of its findings and decisions, including a summary of salient facts, opinions and observations considered by the Panel and findings and conclusions reached by the Panel.

[redacted] panel's land lease rental [redacted] determination shall be submitted to the Board of Supervisors for adoption by resolution, and within 15 days of said [redacted]

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

[redacted] rent. This rate shall be binding upon all members of the E&F hangar rows. LESSEE hereby agrees that, once the panel has reached a determination and the COUNTY sets the new rate, then that rate shall determine the new base rent, and LESSEE waives LESSEE'S right to further arbitration of this matter until the next [redacted]

D. COSTS: The costs of the arbitration process shall be born one half by COUNTY and one half by all E & F LESSEEs, each in proportion to the square footage of their hangar divided by the sum of square footage of the E & F hangar area leased. Those appaisers selected to conduct the process shall send their bills to COUNTY, which shall calculate the total amount due, pay the appraisers, and bill the LESSEE. Payment by LESSEE shall be due within 30 days of billing or upon the next rental installment, whichever shall come first.

\\\

\\\

\\\

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

IN WITNESS WHEREOF, COUNTY AND LESSEE have executed this.

"COUNTY"

COUNTY OF SANTA BARBARA

By: E. Dianne Owens
E. DIANNE OWENS
Chair, Board of Supervisors

ATTEST:
ZANDRA CHOLMONDELEY
CLERK OF THE BOARD

By: Gwendolyn M. Hall
Deputy

Date: 6/18/91

"LESSEE":

By: [redacted]

By:

APPROVED AS TO FORM:
DAVID NAWI
COUNTY COUNSEL

By: Patricia J. Clancy

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, C.P.A.
AUDITOR-CONTROLLER

By: R W Geis

APPROVED AS TO FORM:
COUNTY AIRPORT COMMITTEE
(SECT. 4-9, ORD. 3310)

By: Robert Lavagnino
Chair

APPROVED:
MARLENE F. DEMERY
DIRECTOR OF PUBLIC WORKS

By: Marlene F. Demery

APPROVED:

David B. Hardy
Real Property Division Manager

APPROVED:

Charles A. Mitchell
Risk Manager

Revision #16, 5/16/91
0423dh01.dbh

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

FIRST AMENDMENT
TO THE
LAND LEASE FOR PRIVATELY OWNED AIRCRAFT HANGARS
HANGAR SPACE NUMBER F[redacted]AT THE SANTA YNEZ AIRPORT

THIS FIRST AMENDMENT (hereinafter First Amendment) is made by and between the Santa Ynez Valley Airport Authority (hereinafter AUTHORITY), and [redacted]hereinafter LESSEE), to amend that certain agreement between these parties known as the Land Lease Agreement (hereinafter Agreement) executed by the County of Santa Barbara (hereinafter COUNTY) on July 18, 1991, wherein COUNTY leased certain real property to LESSEE, commonly known as a portion of the Santa Ynez Airport, and more particularly described as **Hangar Space Number F-6**, and which agreement was subsequently assigned to AUTHORITY in the Lease and Management Agreement for Santa Ynez Airport executed by COUNTY on June 1, 1993.

WHEREAS, the AUTHORITY, which is a party to this Agreement, desires to amend the Agreement; and

WHEREAS, the LESSEE, which is a party to this Agreement, desires to amend the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1. CERTIFICATION OF RECITALS. The parties certify that the above recitals are true and correct.

2. APPLICATION OF THE AGREEMENT. The parties agree that the provisions of the Agreement remain in full force and effect and the provisions of this amendment are intended to supplement those of the Agreement and not to change, modify or eliminate any provisions of the Agreement, except as expressly provided herein.

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

3. Section 42. RENTAL ADJUSTMENT. The first paragraph shall be amended by deletion in its entirety and the addition of the following in its place:

The annual rental specified herein shall be adjusted effective January 1, 1993 and no more frequently than once per year thereafter, and shall be adjusted by the same percentage by which the Consumer Price Index (CPI), as hereinafter defined, has increased or decreased since the last annual base rent was adjusted. Any such increase or decrease adjustment shall not exceed five and one-half percent (5½%) during any adjustment period. Solely for the purpose of computing the percentage increase or decrease by which the rental for the next period shall be adjusted, the month of September immediately preceding the date when the next period shall take effect shall be considered the ending month of the expiring period. The CPI to which reference is made in this paragraph is the CPI issued by the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers Los Angeles-Anaheim-Riverside Area, All Items, Base Index 1982-84 = 100.

4. Section 43. METHOD OF APPRAISAL: Subsection C (7) shall be amended by deletion in its entirety and the addition of the following in its place:

> (7) Upon conclusion of the proceedings, the Panel's land lease rate determination shall be submitted to the Board of Directors of the AUTHORITY for adoption by resolution, and within 15 days of said adoption, AUTHORITY shall notify LESSEE of LESSEE'S new base rent. This rate shall be binding upon LESSEE. LESSEE hereby agrees that, once the Panel has reached a determination and the AUTHORITY sets the new rate, then that rate

DocuSign Envelope ID: 96DBA893-F2AF-4A7B-A05F-2FB56EF47934

shall determine the new base rent, and LESSEE waives LESSEE'S right to further arbitration of this matter until the next revaluation period.

IN WITNESS WHEREOF, the parties have executed this First Amendment to be effective the day and year executed by AUTHORITY.

DATE: May 1, 1996

By: _____

WILLY CHAMBERLIN
CHAIRMAN OF THE BOARD OF DIRECTORS
SANTA YNEZ VALLEY AIRPORT AUTHORITY

By: _____

LESSEE

AMEND01.F6
April 4, 1996