



VIA ELECTRONIC MAIL and CERTIFIED MAIL; RETURN RECEIPT REQUESTED

March 25, 2022

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**RE: Notice of Intent to Sue for Violations of the Endangered Species Act Regarding
Illegal Take of California Tiger Salamander**

This letter serves as official notice by the Center for Biological Diversity (“Center”) of its intent to sue the Santa Maria Public Airport District (“Airport”) for violations of section 9 of the Endangered Species Act (“ESA”)¹ in connection with ground disturbing activities on lands managed and owned by the Airport in Santa Barbara County which have caused and are reasonably certain to continue to cause the take of the federally endangered California tiger

¹ 16 U.S.C. § 1538.

salamander (*Ambystoma californiense*) (“CTS”). This letter is being provided to you pursuant to the notice requirement of the ESA citizen suit provision.²

As described more fully below, the actions taken by the Airport caused unlawful “take,” including harm and harassment, of the federally endangered CTS by engaging in ground disturbing activities that resulted in the destruction of a pond feature and upland habitat that had documented CTS breeding for almost two decades, among other actions. These actions have resulted and are reasonably certain to continue to result in the documented take of large numbers of CTS.³ These actions constitute unlawful “takes” in violation of ESA Section 9.

The Center is a California non-profit public interest corporation with approximately 89,000 members, including members living near the Airport and in Santa Barbara County. The Center and its members are dedicated to protecting diverse native species and habitats through science, policy, education, and environmental law.

I. BACKGROUND

A. The ESA Statutory Framework

Congress enacted the ESA in 1973 to provide “a program for the conservation of ... endangered species and threatened species” and “a means whereby the ecosystems upon which endangered species and threatened species depend may be conserved.”⁴ As the first step in the protection of these species, section 4 of the ESA⁵ requires the Secretary of the Interior to list species as “endangered” or “threatened” when they meet the statutory listing criteria.⁶

Once a species is listed as threatened or endangered, the ESA provides a variety of procedural and substantive protections to ensure not only the species’ continued survival, but also its ultimate recovery. “Congress has spoken in the plainest words, making it clear that endangered species are to be accorded the highest priorities.”⁷

The ESA’s legislative history supports “the broadest possible” reading of the prohibition against take.⁸ Section 9 of the ESA prohibits any “person,” including state, county or municipal agencies and/or officials in their official capacity,⁹ from “taking” or causing the take of any member of an endangered species.¹⁰ The term “take” is defined broadly, and includes to “harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect” or cause another to do so.¹¹

² 16 U.S.C. § 1540(g).

³ 16 U.S.C. §§ 1532(19), 1538(a)(1)(G); 50 C.F.R. § 17.84(k).

⁴ 16 U.S.C. § 1531(b).

⁵ *Id.* § 1533.

⁶ *Id.* §§ 1532(6) & (20); 1533(a)(1)(A)-(E).

⁷ *TVA v. Hill*, 437 U.S. 153, 155 (1978).

⁸ *Babbitt v. Sweet Home Chapter of Communities for a Great Oregon*, 515 U.S. 687, 704-05 (1995).

⁹ 16 U.S.C. § 1532(13).

¹⁰ 16 U.S.C. § 1538(a).

¹¹ *Id.* § 1532(19).

“Take” includes direct as well as indirect harm and need not be purposeful.¹² The ESA further makes it unlawful for any person, including agencies and officials, to cause the take of a listed species to be committed.¹³ The term “person” includes “any officer, employee, agent, department, or instrumentality...of any State, municipality, or political subdivision of a State ... [or] any State, municipality, or political subdivision of a State” 16 U.S.C. § 1532(13). The ESA “not only prohibits the acts of those parties that directly exact the taking, but also bans those acts of a third party that bring about the acts exacting a taking. [A] governmental third party pursuant to whose authority an actor directly exacts a taking ... may be deemed to have violated the provisions of the ESA.”¹⁴

The U.S. Fish and Wildlife Service (“FWS”) defines “harm” to “include significant habitat modification or degradation where it actually kills or injures wildlife by significantly impairing essential behavioral patterns, including breeding, feeding or sheltering.”¹⁵ FWS has further defined “harass” to include “an intentional or negligent act or omission which creates the likelihood of injury to wildlife by annoying it to such an extent as to significantly disrupt normal behavioral patterns, including breeding, feeding, or sheltering.”¹⁶

The ESA authorizes private enforcement of the take prohibition through a broad citizen suit provision. “[A]ny person may commence a civil suit on his own behalf to enjoin any person, including . . . any . . . governmental instrumentality or agency . . . who is alleged to be in violation of any provision of [the ESA]”¹⁷ Citizens may seek to enjoin both present activities that constitute an ongoing take and future activities that are reasonably certain to result

¹² *Sweet Home Chapter of Communities for a Great Oregon*, 515 U.S. at 704; see also *Murrelet v. Pacific Lumber Co.*, 83 F.3d 1060, 1067-68 (9th Cir. 1996) (finding take without direct observations of harm to protected murrelets when birds nested in trees targeted by logging which “would likely harm murrelets by impairing their breeding and increasing the likelihood of attack by predators”); *National Wildlife Federation v. Burlington Northern Railroad*, 23 F.3d 1508, 1512 (9th Cir. 1994).

¹³ *Id.* § 1538(g).

¹⁴ *Strahan v. Cox*, 127 F.3d 155, 163 (1st Cir.1997) (holding that by issuing licenses and permits authorizing gillnet and lobster pot fishing, activities known to incidentally injury Northern right whales, Massachusetts officials had exacted a taking). See also *Animal Protection Inst. v. Holsten*, 541 F. Supp. 2d 1073 (holding state agency liable for take based on its licensing and regulation of trapping); *Defenders of Wildlife v. Administrator, EPA*, 688 F. Supp. 1334 (D. Minn. 1988), *aff’d* by *Defenders of Wildlife v. Administrator, EPA*, 882 F.3d 1294 (8th Cir.1989) (holding the U.S. Environmental Protection Agency (EPA) liable for take associated with the registration of strychnine even though the administration of the pesticide, which was known to poison endangered species, was actually carried out by third parties); *Loggerhead Turtle v. County Council of Volusia Co.*, 148 F.3d 1231 (11th Cir.1998) (holding that plaintiff had standing to proceed against Volusia County for take of threatened and endangered sea turtles, which were harmed by the private, artificial light sources permitted by the County’s regulations); *Sierra Club v. Lyng*, 694 F.Supp. 1260 (E.D.Tex. 1988), *aff’d* by *Sierra Club v. Yeutter*, 926 F.2d 429 (5th Cir.1991) (holding the U.S. Forest Service liable for take because its even-aged management plan allowed private companies to harvest timber in a way that degraded the habitat of the endangered red-cockaded woodpecker); *U.S. v. Town of Plymouth, Mass.*, 6 F.Supp.2d 81 (D.Mass. 1998) (holding the Town of Plymouth liable for the take of endangered piping plovers that had either been run over or isolated from their food source by off-road vehicles, which were allowed on the beach under the Town’s policies).

¹⁵ 50 C.F.R. § 17.3.

¹⁶ *Id.*

¹⁷ 16 U.S.C. § 1540(g).

in a take.¹⁸ The ESA’s citizen suit provision also provides for the award of costs of litigation, including reasonable attorney and expert witness fees.¹⁹

Section 10 and section 7 of the ESA provide the only means for permitting the taking of listed species in compliance with the prohibitions in section 9 of the Act. Section 10 is applicable to the activities of non-federal entities such as cities and agencies, including the Airport. The primary mechanism for avoiding liability under section 9 is to apply for and receive an incidental take permit (“ITP”).²⁰ In exchange for permission to “take” a listed species pursuant to an ITP, the permit applicant must commit to implement a “habitat conservation plan” (“HCP”) that “conserv[es]” – *i.e.*, facilitates the recovery of – the species.²¹ The HCP must delineate “the impact which will likely result from such taking” and the “steps the applicant will take to minimize and mitigate such impacts”²² Section 7 applies to the activities of federal agencies and requires them to consult with the USFWS to ensure listed species will not be jeopardized by the activity and their critical habitat will not be adversely modified.²³ Take of listed species may be authorized through an Incidental Take Statement issued at the conclusion of the consultation.²⁴

B. The California Tiger Salamander

The CTS is a member of the group of mole salamanders (*Family Ambystomatidae*).²⁵ It is a large, stocky, terrestrial salamander with a broad, rounded snout, and adult total lengths can range from 6 to 10.5 inches.²⁶ Adult coloration generally consists of random white or yellowish markings against a black body, and larval coloration is variable, but usually pale.²⁷ The CTS requires a combination of pond habitat for breeding and upland (underground) habitat for the rest of its life cycle.²⁸ The species depends on a series of interconnected breeding and upland habitats as a metapopulation, making it particularly sensitive to changes in the amount, configuration, and quality of these habitats.²⁹

All CTS are federally listed, but they are listed in three separate Distinct Population Segments (“DPSs”): the Sonoma County DPS, the Santa Barbara County DPS, and the Central DPS. The Santa Barbara DPS of CTS is restricted to Santa Barbara County and constitutes the

¹⁸ *Forest Conservation Council v. Rosboro Lumber Co.*, 50 F.3d 781, 784-785 (9th Cir. 1995).

¹⁹ 16 U.S.C. § 1540(g)(4).

²⁰ *Id.* § 1539(a)(1)(B).

²¹ *Id.* §§ 1539(a)(1)(B), (a)(2)(A); *see also Sierra Club v. U.S. Fish and Wildlife Serv.*, 245 F.3d 434, 441-42 (5th Cir. 2001) (“‘[c]onservation’ is a much broader concept than mere survival” because the “ESA’s definition of ‘conservation’ speaks to the recovery of a threatened or endangered species” (emphasis added)).

²² 16 U.S.C. § 1539(a)(2)(A).

²³ *Id.* § 1536(a)(2).

²⁴ *Id.* § 1536(b)(4)(C).

²⁵ USFWS, Recovery Plan for the Santa Barbara County Distinct Population Segment of the California Tiger Salamander (*Ambystoma californiense*) (2016) at I-1. Available at https://ecos.fws.gov/docs/recovery_plan/SB%20CTS%20Final%20RP%20Signed_1.pdf.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at iii.

²⁹ *Id.* at iii.

southernmost range of the species.³⁰ Within Santa Barbara County there are six metapopulation areas, and critical habitat has been designated within portions of each of the six metapopulation areas.³¹ There are only about 60 known CTS breeding ponds within Santa Barbara County.³²

FWS listed the Santa Barbara DPS as endangered under the ESA on January 19, 2000 using an emergency rule.³³ In the emergency rule, FWS noted that of 14 documented breeding sites and associated uplands, half have been destroyed or have suffered severe degradation in the prior 18 months.³⁴ The rule also cited to plans being developed and implemented to convert additional sites from grazing to intensive agriculture, and these conversions constitute an emergency posing imminent risk to the Santa Barbara DPS.³⁵ FWS established critical habitat for the Santa Barbara DPS on November 24, 2000.³⁶

II. INCIDENTS OF TAKE

In January 2021, the Airport submitted a draft habitat conservation plan (“Draft HCP”) that identified known breeding pools and known occurrence of CTS over 28-acre project site for a proposed Airport Commercial Center Project.³⁷ Figure 5 of the Draft HCP indicates that the proposed project site as well as the surrounding area is designated critical habitat for CTS.³⁸ The Center submitted comments to FWS in April 2021 noting various deficiencies in the Draft HCP, and urging that it be revised so it (1) clearly states that the project would permanently destroy 28 acres of CTS designated critical habitat; (2) properly accounts for baseline conditions; (3) adequately discloses, assesses, and mitigates impacts to special-status species, including CTS and the California red-legged frog; and (4) provides transparency regarding the Searcy Model and how mitigation credits are calculated.³⁹

In August 2021, FWS sent a letter to the Airport (“FWS Letter”) concluding that ground disturbing activities on lands managed and owned by the Airport had resulted in the destruction of a pond feature that had documented CTS breeding for almost two decades, as well as the destruction of approximately 110 acres of upland habitat that was known to be occupied by CTS.⁴⁰ More specifically, the FWS Letter noted that the known breeding pond SAMA-10 and the surrounding upland habitat were intact at the time of submission of the Draft HCP, and that the Draft HCP acknowledges the presence and existence of multiple CTS breeding ponds, including breeding pond SAMA-10, and identifies surrounding upland habitat as being occupied by CTS.⁴¹ The FWS Letter continues:

³⁰ Id. at I-2.

³¹ Id. at I-2.

³² Id. at I-2.

³³ 65 Fed. Reg. 3096, 3109 (Jan. 19, 2000).

³⁴ Id.

³⁵ Id.

³⁶ 69 Fed. Reg. 68568, 68609 (Nov. 24, 2004).

³⁷ Exh. 1 at pp. 3, 12 & App. A at Figure 5.

³⁸ Id.

³⁹ Exh. 2 at p. 1.

⁴⁰ Exh. 3 at p. 1.

⁴¹ Id.

On May 3, 2021, during our review of the incidental take permit application, the Service came across recent aerial imagery that showed that known breeding pond SAMA-10 and the surrounding upland habitat had been destroyed. The Service reached out to the Airport biologist and was informed by the Airport Manager that the Airport had approved expansion of agricultural operations in the area in summer of 2020 and the habitat conversion occurred in early 2021.⁴²

The FWS Letter concluded that in light of “this destruction of known breeding and upland habitat for CTS,” the case would be referred to law enforcement for possible violation of both state and federal law.⁴³ The FWS Letter also called for a meeting to explore the possibility of resolving the case without proceeding with civil or criminal prosecution.⁴⁴

In December 2021, FWS sent a second letter noting that FWS and California Department of Fish and Wildlife biologists investigated lands managed and owned by the Airport and discovered that additional lands occupied by CTS had been converted to agricultural uses.⁴⁵ FWS estimated that based on a review of recent aerial imagery, approximately 400 acres of CTS habitat were destroyed in 2021.⁴⁶

Aerial images further confirm large-scale conversion of CTS habitat to agriculture in the last few years. In particular, such imagery indicates that Parcel A was converted between July 2018 and December 2018, Parcel B between August 2021 and December 2021, Parcel C between June 2020 and August 2020 and Parcel D between January 2021 and April 2021.⁴⁷

The conversion of CTS breeding ponds and occupied habitat qualifies as “harm” to CTS, which includes significant habitat modification or degradation resulting in the killing or injury of wildlife.⁴⁸ Such activities also qualify as harassment of CTS, which includes any intentional or negligent act which creates a likelihood of injury by annoying it so that its behavior patterns are disrupted.⁴⁹

The Airport did not have authorization for the take of CTS when it converted or allowed the conversion of CTS breeding ponds and habitat to agricultural uses. The conversion of CTS habitat to agricultural uses also appears at least in some areas to be a preliminary step to accommodate commercial development outlined in the Draft HCP. The Airport ignored existing information in the Recovery Plan and Draft HCP which confirmed the presence of CTS and CTS breeding ponds and habitat in the impacted areas. Despite having knowledge and access to this information, the Airport carried out activities that resulted in harm and take of CTS.

⁴² Id. at p. 2.

⁴³ Id.

⁴⁴ Id.

⁴⁵ Exh. 4 at p. 1.

⁴⁶ Id.

⁴⁷ See Exh. 5.

⁴⁸ See 50 C.F.R. § 17.3.

⁴⁹ Id.

The take of CTS caused by the Airport is reasonably certain to occur again, since the Airport has repeatedly engaged in conduct causing take of CTS despite warnings and letters from FWS. The foreseeable harm and take caused to CTS may be minimized or avoided through adoption of an adequate HCP. However, the Center is informed and believes that there is no legal or regulatory mechanisms in place that will ensure the harm is minimized or avoided. The Airport's refusal to implement mitigating actions or enter into an adequate HCP indicates that further harm and take of CTS is reasonably certain to recur. These do not appear to be one-off incidents or accidents. These appear to be intentional actions, carried out by the Airport, despite FWS's warnings and objections.

III. CONCLUSION

The Airport's conduct in repeatedly converting or allowing conversion of occupied CTS habitat into agricultural uses has caused the take of CTS. Because the Airport has failed to obtain take authorization, the past and continuing actions of the Airport that are harming CTS is an illegal take in violation of the ESA. If the Airport does not remedy this violation within the next 60 days, the Center may initiate legal proceedings against all responsible agencies to prevent any further illegal take of CTS. If you have any questions, wish to meet to discuss this matter, or feel this notice is in error, please contact us.

Sincerely,



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Exhibit 1

Habitat Conservation Plan for the Endangered California Tiger Salamander (*Ambystoma californiense*)

Santa Maria Public Airport District

**Santa Maria Airport Commercial
Center Project**

Prepared for:

Santa Maria Public Airport District

Prepared by:

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January 6, 2021

**HABITAT CONSERVATION PLAN FOR THE
ENDANGERED CALIFORNIA TIGER SALAMANDER
(*AMBYSTOMA CALIFORNIENSE*)**

**SANTA MARIA PUBLIC AIRPORT DISTRICT
SANTA MARIA AIRPORT COMMERCIAL CENTER PROJECT**

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January 6, 2021

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FIGURE 2 – VICINITY LOCATION MAP

FIGURE 3 – SOILS MAP

FIGURE 4 – HABITAT MAP

FIGURE 5 – CTS OVERVIEW AND SEARCY MODEL REPRODUCTIVE VALUE IMPACT MAP

EXECUTIVE SUMMARY

The Santa Maria Airport Commercial Center Project (project) Habitat Conservation Plan (HCP) is intended to provide the basis for issuance of an Incidental Take Permit (ITP), pursuant to Section 10(a)(1)(B) of the federal Endangered Species Act of 1973, as amended, (FESA or Act), for the California tiger salamander (*Ambystoma californiense*); CTS; federally endangered Santa Barbara County Distinct Population Segment (Covered Species). CTS is also listed as threatened under the California Endangered Species Act (CESA). The Santa Maria Public Airport District (Airport) owns the approximately 28-acre project site located on the west side of Orcutt Expressway (State Hwy 135) between Foster Road and Union Valley Parkway in the City of Santa Maria, California (APN 111-231-011). (See Appendix A Figures 1 and 2).

Covered Activities include all aspects of ground disturbance and construction of commercial urban developed uses over the entire 28-acre project site that defines the HCP Plan Area. Covered Activities also include CTS pre-construction surveys and relocation of CTS out of harm's way when necessary. This HCP, which is part of the application for an ITP, has been prepared because the Project falls within the range of the U.S. Fish and Wildlife Service (Service) 1.3-mile maximum CTS upland dispersal distance from Service identified known or potential breeding ponds.

The HCP articulates goals and objectives to avoid and minimize take and related disturbance to CTS habitat within the Plan Area, and to fully mitigate impacts to CTS. The Searcy model run by the U.S. Fish and Wildlife Service (Service) generated a reproductive value impact of 550.9 that will be mitigated by the purchase of mitigation credits at a Agency-approved La Purisima CTS mitigation bank using an out-of-metapopulation adjustment of 1.4 time credits for a total mitigation bank purchase of 773 RV credits.

Section 1: Introduction and Background

1.1 OVERVIEW AND BACKGROUND

The Santa Maria Public Airport District (Airport) owns the approximately 28-acre Santa Maria Airport Commercial Center Project site (project) located on the west side of Orcutt Expressway (State Hwy 135) between Foster Road and Union Valley Parkway in the City of Santa Maria, California. (See Appendix A Figures 1 and 2). The project site is currently cultivated since 2018 in strawberry production bisected by Foxenwood Lane.

This Santa Maria Airport Commercial Center Habitat Conservation Plan (HCP) is intended to provide the basis for issuance of Federal Endangered Species Act (FESA) Incidental Take Permit (ITP) coverage, pursuant to Section 10(a)(1)(B) of the federal Endangered Species Act of 1973, as amended, (FESA or Act), for the California tiger salamander (*Ambystoma californiense*); CTS; federally endangered Santa Barbara County Distinct Population Segment (Covered Species). CTS is also listed as threatened under the California Endangered Species Act (CESA).

The Plan Area for this HCP includes the entire 28 acres proposed for light industrial, commercial, and a stormwater detention basin (see Figure 2-1 below). Covered Activities include all aspects of ground disturbance and construction of commercial urban developed uses over the entire 26-acre project site. Covered Activities also include CTS pre-construction surveys and relocation of CTS out of harm's way when necessary.

This HCP, which is part of the Airport's application for an ITP, has been prepared because the Plan Area falls within the range of the U.S. Fish and Wildlife Service (Service) 1.3-mile maximum CTS upland dispersal distance from known or potential breeding ponds.

1.2 PERMIT HOLDER/PERMIT DURATION

The Santa Maria Public Airport District is the applicant and requests the ITP to provide authorization for incidental take of CTS on the date of permit issuance. The Airport General Manager Chris Hastert is designated as the point of contact for this HCP and ITP process. He can be contacted via mail at 3217 Terminal Drive, Santa Maria, CA 93455, or via telephone (work) at (805) 922-1726 or via email at chastert@santamariaairport.com.

Activities to implement the Project will take place at the Airport's discretion in response to development demands, construction timing, and City of Santa Maria land use approvals. A permit duration of twenty (20) years is requested to allow for any delays in project implementation and phasing of development beyond what is currently reasonably expected over the next several years.

1.3 PERMIT BOUNDARY/COVERED LANDS/PLAN AREA

The permit boundary, Plan Area, and covered lands for this HCP include the entire 28-acre Santa Maria Airport Commercial Center Project site located on the west side of Orcutt Expressway (State Hwy 135) between Foster Road and Union Valley Parkway in the City of Santa Maria, California (APN: 101-020-074). (See Appendix A Figures 1 through 4).

1.4 SPECIES TO BE COVERED BY PERMIT

The following species are “Covered Species” for purposes of this HCP:

TABLE 1-1 COVERED SPECIES	
COVERED SPECIES	FEDERAL /STATE STATUS
California tiger salamander (<i>Ambystoma californiense</i>)	Federal Endangered (Santa Barbara County DPS) California Threatened

1.5 REGULATORY FRAMEWORK

This section discusses the various federal, state, and local environmental laws and ordinances that this Project may need to comply with to receive its necessary permits.

1.5.1 Federal Endangered Species Act

Section 9 of the Endangered Species Act (“ESA” or “Act”) and Federal regulations pursuant to Section 4(d) of the Act prohibit the take of endangered and certain threatened species, respectively, without special exemption. Take is defined as to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture or collect, or to attempt to engage in any such conduct. Harm is further defined by the Service to include significant habitat modification or degradation that results in death or injury to listed species by significantly impairing essential behavioral patterns, including breeding, feeding, or sheltering. Harass is defined by the Service as intentional or negligent actions that create the likelihood of injury to listed species by annoying them to such an extent as to significantly disrupt normal behavioral patterns which include, but are not limited to, breeding, feeding, or sheltering. Incidental take is defined as take that is incidental to, and not the purpose of, the carrying out of an otherwise lawful activity. Pursuant to the Principal Deputy Director’s Memorandum: Guidance on When to Seek an Incidental Take Permit (USFWS 2018), harassment is not regarded by the Service as a form of take permitted under section 10(a)(1)(B) since it is not incidental take but an intentional or negligent act.

Pursuant to Section 11(a) and (b) of the Act, any person who knowingly violates Section 9 of the Act or any permit, certificate, or regulation related to Section 9, may be subject to civil or criminal penalties and/or imprisonment of up to one year.

Individuals and State and local agencies proposing an action that is expected to result in the take of federally listed species are encouraged to apply for an incidental take permit under Section 10(a)(1)(B) of the Act to be in compliance with the law. Such permits are issued by the Service when take is not the intention of and is incidental to otherwise legal activities. An application for an incidental take permit must be accompanied by a habitat conservation plan, commonly referred to as an HCP. The regulatory standard under Section 10(a)(1)(B) of the Act is that the effects of authorized incidental take must be minimized and mitigated to the maximum extent practicable. Under Section 10(a)(1)(B) of the Act, a proposed project also must not appreciably reduce the likelihood of the survival and recovery of the species in the wild, and adequate funding for a plan to minimize and mitigate impacts must be ensured.

Section 7 of the Act requires Federal agencies to ensure that their actions, including issuing permits, do not jeopardize the continued existence of listed species or destroy or adversely modify listed species’ critical habitat. “Jeopardize the continued existence of...” pursuant to 50 CFR 402.2, means to

engage in an action that reasonably would be expected, directly or indirectly, to reduce appreciably the likelihood of both the survival and recovery of a listed species in the wild by reducing the reproduction, numbers, or distribution of that species. Issuance of an incidental take permit under Section 10(a)(1)(B) of the Act by the Service is a Federal action subject to Section 7 of the Act. As a Federal agency issuing a discretionary permit, the Service is required to consult with itself (i.e., conduct an internal consultation). Delivery of the HCP and a Section 10(a)(1)(B) permit application initiates the Section 7 consultation process within the Service.

The requirements of Section 7 and Section 10 substantially overlap. In the Section 7 analysis the Service must evaluate the effects of the action and cumulative effects on the listed species or critical habitat. Cumulative effects are effects of future State, tribal, local or private actions that are reasonably certain to occur in the action area, pursuant to Section 7(a)(2) of the Act. The action area is defined by the area that encompasses all consequences of the action. The action area may or may not be solely contained within the HCP boundary. These additional analyses are included in this HCP to meet the requirements of Section 7 and to assist the Service with its internal consultation

1.5.2 The Section 10(a)(1)(B) Process – Habitat Conservation Plan Requirements and Guidelines

The Section 10(a)(1)(B) process for obtaining an incidental take permit has three primary phases: (1) the HCP development phase; (2) the formal permit processing phase; and (3) the post-issuance phase. During the HCP development phase, the project applicant prepares a plan that integrates the proposed project or activity with the protection of listed species. An HCP submitted in support of an incidental take permit application must include the following information:

- Impacts likely to result from the proposed taking of the species for which permit coverage is requested;
- Measures that will be implemented to monitor, minimize, and mitigate impacts; funding that will be made available to undertake such measures; and procedures to deal with unforeseen circumstances;
- Alternative actions to the proposed taking considered and the reasons why such alternatives are not being implemented; and
- Additional measures the Service may require as necessary or appropriate for purposes of the plan.

The HCP development phase concludes and the permit processing phase begins when a complete application package is submitted to the appropriate permit-issuing office. A complete application package consists of 1) an HCP, 2) a permit application, and 3) a \$100 fee from the applicant. The Service must also publish a Notice of Availability of the HCP package in the Federal Register to allow for public comment. The Service also prepares an Intra-Service Section 7 Biological Opinion; and prepares a Set of Findings, which evaluates the Section 10(a)(1)(B) permit application in the context of permit issuance criteria (see below). An Environmental Action Statement, Environmental Assessment, or Environmental Impact Statement serves as the Service's record of compliance with the National Environmental Policy Act (NEPA), which has gone out for a 30-day, 60-day, or 90-day public comment period. A Section 10(a)(1)(B) incidental take permit is granted upon a determination by the Service that all requirements for permit issuance have been met.

Statutory criteria for issuance of the permit specify that:

- The taking will be incidental;
- The impacts of incidental take will be minimized and mitigated to the maximum extent practicable;
- Adequate funding for the HCP and procedures to handle unforeseen circumstances will be provided;
- The taking will not appreciably reduce the likelihood of survival and recovery of the species in the wild;
- The applicant will provide additional measures that the Service requires as being necessary or appropriate; and
- The Service has received assurances, as may be required, that the HCP will be implemented.

During the post-issuance phase, the Permittee and other responsible entities implement the HCP, and the Service monitors the Permittee's compliance with the HCP as well as the long-term progress and success of the HCP. The public is notified of permit issuance by means of the Federal Register.

1.5.3 National Environmental Policy Act (NEPA)

The purpose of the National Environmental Policy Act (NEPA) is two-fold: to ensure that Federal agencies examine environmental impacts of their actions (in this case deciding whether to issue an incidental take permit) and to utilize public participation. NEPA serves as an analytical tool on direct, indirect, and cumulative impacts of the proposed project alternatives to help the Service decide whether to issue an incidental take permit (ITP or section 10(a)(1)(B) permit). NEPA analysis must be done by the Service for each HCP as part of the incidental take permit application process.

1.5.4 National Historic Preservation Act

All Federal agencies are required to examine the cultural impacts of their actions (e.g. issuance of a permit). This may require consultation with the State Historic Preservation Office (SHPO) and appropriate American Indian tribes. All incidental take permit applicants are requested to submit a Request for Cultural Resources Compliance form to the Service. To complete compliance, the applicants may be required to contract for cultural resource surveys and possibly mitigation. According to the certified Final Environmental Impact Report for the entire Specific Plan Area noted below, no cultural resources have been recorded on the proposed project site.

Based on a California Historical Resources Information System (CHRIS) cultural resource record search and assessment prepared by the Central Coast Information Center at the University of California, Santa Barbara (based on the original EIR for the Santa Maria Research Park, no file numbers were assigned by the CCIC), no recorded prehistoric resources or sites were within the project area. The closest site is approximately 4,000 feet southwest of the project site, CA-SBA-1159.

Six studies have been conducted within a half-mile radius of the project area including two studies within the project boundaries (E-1143 and E-387), one adjacent to the southern boundary (E-19) and three to the east (E-324, E-379, and E-322). No additional sites were identified in these surveys. However, a number of prehistoric isolates were found in and within a half mile of the project area.

1.5.5 California Endangered Species Act (CESA)

Pursuant to the California Endangered Species Act (“CESA”) and Section 2081 of the Fish and Game Code, an incidental take permit from the CDFW is required for projects that could result in the take of a State-listed Threatened or Endangered species. Under CESA, “take” is defined as an activity that would directly or indirectly kill an individual of a species. An incidental take permit authorized by CDFW under Section 2081(b) of the California Fish and Game Code would be required where a project could result in the taking of a State-listed threatened or endangered species. The application for an incidental take permit under Section 2081(b) requires the preparation of a conservation plan, generally referred to as a Habitat Conservation Plan.

The State of California considers an endangered species as one whose prospects of survival and reproduction are in immediate jeopardy; a threatened species as one present in such small numbers throughout its range that it is likely to become an endangered species in the near future in the absence of special protection or management; and a rare species as one present in such small numbers throughout its range that it may become endangered if its present environment worsens. The rare designation applies only to California native plants. Under CESA, CDFW is authorized to issue permits authorizing incidental take of threatened and endangered species and of plants listed as rare pursuant to the California Native Plant Protection Act.

The CTS is listed as threatened under CESA. This HCP therefore includes measures that will satisfy CESA incidental take permitting requirements to fully mitigate impacts to CTS and allow the State of California to find that the federal ITP is consistent with CESA ITP requirements, pursuant to California Fish and Game Code Section 2080.1.

1.5.6 California Environmental Quality Act (CEQA)

CEQA requires that all state and local governmental agencies consider the environmental consequences of projects over which they have discretionary authority prior to taking action on those projects. An Environmental Impact Report (“EIR”) is a public informational document designed to provide decision makers and the public with an analysis of the environmental effects of a proposed project, to indicate possible ways to reduce or avoid significant effects, and to describe reasonable alternatives to a project. An EIR must also disclose significant environmental impacts that cannot be avoided, growth-inducing impacts, effects not found to be significant, and significant cumulative impacts of past, present, and reasonably foreseeable probable future projects.

As an “informational document” (see Section 15121(a) of the CEQA Guidelines), the EIR is intended to inform the City, other public agencies with discretionary authority over aspects of the project, the general public, the local community, and other organizations, entities and interested persons of the project’s scope, significant environmental effects, feasible measures to avoid or minimize the significant effects, and a reasonable range of feasible alternatives to the project that would avoid or substantially lessen the significant effects. The environmentally superior alternative is identified as required by CEQA. The CEQA Guidelines, Section 15126 (d) (2), state that if the environmentally superior alternative is the No Project Alternative, then the next most environmentally preferred alternative must also be identified. While identification and disclosure of the environmentally superior alternative is required by CEQA, the lead agency is not required to approve the environmentally superior alternative.

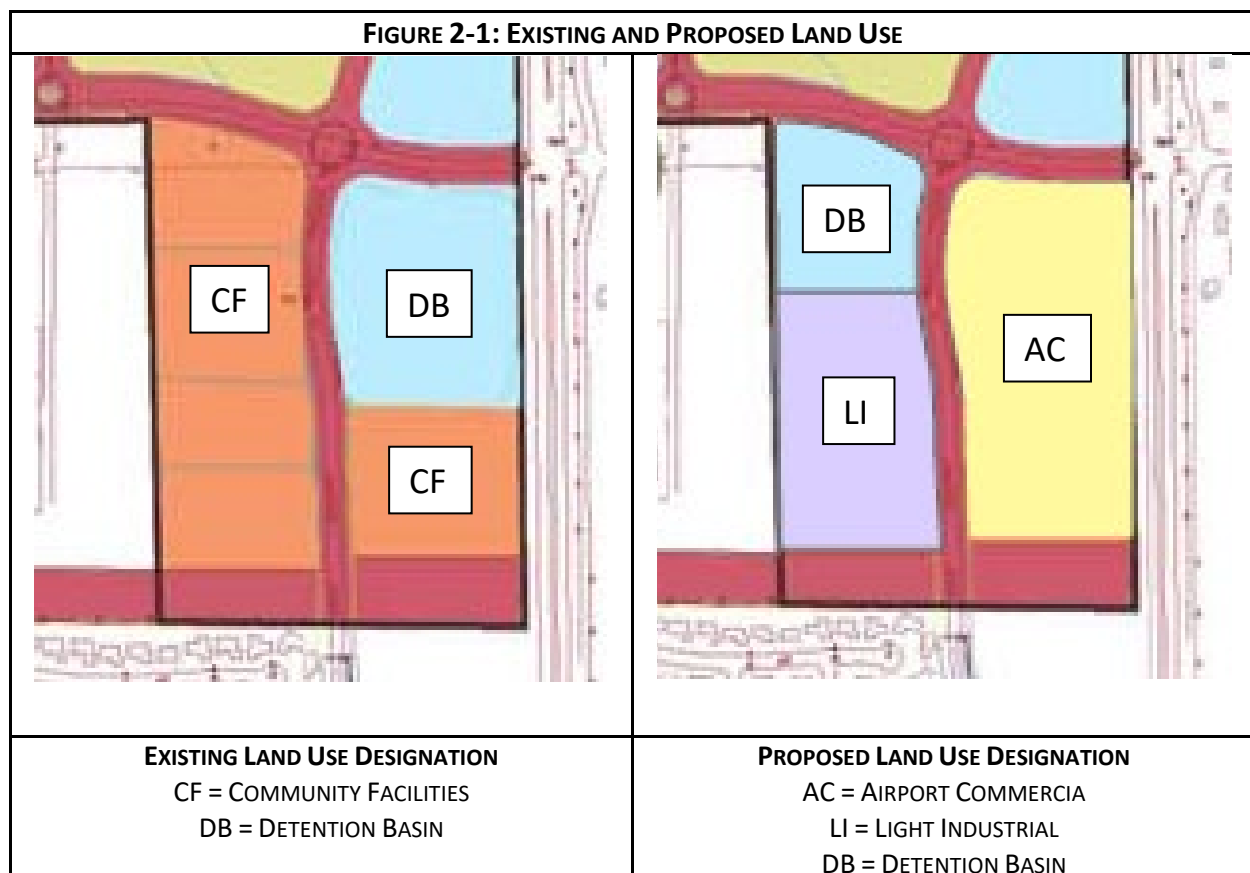
The City of Santa Maria (City) as lead agency, prepared and certified the Santa Maria Airport Business Park Specific Plan Final Environmental Impact Report (FEIR) on December 18, 2007 (State Clearinghouse Number 2005051172) to satisfy CEQA, and the State CEQA Guidelines, Title 14 of the California Code of Regulations, Chapter 3, Section 15000 *et seq.* The City adopted by Ordinance No. 2007-27 the Santa

Maria Airport Business Park Specific Plan on February 15, 2008. The City is in the process of adopting a Mitigated Negative Declaration for the proposed Specific Plan land use changes under the Certified FEIR.

Section 2: Project Description/Activities Covered By Permit

2.1 PROJECT DESCRIPTION

The approximately 28-acre project site/plan area is currently zoned under the approved Santa Maria Airport Business Park Specific Plan (Specific Plan) for Community Facilities (CF) and Detention Basin (DB). The Airport proposes modification to the Specific Plan, City Zoning, and General Plan Land Use Map for the plan area. The proposal is to modify the land use designation for the plan area on the western side of Foxenwood Lane to Light Industrial (LI) and to modify the land use designation for the property on the east to Airport Commercial (AC). To accommodate this, the detention basin would be relocated to the west side of Foxenwood Lane where the project engineers have determined the needed capacity for detention basin facilities can be reduced from originally proposed that are supported by the size and location proposed. The site would be fully developed with urban uses and detention basin as originally proposed. Habitat impacts for the project includes clearing, grubbing, and grading approximately 28-acres of active strawberry agricultural operations. The existing and proposed land use designations are shown in Figure 2-1 below.



2.2 PROPOSED ACTIVITIES

The proposed project would fully develop the 28-acre project site to a variety of urban uses and a stormwater detention basin. Covered Activities include, but are not limited to:

- Pre-construction surveys and relocation of CTS out of harm's way if necessary.
- Clearing, grubbing, excavation and backfill to meet geotechnical specifications, and grading the of the entire site for the proposed land uses.
- Construction for utilities, roads, buildings, and parking.

Section 3: Environmental Setting/Biological Resources

3.1 ENVIRONMENTAL SETTING

3.1.1 Climate

The Plan Area is characterized by a Mediterranean climate. Summer temperatures typically range from 50°F to 80°F upwards into the 90's, and average summer high temperature is approximately 80°F. Winter temperatures range from approximately 32°F upwards to the 80's, and average winter low temperature is approximately 44°F. Annual precipitation is approximately 13 to 15 inches. Fog is common in the late spring and summer months. Most precipitation falls as rain, although some can be contributed to fog drip. The rainy season extends from October to May, with the majority of the rainfall occurring between November and April.

3.1.2 Topography/Geology

The Plan Area topography consists predominantly of land that is slightly sloped south to north. The Natural Resources Conservation Service Soils Survey has mapped sandy soils throughout the site mapped as Betteravia loamy sand, 0 to 2 percent slopes, and Oceano sand, 2 to 15 percent slopes. Both mapping units parent material consists of eolian sands (windblown). The Betteravia soils may have a cemented horizon at six to 50 inches.

3.1.3 Hydrology/Streams, Rivers, Drainages

The Plan Area is essentially an infill parcel cultivated in strawberries. There are no creeks or drainages on or near the project site. No wetlands or aquatic habitats occur within the project site.

3.1.4 Existing Land Use and Habitat

The Plan Area is located within a portion of the Santa Maria Airport Specific Plan with approved land uses for urban development and a detention basin. The 28-acre plan area is currently in active strawberry cultivation bisected by Foxenwood Lane. According to the approved Specific Plan Final Environmental Impact Report, prior to strawberry cultivation the site supported mostly non-native annual grassland habitat, with a small patch of central coastal scrub, and eucalyptus woodland along the western edge and scattered in the northern portion of the site.

3.2 COVERED WILDLIFE SPECIES

3.2.1 California Tiger Salamander (*Ambystoma californiense*)

Federal: Endangered (Santa Barbara County DPS); CA State CESA: Threatened

Description and Distribution:

The Service emergency listed the Santa Barbara County distinct population segment (DPS) of CTS as an endangered species under the federal ESA in January 2000. On August 4, 2004, the Service published a final rule that determined the Santa Barbara County is not a DPS and effectively down listed the endangered status of the Santa Barbara County population to a threatened species, consistent with the taxon as whole throughout its range. On August 19, 2005, the U.S. District Court vacated the down-listing of the Sonoma and Santa Barbara populations from Endangered to Threatened. Therefore, the Sonoma and Santa Barbara CTS populations are once again listed as Endangered. On November 24, 2004, the Service designated Critical Habitat for the Santa Barbara County CTS population. The proposed Project Area is located at the southwest corner of Critical Habitat Unit 1: Western Santa Maria/Orcutt abutted on three sides by urban development. CDFW listed CTS as a threatened species throughout its range under CESA in March 2010.

CTS is a relatively large black amphibian with pale yellow spots and can reach a maximum length of 8.5 inches. This species is a lowland inhabitant restricted to grasslands and low foothill and oak woodland regions of the central coast, central, and northern California. Adult and juvenile CTS aestivate during the dry summer and fall in underground burrows of California ground squirrels, Botta's pocket gophers, and other small mammal burrows. For breeding and larval development, CTS require vernal pools and other seasonal ponds (natural or human-made) where ponded water is present for a minimum of three to four months. Adult CTS spend most of their lives underground in small mammal burrows and emerge with the onset of winter rains in the late fall or early winter. Adults emerge from underground retreats to feed, disperse, and migrate to suitable seasonal ponds for breeding. Male CTS arrive at breeding ponds earlier and spend more time there than females (average of 54 days for males and 14 days for females). Mating and egg laying occurs within a day or two of females arriving at a breeding pond with most females leaving the pond at night shortly after depositing their eggs. Most eggs hatch within 20 days or less and the aquatic CTS larvae then spend the next 10 weeks developing. Because of their long larval period, CTS require long-lived breeding pools (i.e. pools that hold water for a minimum of 90 to 120 days) if they are to successfully metamorphose. Following metamorphosis, juvenile CTS emigrate in mass at night from a drying breeding pond to nearby small mammal burrows. For the next five to seven years young salamanders mature and continue to seek refuge in small mammal burrows. Typically, movement from subterranean refuge sites to breeding sites (vernal pools and ponds) occurs following major, relatively warm late fall or early winter rains (late November through December).

For CTS population persistence, upland habitat within a short distance of a CTS breeding pond needs to have an adequate amount of suitable terrestrial refuge sites for CTS, such as those constructed by small mammals. California ground squirrel burrows are most used by CTS while gopher burrows are used to a lesser extent. It is rare to find adult or juvenile CTS under surface cover objects such as logs, rocks or boards. Rather there appears to be a commensal relationship between ground squirrels and CTS that benefit from the subterranean habitat created as a result of the burrowing activities of ground squirrels. Ground squirrel burrows are important habitat for CTS both when CTS first disperse from their breeding ponds as well as throughout most of their life as they are maturing. Reduction of ground squirrel populations in areas developed for more intensive agriculture such as in vineyards, results in a reduction in the availability of subterranean habitat critical to the survival of CTS. A lower density of small mammal burrows results in salamanders having to travel further to locate a suitable underground refuge, which in turn increases the risk of mortality for CTS. Eradication of ground squirrels and gophers from uplands within the dispersal range of a CTS breeding population can result in a significant decline in CTS breeding population over time. Maintaining a viable population of ground squirrels that provides adequate subterranean refuge for CTS is essential for the long-term persistence of CTS populations.

Literature and empirical evidence indicate CTS may disperse up to 1.3 miles (1.93 kilometers) from known breeding ponds. There are documented occurrences of CTS traveling 1.3 and 1.24 miles away from breeding ponds (Sweet 1998; Searcy, pers. comm 2018). The most comprehensive study of California tiger salamander migration distance is assessed in the 2011 Searcy and Shaffer publication. Searcy and Shaffer used the density distribution of California tiger salamanders to model the percentage of the reproductive potential of the population as a function of distance from breeding ponds. These results show that 95% of the population occurs in upland habitat within 1,867 meters (approximately 1.13 miles) of a breeding pond, but that California tiger salamanders are physiologically capable of migrating up to 2484 meters (approximately 1.54 miles) in a breeding season (Searcy and Shaffer 2011). These values are congruent with other studies (Orloff 2011) and the above mentioned documented observations of California tiger salamander migration.

Reasons for Decline:

A variety of anthropogenic activities have resulted in habitat loss for CTS, including urban development, water supply/flood control projects, loss of breeding ponds, and conversion of land to agricultural use. Because of the species' dependence on both vernal pool and upland habitat containing small mammal burrows, land use changes that alter or destroy either of these habitat types may compromise existing populations. The species depends on a series of interconnected breeding and upland habitats as a metapopulation, making it particularly sensitive to changes in the amount, configuration, and quality of these habitats. The loss, destruction, degradation, and fragmentation of habitat represent the primary threats to CTS. Within the range of the Santa Barbara County DPS of CTS, significant portions of its habitat have been altered or destroyed. Additional threats to the species include hybridization with non-native tiger salamanders, predation and competition by non-native species, vehicle-strike mortality, and lack of regulatory compliance. Other potential threats include contaminants, disease, and climate change. A majority of the known CTS occurrences in Santa Barbara County currently occur on private lands, requiring continual coordination with multiple private and local government entities for management.

Occurrence in Relation to Plan Area:

Information on the known occurrences of CTS in the vicinity of the Plan Area was based on information from the Service designated known and potential breeding ponds for CTS in Santa Barbara County and Service CTS observation data (Service 2011). To assess the potential for CTS use of the Plan Area, Figure 5 provides a map of Service known and potential CTS ponds within 1.3-mile radius. No ponds occur to the south and east of the project site which are dense urban development.

As discussed above, the Plan Area includes strawberry fields on the south side of Foster Road. The closest known CTS breeding pond is SAMA-10 approximately 1,500 feet to the north across Foster Road. The other known ponds within 1.3 miles are west of Blosser Road that include, and SAMA-7 at 5,900 feet and SAMA-6 at 6,425 feet away. Potential CTS ponds SAMA-8 and SAMA-20 (Foxenwood basin) are 4,550 feet and 3,085 feet away respectively. However, there remains a possibility, given the 1.3-mile dispersal distance criteria applied to all situations lacking a positive barrier such as buildings and urbanization that CTS could be found in the Plan Area. There have been CTS discovered south of Foster road during construction of a County facility and Union Valley Parkway in the recent past.

Section 4: Potential Biological Impacts/ Take Assessment

4.1 DIRECT AND INDIRECT IMPACTS

4.1.2 California Tiger Salamander

This section discusses potential direct and indirect impacts on CTS that may result from development of the project site. No wetted/aquatic habitats such as known or potential CTS ponds will be directly or indirectly impacted by the project. Potential direct project impacts analyzed within the Plan Area include disturbance to CTS upland dispersal/refuge habitat within the dispersal distance of 1.3 miles of Service identified known or potential CTS breeding pond.

The Following Potential Impacts Could Occur as a Result of the Covered Activities:

- Direct impacts to CTS could occur as a result of ground disturbing activities (e.g., clearing, grubbing, excavation, and grading for project development.
- The direct loss of approximately 28 acres of active agricultural land with prior cover of annual grassland, coastal scrub, and eucalyptus woodland habitats.
- Direct impacts to CTS could occur as a result of injury or mortality to CTS in underground refuge during clearing and excavation of the project site for development.
- CTS relocation efforts out of harm's way could result in increased stress of individuals. These stress effects could reduce survival and reproductive success of relocated individuals.
- CTS individuals could also be missed during pre-construction surveys and could be crushed, entombed, etc., without being detected within the impact areas of project development.

Calculating Impacts to California Tiger Salamanders

The California Tiger Salamander Conservation Strategy (Service 2019a) explains the methodology for calculating impacts to California tiger salamander and its habitat. The mitigation methodology outlined in the California Tiger Salamander Conservation Strategy is based on work by Searcy and Shaffer (2008) who demonstrate that there are two components of habitat loss for California tiger salamanders: (1) project footprint plus (2) "deficit wedge." The project footprint is the direct loss of habitat where the impact occurs, which is straight-forward in concept. More complex is the "deficit wedge" that results from the impact to habitat. The deficit wedge is the habitat that becomes isolated from a given breeding pond as a consequence of the project footprint impact and is rendered inaccessible to a CTS migrating in a straight line away from the center of a pond. The total impact of the project includes a sum of the footprint and the deficit wedges (or shadows) where habitat has become inaccessible to salamanders from ponds within dispersal distance of the project. This is collectively referred to as the Searcy Model Reproductive Value impact.

The Service has established the Searcy Model for quantifying CTS impacts based on the Reproductive Value (RV) of habitat impacted on a gradient of distance from Service identified known or potential breeding ponds. The Service ran the Searcy Model for the proposed development of the entire project site. Development footprint and a "shadow" were calculated based on influence from known CTS breeding ponds SAMA-10, SAMA-6, and SMA-7. Based on the Service Searcy Model there is a loss of reproductive value of 505.4 from the development footprint, and 45.5 from the shadow effect for a

total reproductive value loss of 550.9. This is a relatively small reproductive value impact reflecting the distances to CTS breeding ponds and surrounding existing urban development that do not create any shadow impacts.

4.2 ANTICIPATED TAKE OF COVERED SPECIES

The anticipated take of CTS within the Plan Area could occur during project development clearing and grading of the strawberry fields for the new development. No take is expected once the project site has been developed as no CTS habitat would remain.

4.3 EFFECTS ON CRITICAL HABITAT

The proposed project site falls within designated Critical Habitat Western Santa Maria / Orcutt Unit 1. The proposed project would convert active strawberry cultivation to urban uses no longer supporting CTS dispersal or refuge habitat. Critical habitat designations do not constitute a burden in terms of Federal laws and regulations on private landowners carrying out private activities. Unless a Federal approval or permit is required, or Federal funds are involved with a project proposed on private property, the critical habitat designation poses no regulatory burden for private landowners, and in particular, should not affect farming and ranching activities on private lands. Similarly, absent a future Federal nexus, the designation should not affect future land use plans.

The final rule on federally designated critical habitat for the California tiger salamander lists the following Primary Constituent Elements (PCEs) for the California tiger salamander as defined in Designation of Critical Habitat for the California tiger salamander in Santa Barbara County (Service 2004(c)): 1.) Standing bodies of fresh water, including natural and man-made (e.g., stock) ponds, vernal pools, and dune ponds, and other ephemeral or permanent water bodies that typically become inundated during winter rains and hold water for a sufficient length of time (i.e., 12 weeks) necessary for the species to complete the aquatic portion of its life cycle. 2.) Barrier-free uplands adjacent to breeding ponds that contain small mammal burrows. Small mammals are essential in creating the underground habitat that adult California tiger salamanders depend upon for food, shelter, and protection from the elements and predation. 3.) Upland areas between breeding locations (PCE 1) and areas with small mammal burrows (PCE 2) that allow for dispersal among such sites.

The proposed Project Area is located within Critical Habitat Unit 1: Western Santa Maria/Orcutt. The proposed Covered Activities described in Section 2.2 will have no effect on aquatic features, Primary Constituent Element (PCE) 1, because no aquatic habitat occurs within the proposed project site. Direct impacts would result in the loss of approximately 28 acres of upland refuge and dispersal habitat corresponding to PCE 2, however, the active cultivation precludes the occupation of small mammals and corresponding burrows for CTS refuge. As such, the proposed project would not adversely affect PCE 2 because of the limited availability of small mammal burrow refuge. The proposed project site is at the southwest corner of the designated critical habitat abutted by urban development on three sides, and therefore, does not represent upland habitat between breeding locations (PCE 3).

Destruction or adverse modification means a direct or indirect alteration that appreciably diminishes the value of critical habitat for the conservation of a listed species. Based on only minimal effects to PCE 2 as a limited upland refuge burrow resource, and the availability of Unit 1 designated critical habitat PCEs that would be unaffected by the project, the proposed project would not destroy or adversely modify designated critical habitat.

4.4 CUMULATIVE IMPACTS

The proposed project falls within the 1.3-mile range of known CTS ponds but is at the southwest corner of the metapopulation surrounded on three sides by development. The Project site is in active agricultural cultivation and does not represent a substantial block of native habitat loss within the range of the CTS in the region as evidenced by the relatively small Searcy Model reproductive value impact. Considering the small size of impacts compared with remaining available dispersal habitat around known or potential CTS breeding ponds, the Project would not significantly impact the Santa Barbara County DPS of CTS, but would add to the cumulative loss or degradation of dispersal/upland habitat available to CTS. With avoidance and minimization measures and compensatory mitigation measures, the project would not have a significant cumulative impact on CTS.

4.5 ANTICIPATED IMPACTS OF THE TAKING

The impact of incidental take of CTS associated with the project is expected to have negligible effects on the species' overall survival since the percentage of the species' habitat being impacted relative to the species' entire range and potential available upland dispersal habitat is very small, and the number of individual CTS that could be taken is also likely very small (less than 10 individuals) during project construction. No take is expected once the project site has been developed as no CTS habitat would remain. The overall effect of the Project will include relatively small impact at the eastern edge of the metapopulation abutted by urban development.

The potential for direct and indirect take of CTS is considered low for this project given it is under active cultivation. Implementation of avoidance and minimization measures, including preconstruction surveys, environmental awareness training, construction monitoring and relocation of individuals out of harm's way as necessary, is expected to avoid and minimize the injury or mortality of this species. Neither the mortality of CTS potentially occupying the areas of potential disturbance in the Plan Area, are anticipated to affect the persistence of the populations of CTS in the region or persistence of this species as a whole.

The California Tiger Salamander Conservation Strategy explains the methodology for calculating impacts to California tiger salamander and its habitat. The mitigation methodology outlined in the California Tiger Salamander Conservation Strategy is based on work by Searcy and Shaffer (2008) who demonstrate that there are two components of habitat loss for California tiger salamanders: (1) project footprint plus (2) "deficit wedge." The project footprint is the direct loss of habitat where the impact occurs, which is straight-forward in concept. More complex is the "deficit wedge" that results from the impact to habitat. The deficit wedge is the habitat that becomes isolated from a given breeding pond as a consequence of the impact and is rendered inaccessible to a California tiger salamander migrating in a straight line away from the center of a pond. The total impact of the project includes a sum of the footprint and the deficit wedges (or shadows) where habitat has become inaccessible to salamanders from ponds within dispersal distance of the project.

The Service has established the Searcy Model for quantifying CTS impacts based on the Reproductive Value (RV) of habitat impacted on a gradient of distance from Service identified known or potential breeding ponds. The Service ran the Searcy Model for the proposed development of the entire project site. Development footprint and a "shadow" were calculated based on influence from known CTS breeding ponds SAMA-10, SAMA-6, and SMA-7. Based on the Service Searcy Model there is a loss of

reproductive value of 505.4 from the development footprint, and 45.5 from the shadow effect for a total reproductive value loss of 550.9. This is a relatively small reproductive value impact reflecting the distances to CTS breeding ponds and surrounding existing urban development that do not create any shadow impacts.

Section 5: Conservation Program/Measures to Minimize and Mitigate for Impacts

5.1 BIOLOGICAL GOALS

Section 10(a)(2)(A) of the Act, 50 CFR 17.22(b)(1)(iii), and 50 CFR 17.32(b)(1)(iii) require that an HCP specify the measures that the permittee will take to minimize and mitigate impacts of the taking of any federally listed animal species as a result of activities addressed by the plan.

As part of the “Five Point” Policy adopted by the Service in 2000, HCPs must establish biological goals and objectives (65 *Federal Register* 35242, June 1, 2000). The purpose of the biological goals is to provide direction for development of the HCP’s conservation program and ensure that the operating conservation program in the HCP is consistent with the conservation and recovery goals established for the species. The goals are also intended to provide to the applicant an understanding of why these actions are necessary. These goals are developed based upon the species’ biology, threats to the species, the potential effects of the Covered Activities, and the scope of the HCP.

5.2 BIOLOGICAL GOALS AND OBJECTIVES

The following biological goals and objectives were developed based on the CTS biology and potential impacts of the Covered Activities within the scope of this HCP. They include on-site measures that will minimize take of CTS at the project site, and measures that will protect habitat with high conservation value for this species in perpetuity.

Goal 1: Minimize take and related disturbance to CTS within the Plan Area.

Objective 1.1: Avoid and minimize the potential for migrating CTS to come into contact with construction and/or operations equipment or become harmed as a result of project activities.

Objective 1.2: Remove CTS from impact areas by performing surveys prior to and, if necessary, during construction and operations, and relocate any individuals to suitable habitat outside impact areas.

Goal 2: Mitigate impacts to CTS by protecting habitat with high conservation value for CTS.

Objective 2.1: In order to fully mitigate impacts to CTS and to ensure consistency with State CESA take coverage requirements for CTS the Airport would mitigate offsite through the purchase of mitigation credits at the La Purisima CTS mitigation bank. The Searcy model run by the U.S. Fish and Wildlife Service (Service) generated a reproductive value impact of 550.9 that will be mitigated by the purchase of mitigation credits at a Agency-approved La Purisima CTS mitigation bank using an out-of-metapopulation adjustment of 1.4 time credits for a total mitigation bank purchase of 773 RV credits.

5.3 AVOIDANCE, MINIMIZATION, AND MITIGATION MEASURES

Section 10 of the Act requires that all applicants submit HCPs that “minimize and mitigate” the impacts of take authorized by an incidental take permit, and that issuance of the permit will not “appreciably reduce the likelihood of the survival and recovery of the species in the wild.” In general, HCPs should include mitigation programs that are based on sound biological rationale, and are practicable and commensurate with the impacts of the project on species for which take is requested. Additionally, the Service encourages applicants to develop HCPs that contribute to the recovery of a listed species. If the proposed project is expected to result in permanent habitat loss, then the mitigation strategy must include compensatory mitigation consisting of the permanent preservation of suitable habitat or similar measures. For the project’s small percentage of habitat impact at the outside edge of the metapopulation abutted on three sides by urban development, the Airport is proposing offsite purchase of compensatory mitigation credits to fully mitigate impacts to CTS and ensure consistency with California take coverage requirements (CESA Section 2081 or 2080.1).

In accordance with these guidelines and the requirements of the Act and CESA, the Conservation Program of this HCP is intended to achieve its biological goals and objectives and to ensure that the impacts of Covered Activities on CTS are avoided, minimized and mitigated to the maximum extent practicable. Avoidance and minimization measures (AMMs), and compensatory mitigation measures are provided below.

5.3.1 Measures to Avoid and Minimize Impacts

1. At least 30 days prior to ground-disturbing activities, the Airport will submit the names and credentials of biologists and monitors to the Service for approval to conduct the minimization measures outlined below. No project activities will begin until the applicant has received approval from the Service that the biologists and monitors are qualified to do the work.
2. The Service-approved biologist will conduct a biological resources training program for all construction workers and their contractors to minimize potential impacts to Covered Species. Training will occur prior to initial construction activities and be repeated as needed for new workers for the duration of the initial ground disturbance covered activities. The training program will be reviewed and approved by the Service and will include a description of: (1) important biological resources within their project site, specifically the California tiger salamander that has the potential to occur within or adjacent to work areas; (2) the applicable avoidance and minimization measures; (3) the roles and responsibilities of personnel; and (4) communication protocols if species are detected. Applicants who submit their training programs along with their permit applications should expect to receive an approval at the time they receive their Permit. Applicants who submit their training programs after they submit their permit application should expect to receive an approval within 30 days of receipt of the training program.
3. The Service-approved biologist will periodically review and monitor construction and will be responsible for ensuring that conditions of the HCP are being enforced. The Service-approved biologist will have the authority to temporarily halt activities if permit requirements and conditions are not being met.
4. Prior to construction activities, all grading limits and construction boundaries, including staging areas, parking, and stockpile areas, will be delineated and clearly marked in the field.

The Service-approved biologist will work with the Service to identify these areas. All work will be confined to the defined and delineated project limits.

5. All exclusionary silt fencing (or other suitable fence material) will be inspected each work day during construction activities to ensure that Covered Species are not exposed to hazards.
6. Any California tiger salamander encountered during project construction in harm's way will be relocated out of harm's way to nearby suitable habitat outside the project area. Only the Service-approved biologist will relocate California tiger salamanders. The Declining Amphibian Task Force Fieldwork Code of Practice will be implemented for all amphibian relocation activities.

The individuals will be handled with clean and moistened hands. During relocation they will be placed in a clean, covered plastic container with a non-cellulose moistened sponge. Relocations will take place immediately; individuals will not be stored for lengthy periods or in heated areas. The relocation container will be kept out of direct sunlight.

The Service-approved biologist will monitor relocated California tiger salamander until it enters a burrow and is concealed underground or is deemed safe in the habitat by the biologist. Relocation areas will be identified by the Service-approved biologist based upon best suitable habitat available. The Service-approved biologist will document both locations by photographs and GPS positions. The Covered Species will be photographed and measured (Snout-Vent) for identification purposes prior to relocation. All documentation will be provided to the Service and California Department of Fish and Wildlife within 24 hours of relocation.

7. Potentially occupied burrows for CTS will be excavated using hand tools or via gentle excavation using construction equipment, under the direct supervision of the Service-approved Biologist, until it is certain that the burrows are unoccupied. For the purposes of this HCP, "gentle excavation" is an excavation technique involving slow and shallow single passes with a backhoe/excavator bucket perpendicular to the burrow alignment that allows for burrow inspection for individuals after each pass. Any individuals encountered shall be relocated out of harm's way in accordance with Measure 6.
8. Exclusionary silt fencing (or other suitable fence material) will be installed at the discretion of the Service-approved biologist to minimize the potential for individuals to enter the worksite. Exclusionary fencing will be maintained for the duration of the project. If a Covered Species the shall be relocated out of harm's way in accordance with Measure 6.
9. Steep-walled excavations (e.g., trenches) that may act as pitfall traps will be inspected for wildlife at least once per day and immediately before backfilling. In lieu of daily inspections (weekends, etc.), exclusionary fencing, covers, ramps, or similar mechanisms will be installed to prevent CTS entrapment.
10. Open pipe segments will be capped or sealed with tape (or equivalent material) nightly, or otherwise stored at least three feet above ground. Should a pipe segment become occupied by a California tiger salamander, the species will be allowed to vacate the pipe on its own accord or removed and relocated in accordance with Measure 12.
11. If Covered Activities must occur during the rainy season, permittees will not work during rain events, 24 hours prior to significant rain events (>0.5 inch in a 24-hour period), or during the 24 hours after these events, to the extent practicable. If work must occur 24

- hours prior to significant rain events (>0.5 inch in a 24-hour period), or during the 24 hours after these events, a Service-approved biologist will conduct a pre-activity survey to ensure that the work area is clear of CTS.
12. Best Management Practices shall be specified on construction plans that prescribe the measures necessary to eliminate or reduce pollutants in runoff from Covered Activities.
 13. Upon locating California tiger salamander individuals that may be dead or injured as a result of project-related activities, notification will be made within 72 hours to the Service Ventura Field Office at (805) 644-1766. In addition, upon locating a dead, injured, or entrapped California tiger salamander, the Department will be notified within 72 hours.

5.3.2 Measures to Mitigate Impacts to CTS

To determine the amount of mitigation needed, the value of the impacted habitat was calculated using methodology outlined in Searcy and Shaffer (2008). This method takes into account both distance from aquatic breeding habitat and land use and assigns a value to the habitat area that scales with the reproductive value of the individuals estimated to be occupying that area. The Service conducted a Searcy model run using the Searcy and Shaffer (2008) method to determine the loss in reproductive value resulting from implementation of the Project. The Santa Maria Airport Commercial Center Project would result in a loss of reproductive value of 550.9 for activities related to development footprint and shadow from developing the entire 28-acre project site.

In general, the Conservation Strategy and Mitigation Guidance states that the value of the impacted habitat should be calculated using the methodology outlined in Searcy and Shaffer (2008), which incorporates the amount of California tiger salamander aquatic breeding habitat and upland habitat covering the site to be impacted. The value of the land proposed for mitigation habitat should also be calculated using the Searcy and Shaffer methodology. Typically, a mitigation ratio of 1:1 [as calculated in Searcy and Shaffer (2008)] will be required for impacts to California tiger salamanders and its habitat. In other words, the reproductive value of habitat proposed for mitigation should equal the calculated reproductive value of the impacted habitat.

The Airport proposes to mitigate for the loss of CTS upland habitat from implementation of the Project Covered Activities by the purchase of credits from the agency approved La Purisima Conservation Bank. The Searcy model run by the U.S. Fish and Wildlife Service (Service) generated a reproductive value impact of 550.9 that will be mitigated by the purchase of mitigation credits at a Agency-approved La Purisima CTS mitigation bank using an out-of-metapopulation adjustment of 1.4 time credits for a total mitigation bank purchase of 773 RV credits.

5.4 MONITORING

Monitoring tracks compliance with the terms and conditions of the HCP and ITP. There are three types of monitoring: (1) compliance monitoring tracks the permit holder's compliance with the requirements specified in the HCP and ITP; (2) effects monitoring tracks the impacts of the Covered Activities on the Covered Species; and (3) effectiveness monitoring tracks the progress of the conservation strategy in meeting the HCP's biological goals and objectives (includes species surveys, reproductive success, etc.). Monitoring provides information for making adaptive management decisions.

5.4.1 Compliance Monitoring

Compliance monitoring will be implemented via onsite construction and operations monitoring daily construction monitoring logs, and preparation of a post-construction compliance report (see Section 5.7).

5.4.2 Effects Monitoring

To quantify the incidental take at the end of the Project, the count the number of individual CTS that were found and translocated, or injured or killed during project activities.

5.4.3 Effectiveness Monitoring

The effectiveness of the HCP's mitigation strategies will be assured through ongoing monitoring of Covered Activities and documentation in annual reports detailing the implementation of the avoidance and minimization measures, and compensatory mitigation measure. Reporting is described in Section 5.7 below.

5.5 PERFORMANCE AND SUCCESS CRITERIA

Performance and Success criteria for each objective stated in Section 5.1 are as follows:

- Objective 1.1: Avoid and minimize the potential for CTS to come into contact with construction and/or operations equipment or become harmed as a result of Project activities.
- Performance criteria: During compliance monitoring, the Service-approved biologist shall inspect the project site to ensure that construction activities are taking place only in approved areas and that protective fencing is properly in place to preclude CTS individuals from entering the work site. Hand excavation of small mammal burrows within the proposed project footprint will occur prior to ground disturbing and vegetation removal. A post-construction monitoring report summarizing the compliance monitoring effort will be provided to the Service.
- Objective 1.2: Remove CTS from impact areas by performing surveys prior to and, if necessary, during construction, and relocate any individuals to suitable habitat outside impact areas.
- Performance criteria: During compliance monitoring, a Service-approved biologist shall conduct pre-construction surveys and construction monitoring for covered species within the project area. Capture and relocation will occur only in the event that individuals are in harm's way. Relocation sites will be chosen by the Service-approved biologist and will be as similar as possible to the capture site while still maintaining a safe buffer to project activities. Silt fence barriers (or similar) may be utilized to limit potential for species to enter the project area.
- Objective 2.1: In order to fully mitigate impacts to CTS and to ensure consistency with State CESA take coverage requirements for CTS, The Airport will purchase credits for the loss of 550.9 reproductive value by the purchase of credits from the agency approved La Purisima Conservation Bank. The Searcy model run by the U.S. Fish and Wildlife Service (Service) generated a reproductive value impact of 550.9 that will be mitigated by the purchase of mitigation credits at a Agency-approved La Purisima CTS

mitigation bank using an out-of-metapopulation adjustment of 1.4 time credits for a total mitigation bank purchase of 773 RV credits.

Performance criteria: The Airport shall provide Service and CDFW with proof of payment for the 773 reproductive value credits at the approved mitigation bank.

5.6 ADAPTIVE MANAGEMENT STRATEGY

For some HCPs, the adaptive management strategy will be an integral part of an operating conservation program that addresses the uncertainty in the conservation of a species covered by an HCP. Adaptive management plans are required for conservation plans where there is substantial uncertainty regarding the effects of the proposed action on the Covered Species or the efficacy of minimization and mitigation measures.

This HCP proposes avoidance and minimization measures, and to provide one-time funding for the purchase of 550.9 reproductive value credits at the approved La Purisima mitigation bank. The credit purchase would fully mitigate the project impacts on the CTS with no further actions necessary. As such, no adaptive management strategy is proposed as there is no applicant responsible conservation activities.

5.7 REPORTING

By January 31st following each year of ITP issuance and Project implementation, the Airport shall submit a report to the Ventura U.S. Fish and Wildlife Service Office to document the status of the Project. The report will provide the following information:

1. Brief summary or list of Project activities accomplished during the reporting year (e.g. this includes Covered Activities);
2. Project impact summary;
3. Description of any take that occurred for CTS (includes cause of take, form of take, take amount, location of take and time of day, and deposition of dead or injured individuals);
4. Brief description of conservation strategy implemented including effectiveness and AMM's;
5. Monitoring results (compliance, effects and effectiveness monitoring) and survey information;
6. Description of any changed or unforeseen circumstances that occurred and how they were dealt with; Funding expenditures, balance, and accrual.
7. Description of any minor or major amendments.

Section 6: Plan Implementation

6.1 PLAN IMPLEMENTATION

The project will be implemented by the Airport and its contractors. Precise timing of the project will depend upon the timing of permit issuance (i.e., Service & CDFW approval) and the status of local project approvals and final construction/building permit issuance by the City of Santa Maria.

6.2 CHANGED CIRCUMSTANCES

6.2.1 Summary of Circumstances

Section 10 regulations [(69 *Federal Register* 71723, December 10, 2004 as codified in 50 Code of Federal Regulations (C.F.R.), Sections 17.22(b)(2) and 17.32(b)(2))] require that an HCP specify the procedures to be used for dealing with changed and unforeseen circumstances that may arise during the implementation of the HCP. In addition, the HCP No Surprises Rule [50 CFR 17.22 (b)(5) and 17.32 (b)(5)] describes the obligations of the permittee and the Service. The purpose of the No Surprises Rule is to provide assurance to the non-Federal landowners participating in habitat conservation planning under the Act that no additional land restrictions or financial compensation will be required for species adequately covered by a properly implemented HCP, in light of unforeseen circumstances, without the consent of the permittee.

Changed circumstances are defined in 50 CFR 17.3 as changes in circumstances affecting a species or geographic area covered by an HCP that can reasonably be anticipated by plan developers and the Service and for which contingency plans can be prepared (e.g., the new listing of species, a fire, or other natural catastrophic event in areas prone to such event). If additional conservation and mitigation measures are deemed necessary to respond to changed circumstances and these additional measures were already provided for in the plan's operating conservation program (e.g., the conservation management activities or mitigation measures expressly agreed to in the HCP), then the permittee will implement those measures as specified in the plan. However, if additional conservation management and mitigation measures are deemed necessary to respond to changed circumstances and such measures were not provided for in the plan's operating conservation program, the Service will not require these additional measures absent the consent of the permittee, provided that the HCP is being "properly implemented" (properly implemented means the commitments and the provisions of the HCP have been or are fully implemented).

Changed circumstances within the Project area of this HCP including the following:

- Presence of a newly listed species.
- Discovery of a federally listed species not previously known to occur near the Project.

6.2.2 Newly listed species or Discovery of Other Currently Listed Species at the Project Site

If a new species that is not covered by the HCP but may be affected by activities covered by the HCP is listed under the Act during the term of the Section 10(a)(1)(B) permit, the Section 10 permit will be reevaluated by the Service and the HCP Covered Activities may be modified, as necessary, to insure that the activities covered under the HCP are not likely to jeopardize or result in the take of the newly listed species or adverse modification of any newly designated critical habitat. The Applicant shall implement the modifications to the HCP Covered Activities identified by the Service as necessary to avoid the likelihood of jeopardy to or take of the newly listed species or adverse modification of newly designated critical habitat. The Applicant shall continue to implement such modifications until such time as the Permittee has applied for and the Service has approved an amendment of the Section 10(a)(1)(B) permit, in accordance with applicable statutory and regulatory requirements, to cover the newly listed species or until the Service notifies the Applicant in writing that the modifications to the HCP Covered Activities are no longer required to avoid the likelihood of jeopardy of the newly listed species or adverse modification of newly designated critical habitat.

6.3 UNFORESEEN CIRCUMSTANCES

Unforeseen circumstances are defined in 50 CFR 17.3 as changes in circumstances that affect a species or geographic area covered by the HCP that could not reasonably be anticipated by plan developers and the Service at the time of the HCP's negotiation and development and that result in a substantial and adverse change in status of the covered species. The purpose of the No Surprises Rule is to provide assurances to non-Federal landowners participating in habitat conservation planning under the Act that no additional land restrictions or financial compensation will be required for species adequately covered by a properly implemented HCP, in light of unforeseen circumstances, without the consent of the permittee.

In case of an unforeseen event, the permittee shall immediately notify the Service staff who have functioned as the principal contacts for the proposed action. In determining whether such an event constitutes an unforeseen circumstance, the Service shall consider, but not be limited to, the following factors: size of the current range of the affected species; percentage of range adversely affected by the HCP; percentage of range conserved by the HCP; ecological significance of that portion of the range affected by the HCP; level of knowledge about the affected species and the degree of specificity of the species' conservation program under the HCP; and whether failure to adopt additional conservation measures would appreciably reduce the likelihood of survival and recovery of the affected species in the wild.

If the Service determines that additional conservation and mitigation measures are necessary to respond to the unforeseen circumstances where the HCP is being properly implemented, the additional measures required of the permittee must be as close as possible to the terms of the original HCP and must be limited to modifications within any conserved habitat area or to adjustments within lands or waters that already set-aside in the HCP's operating conservation program. Additional conservation and mitigation measures shall involve the commitment of additional land or financial compensation or restrictions on the use of land or other natural resources otherwise available for development or use under original terms of the HCP only with the consent of the permittee.

Thus, in the event that unforeseen circumstances adversely affecting CTS occurs during the term of the requested incidental take permit, the Airport would not be required to provide additional financial mitigation or implement additional restrictions above those measures specified in the HCP, provided that the HCP is being properly implemented. This HCP expressly incorporates by reference the permit assurances set forth in the revised (U.S. Fish & Wildlife Service 1998) Habitat Conservation Plan Assurances ("No Surprises") Rule (50 CFR Part 17).

6.4 AMENDMENTS

6.4.1 Minor Amendments

Minor amendments are changes that do not affect the scope of the HCP's impact and conservation strategy, change amount of take, add new species, and change significantly the boundaries of the HCP. Examples of minor amendments include correction of spelling errors or minor corrections in boundary descriptions. The minor amendment process is accomplished through an exchange of letters between the permit holder and the Service's Field Office.

6.4.2 Major Amendments

Major amendments to the HCP and permit are changes that do affect the scope of the HCP and conservation strategy, increase the amount of take, add new species, and change significantly the boundaries of the HCP. Major amendments often require amendments to the Service's decision documents, including the NEPA document, the biological opinion, and findings and recommendations document. Major amendments will often require additional public review and comment.

6.5 SUSPENSION/REVOCATION

The Service may suspend or revoke the ITP if the Airport fails to implement the HCP in accordance with the terms and conditions of the permit or if suspension or revocation is otherwise required by law. Suspension or revocation of the Section 10(a)(1)(B) permit, in whole or in part, by the Service shall be in accordance with 50 CFR 13.27-29, 17.32 (b)(8).

6.6 PERMIT RENEWAL

The Airport is requesting a permit duration of twenty (20) years. This period of time should ensure that the Covered Activities associated with the proposed Project can be completed prior to permit expiration.

Upon expiration, the Section 10(a)(1)(B) permit may be renewed without the issuance of a new permit, provided that the permit is renewable, and that biological circumstances and other pertinent factors affecting covered species are not significantly different than those described in the original HCP. To renew the permit, the Airport shall submit to the Service, in writing:

- a request to renew the permit; reference to the original permit number;
- certification that all statements and information provided in the original HCP and permit application, together with any approved HCP amendments, are still true and correct, and inclusion of a list of changes;
- a description of any take that has occurred under the existing permit; and
- a description of any portions of the project still to be completed, if applicable, or what activities under the original permit the renewal is intended to cover.

If the Service concurs with the information provided in the request, it shall renew the permit consistent with permit renewal procedures required by Federal regulation (50 CFR 13.22). If the Airport files a renewal request and the request is on file with the issuing Service office at least 30 days prior to the permit's expiration, the permit shall remain valid while the renewal is being processed, provided the existing permit is renewable. However, the Airport may not take listed species beyond the quantity authorized by the original permit or change the scope of the HCP. If the Airport fails to file a renewal request within 30 days prior to permit expiration, the permit shall become invalid upon expiration. The Airport must have complied with all annual reporting requirements to qualify for a permit renewal.

6.7 PERMIT TRANSFER

In the event of a sale or transfer of ownership of the project site during the life of the permit, the Service will require the following documents from the new owner(s) in order to effectuate a permit transfer: a new permit application, permit fee, and written documentation providing assurances pursuant to 50 CFR 13.25 (b)(2) that the new owner will provide sufficient funding for the HCP and will implement the

relevant terms and conditions of the permit, including any outstanding minimization and mitigation. The new owner(s) shall commit to all requirements regarding the take authorization and mitigation obligations of this HCP unless otherwise specified in writing and agreed to in advance by the Service.

Section 7: Funding

7.1 COSTS OF HCP IMPLEMENTATION

The Airport will be responsible for the full cost of implementing the minimization and mitigation measures as described in Section 5 estimated to be between \$25,000 and \$50,000 depending on the timing and sequence of individual development projects within the plan area over the life of the permit. Given the current site conditions under active cultivation, there is little chance of incurring costs for changed circumstances described in Section 6, such as newly listed species or additional listed species occurrence within the plan area.

The Airport plans to fulfill mitigation requirements through the purchase of credits from a Service-approved conservation bank or payment of credits at the Service's conservation fund. The cost of the mitigation credits will be determined to fully mitigate for the loss of 550.9 reproductive value. This is expected to be less than \$30,000, the going rate of approximately \$40,000 per 853 RV per credit. The conservation bank or holder of the fund will be responsible for the management of the mitigation lands secured through the purchase of bank/fund credits with no long-term funding requirement of the Airport. As such, no endowment is proposed or required. Total estimated cost of HCP implementation and to fully mitigate would be from \$55,000 to \$105,000.

Applicants should also estimate the cost of the changed circumstances responses and provide an assured funding source to fund the responses. Given that costs associated with changed circumstances as described above are likely minimal or unnecessary for any newly listed species or additional listed species not previously known to occur on the project site given it is currently under active cultivation and is at the edge of habitat surrounded by existing development. The avoidance and minimization measures for the CTS during construction would suffice for any other listed species so as to not require any additional funding.

7.2 FUNDING SOURCE(S)

The Airport would fund the purchase of mitigation credits and the implementation of the avoidance and minimization measures as part of their annual operating budget. The Airport plans to request that the Director of the CDFW find the federal documents (federal incidental take permit, this Habitat Conservation Plan and other relevant documents) consistent with CESA. As such, the Airport will provide, funding assurances in the one of the following forms: (1) an irrevocable letter of credit, (2) another form of Security approved in advance in writing by CDFW's Office of the General Counsel, (3) demonstration that mitigation credits have been purchased, or (4) other sufficient documentation approved in advance by CDFW.

Section 8: Alternatives

8.1 SUMMARY

Section 10(a)(2)(A)(iii) of the Endangered Species Act of 1973, as amended, [and 50 CFR 17.22(b)(1)(iii) and 17.32(b)(1)(iii)] requires that alternatives to the taking of species be considered and reasons why such alternatives are not implemented be discussed.

8.2 PROPOSED ACTION

The Proposed Action is issuance of a 20-year Incidental Take Permit for Covered Species impacts resulting from conversion of approximately 28 acres of agricultural production to urban development and a detention basin consistent with local land use approvals. Covered Activities also include CTS pre-construction surveys, and relocation of CTS out of harm's way when necessary.

8.3 ALTERNATIVE #1: NO ACTION

Under the No Action Alternative an HCP would not be prepared and an ITP would not be issued. The existing active strawberry or other annual agricultural production would continue essentially maintaining the site as unsuitable for CTS upland dispersal and refuge habitat. Thus, the No-Action Alternative would be of minimal benefit to the CTS over the proposed action and would not provide funding for purchase of conservation credits at a mitigation bank.

Section 9: Literature Cited/References

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SANTA MARIA AIRPORT COMMERCIAL CENTER
PROJECT HCP

FIGURES

Figure 1 – Regional Location Map

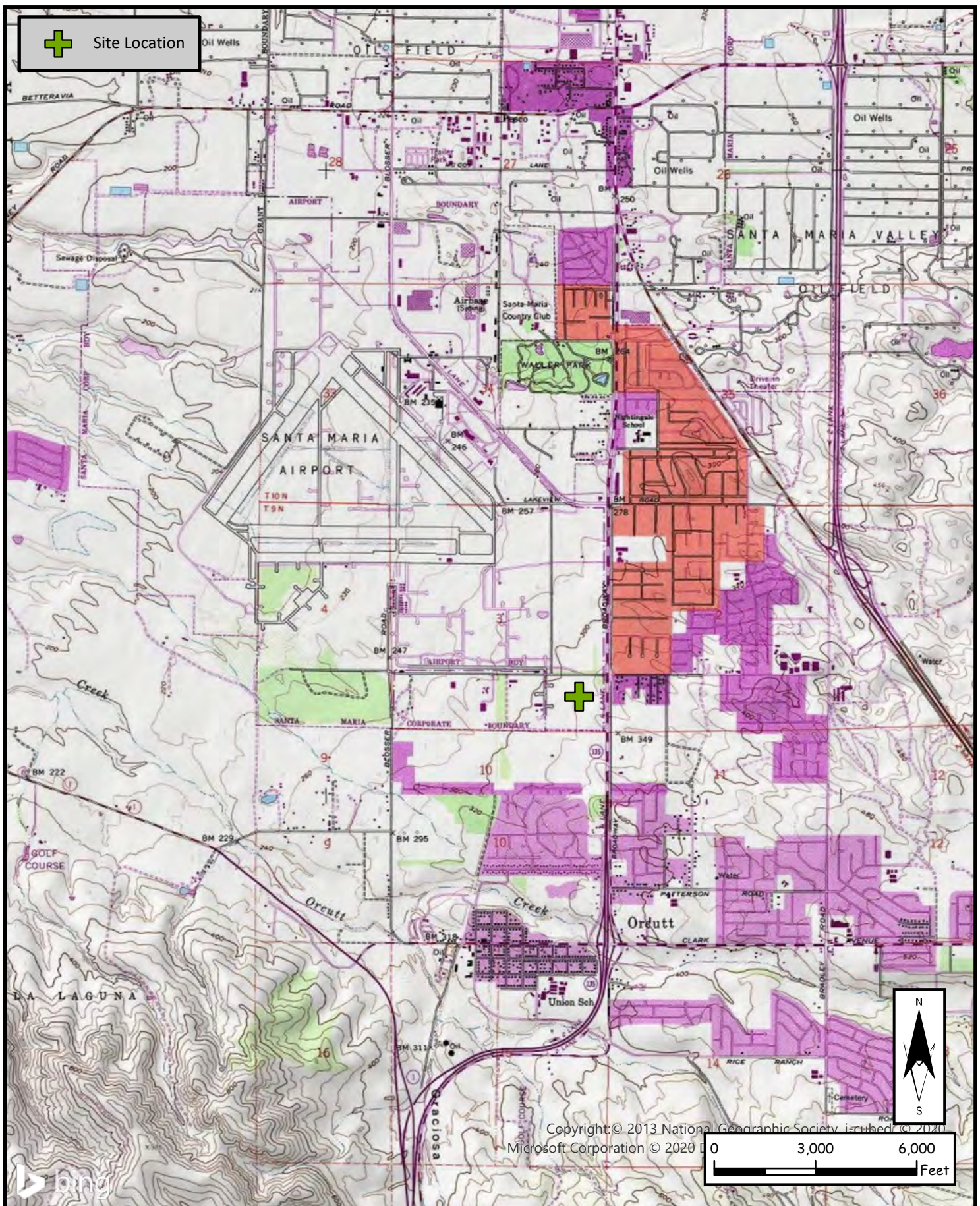
Figure 2 – Vicinity Location Map

Figure 3 – Soils Map

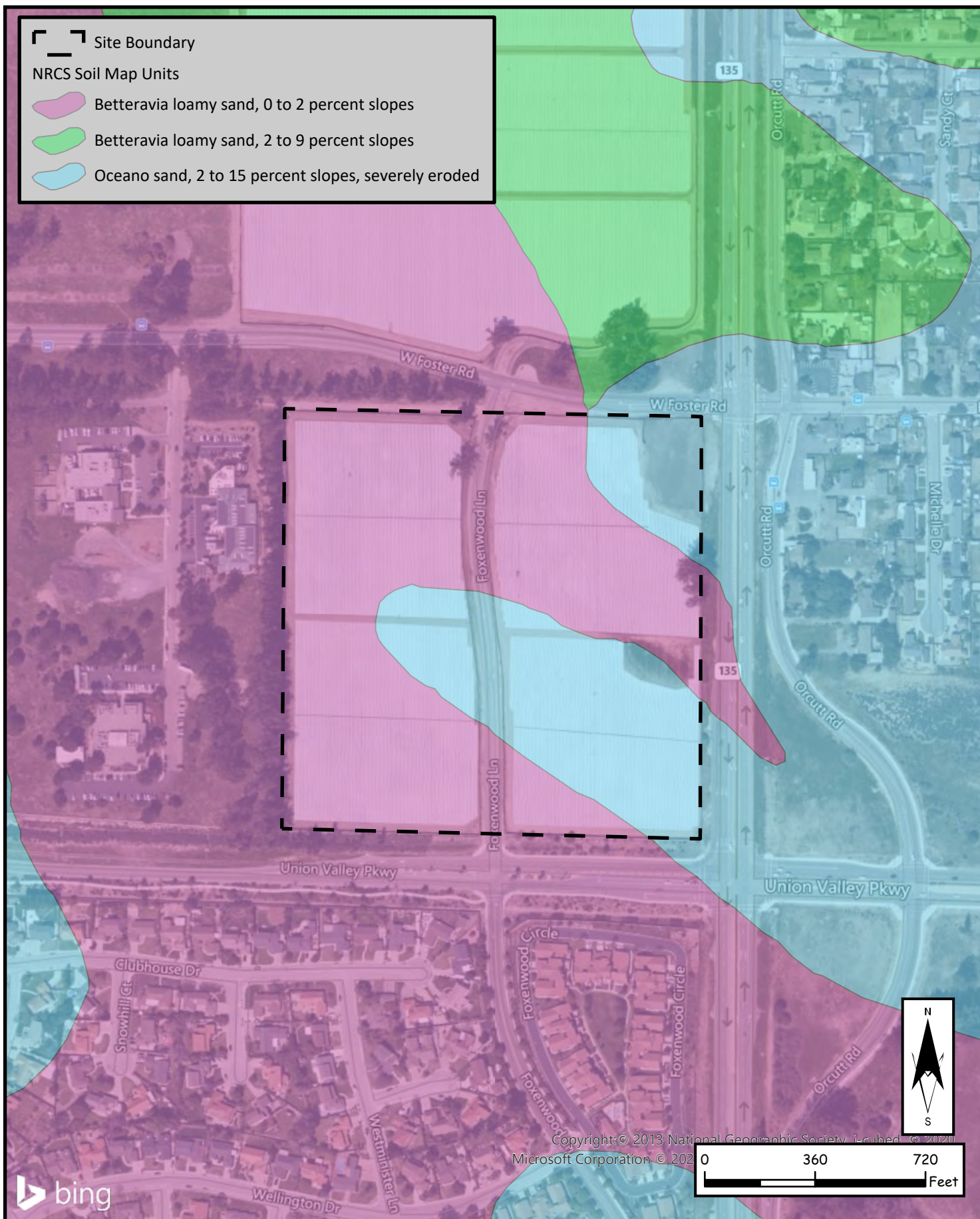
Figure 4 – Habitat Map

Figure 5 – CTS Overview and Searcy Model
Reproductive Value Impact Map

APPENDIX A









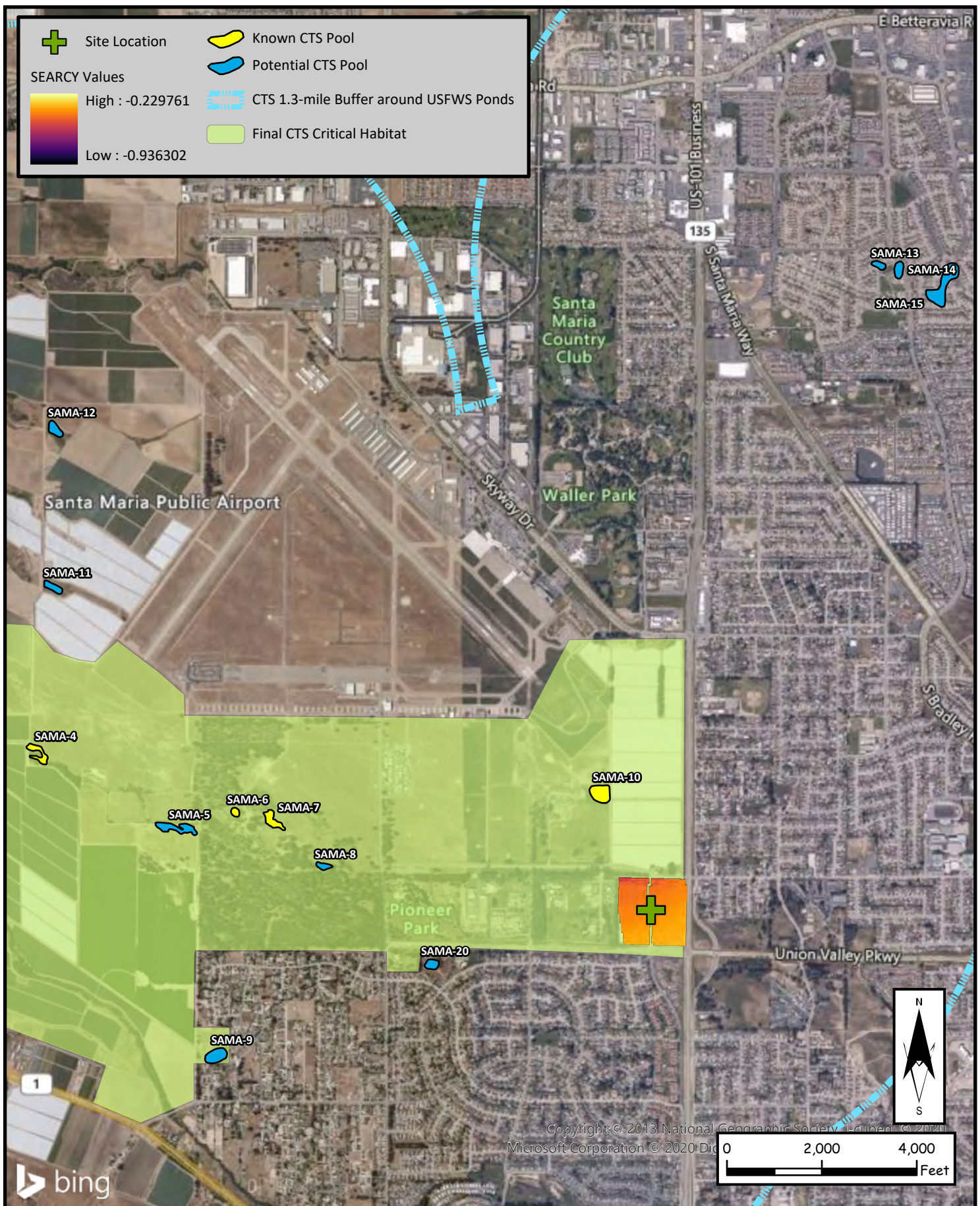


Exhibit 2



April 28, 2021

Sent via email

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Stephen P. Henry, Field Supervisor
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RE: Comments on the Draft Habitat Conservation Plan for the Endangered California Tiger Salamander (*Ambystoma californiense*) Santa Maria Public Airport District Santa Maria Airport Commercial Center Project.

Dear Joseph,

On behalf of the Center for Biological Diversity, we submit these comments on the Draft Habitat Conservation Plan (HCP) for the Endangered California Tiger Salamander (CTS, *Ambystoma californiense*) Santa Maria Public Airport District Santa Maria Airport Commercial Center Project (Project). The Center has reviewed the HCP and has concerns regarding the inadequate assessment and mitigation of impacts to CTS and CTS designated critical habitat while inappropriately omitting other special-status species, like the California red-legged frog (CRLF). The HCP fails to take the history of the property into account when assessing the value of the Project area and extent of the taking, and assigning mitigation. Despite being located in designated critical habitat with a known historical CTS occurrence, the HCP fails to adequately assess and mitigate impacts to CTS and designated critical habitat. The Center strongly urges the U.S. Fish and Wildlife Service (USFWS) to reject the HCP and require that it be revised for public review so that it (1) clearly states that the Project would permanently destroy 28 acres of CTS designated critical habitat; (2) moves baseline conditions for environmental assessment and analysis to when the MOU was entered by SMPAD and G3; (3) adequately discloses, assesses, and mitigates impacts to special-status species, including CTS and CRLF; and (4) provides transparency regarding the Searcy Model and how mitigation credits are calculated.

The Center for Biological Diversity (“Center”) is a non-profit, public interest environmental organization dedicated to the protection of native species and their habitats through science, policy, and environmental law. The Center has over 1.7 million members and online activists throughout California and the United States. The Center and its members have worked for many years to protect imperiled plants and wildlife, open space, air and water quality, and overall quality of life for people in Santa Barbara County.

I. Baseline conditions should be calculated from the date the MOU was entered.

The HCP fails to adequately describe, assess, and mitigate impacts of the Project to CTS and CTS designated critical habitat. In this case, the history of the Project site provides important context for assessing and mitigating impacts to CTS. Although the 28 acres of the Project site is currently under active cultivation (i.e., strawberry fields), the agricultural conversion of this site occurred between August 2018 and January 2019 (Figure 1). However, on May 31, 2018, prior to agricultural conversion, the Santa Maria Airport Public Airport District (SMPAD) entered a Memorandum of Understanding (MOU) with G3, LLC, a California limited liability company (G3), regarding good faith negotiations for a lease agreement for the construction of a commercial facility in the Project area (Exhibit A). Soon thereafter, on August 23, 2018, the SMPAD amended its land lease with CJJ Farming to extend agricultural production to include the Project area free of charge through December 31, 2019 (Exhibit B). Finally, on April 25, 2019, the SMPAD signed a ground lease with G3 to develop the Santa Maria Airport Business Park in the Project area (Exhibit C). The ground lease refers to the May 31, 2018 MOU.



Figure 1. Google Earth images of the Project area on August 11, 2018 (left) and January 11, 2019 (right).

Given the sequence of events, it seems clear that the intent to construct commercial development in the Project area is made evident when the MOU is signed. Therefore, the baseline environmental conditions for Project impact analysis and mitigation for CTS and other special-status species that occurred or had the potential to occur in the Project area historically, including but not limited to CRLF, western spadefoot toad, and Northern California legless lizard, should be the date of the MOU, regardless of what development/land conversion occurred thereafter.

Because the HCP is based on an incorrect account of the baseline environmental conditions, it does not accurately specify “the impact which will likely result from [the] taking” as required by section 10(a)(2)(A)(i) of the Endangered Species Act (ESA). 16 U.S.C. § 1539(a)(2)(A)(i). Further, the HCP does not support the required finding that “the applicant will, to the maximum extent practicable, minimize and mitigate the impacts of [the] taking” pursuant to section 10(a)(2)(B)(ii) of the ESA. 16 U.S.C. § 1539(a)(2)(B)(ii). On the contrary, as proposed, the HCP does not demonstrate that these impacts have been minimized and mitigated to the maximum extent practicable.

III. The Project area would permanently destroy 28 acres of CTS designated critical habitat with a known historical occurrence.

The HCP incorrectly claims that “the proposed project would not destroy or adversely modify designated critical habitat” (HCP at 14). The Project area clearly falls within designated critical habitat, which was designated by the USFWS in 2004 following Primary Constituent Elements (PCEs) for CTS (USFWS, 2004; HCP at 14). In addition, there is a historical record of CTS occurrence in the Project area (USFWS, 2009), which suggests that this area was being used as upland habitat, or at the very least is potential upland habitat, for juvenile and adult CTS. Therefore, the Project would result in the permanent destruction of designated critical habitat where CTS likely occurred prior to agricultural conversion. Considering the conditions of the Project area at the time the MOU was signed, the HCP’s dismissal of impacts to likely occupied designated critical habitat is even more egregious. The HCP needs to be revised for public review to clearly state that the Project would permanently destroy 28 acres of CTS designated critical habitat and move baseline conditions to when the MOU was entered by SMPAD and G3.

IV. More transparency is needed regarding how impacts and the required amount of mitigation were calculated.

The HCP relies on the USFWS’s Searcy Model for quantifying impacts to CTS based on the Reproductive Value (RV) of impacted habitat. The HCP concludes there is a total RV loss of 550.9, but there is insufficient information provided regarding how this calculation was made. The HCP references a mitigation methodology outlined by Searcy & Shaffer (2008), which uses a density distribution of reproductive value based on distance from the breeding site and the reproductive potential based on the distribution of age classes and their probabilities of reaching maturity. But it is unclear what specific parameters were used in the model for this specific Project. In addition, the HCP only includes known CTS breeding ponds within a 1.3-mile radius (SAMA-10, SAMA-6, and SAMA-7) even though there are two other potential CTS breeding ponds that are within that radius (SAMA-8 and SAMA-20). These two potential breeding ponds should also be included in the model.

Searcy and Shaffer (2008) also provide a case study in which any land already unsuitable for CTS “on the basis of either natural conditions or preexisting development” is subtracted from the RV, and it is unclear if this step was included in the HCP. If the 26.5 acres of strawberry fields is removed from the 28-acre plot that is being assessed in the model, that would significantly reduce the total RV of the Project area, and the overall mitigation for impacts to CTS and CTS designated critical habitat would be grossly insufficient.

Reliance on the Searcy Model alone without accounting for circumstantial characteristics of a given site could lead to inadequate avoidance and mitigation measures of a development project. The Searcy Model is based on survivorship values from a study conducted in Monterey County (Trenham et al., 2000) and density distributions from populations in Solano County (Searcy & Shaffer, 2008), and the authors acknowledge that the model would be improved with survivorship and density distribution data from the same population (Searcy & Shaffer, 2008). It is possible that individual behaviors and population dynamics in the West Santa Maria/Orcutt metapopulations could be different from these locations. For example, Trenham et al. (2000)

recorded a range of 57 to 244 breeding adults and 121-775 metamorphs at one breeding pond on a given year during a seven-year study conducted in Monterey County while Loredó & Van Vuren (1996) recorded 0-146 adults and 3-1248 metamorphs at a breeding pond on a given year over a three-year timespan in Contra Costa County. This suggests that population dynamics and population densities can vary in time and space, which should be accounted for when determining impacts and required mitigation measures for specific projects. Searcy & Shaffer (2008) importantly state that “[i]mplementation of our method of calculating mitigation credits on the basis of density of reproductive value will not remove the necessity of individually negotiating each mitigation plan” (Searcy & Shaffer, 2008). The HCP fails to provide adequate information and analysis (including model details) for the public to discern whether the proposed mitigation is sufficient.

The HCP also fails to disclose the limitations of the Searcy Model. The model only uses a single parameter (distance from the shoreline) to calculate mitigation credits, but there are other variables that could influence CTS density, like proximity to additional breeding sites and presence and density of strongly interacting species (Searcy & Shaffer, 2008). The model also assumes that adults have the same reproductive output, which is likely an oversimplification of population dynamics at the landscape level (Searcy & Shaffer, 2008). In addition, there are other impacts to CTS in and adjacent to the Project that are not considered in the HCP, including increased vehicle-strike mortalities due to increased traffic in the area, increased noise, vibration, and lighting during construction and operation of the Project. The HCP fails to adequately assess and mitigate impacts to CTS.

The HCP provides a 1.4 multiplication factor to the 550.9 RV value to get a total RV value of 773, but it is unclear what the 1.4 multiplication factor is for. According to the HCP, SMPAD would purchase these credits from the La Purisima CTS mitigation bank (HCP at 16), where 850 RV credits is equivalent to one mitigation credit, or one acre (USFWS, 2020). Therefore, the Project mitigation would result in less than an acre of habitat purchased for the permanent destruction of 28 acres of CTS designated critical habitat within 1500 feet from a known breeding pool and near other known and potential breeding pools. This is grossly insufficient for a species that is federally endangered with limited habitat and ongoing threats of habitat loss, degradation, and fragmentation; vehicle strikes; disease; and climate change. The HCP needs to be revised for public review to include more transparency regarding how impacts and the required amount of mitigation was calculated.

V. The HCP should also cover federally threatened CRLF

Federally threatened CRLF often co-occurs with CTS, and the Supplemental Environmental Impact Report (SEIR) for this Project states that “[t]he project site is within the dispersal distance of three documented breeding ponds and contains marginal upland habitat for California red-legged frog (CRLF)” (SEIR at 4.2-27)¹. Yet the HCP does not disclose this information or cover impacts to CRLF. The baseline environmental conditions for Project impact analysis and mitigation for impacts to CRLF and other special-status species that were

¹ The Supplemental Environmental Impact Report for the Santa Maria Airport Business Park Specific Plan Amendment was published in November 2020. [The SEIR is available here.](#)

potentially present historically should be the date of the MOU, regardless of what development/land conversion occurred thereafter.

VI. Approving the HCP could set a bad precedent that incentivizes converting land to agriculture prior to commercial development to reduce mitigation requirements instead of avoiding impacts when possible and using mitigation credits as a last resort.

As currently written, the HCP is a startling example of insufficient avoidance and mitigation measures for impacts to special-status species like CTS and CRLF. Such lack of transparency could lead to future developers converting land to agriculture prior to commercial development to avoid costly mitigation measures. When referring to environmental challenges that have delayed the project, like impacts to CTS and CRLF, airport general manager Chris Hastert referred to this HCP and stated that the SMPAD “hope[s] to use the strategy that [they] did on the 28-acre piece of it for the rest of the plan to move forward” (Scully, 2021). This suggests that approving the HCP could lead to future projects of the 740-acre Specific Plan permanently removing CTS designated critical habitat and justifying take with inadequate mitigation. This could ultimately result in the loss of many individual CTS and the permanent removal and fragmentation of a significant portion of the West Santa Maria/Orcutt metapopulation and CTS designated critical habitat. And other areas and developers could follow suit, which would lead to further habitat loss and degradation for dwindling CTS populations.

CTS continues to be threatened by habitat loss, degradation, and fragmentation; vehicle strikes; disease; and climate change. According to the USFWS (2016), recovery of the Santa Barbara DPS of CTS “could be achieved through the conservation of remaining aquatic and upland habitat that provides essential connectivity, reduces fragmentation, and sufficiently buffers against encroaching development.” Yet this HCP would allow for the continued degradation of the metapopulation with the second-most known extant breeding ponds (second to the Purisima Hills metapopulation, USFWS 2016) without adequate mitigation required by the Federal and State Endangered Species Acts.

VII. Conclusion.

We are in the midst of a global extinction crisis, with species going extinct at a rate of over 1,000 times the background rate and more than one million species on track to become extinct over the coming decades. One of the USFWS’s tasks is to safeguard remaining biodiversity and designated critical habitat instead of allowing further destruction of these irreplaceable resources, especially without adequate mitigation. Approval of this inadequate HCP will lead to the deterioration of the West Santa Maria/Orcutt CTS metapopulation and diminish the resilience of the Santa Barbara DPS. Such approval would undermine ESA and CESA protections in place and set a precedent for future developments to continue to undercut much needed CTS mitigation. The Center strongly urges the USFWS to reject the HCP and require that it be revised for public review so that it (1) clearly states that the Project would permanently destroy 28 acres of CTS designated critical habitat; (2) moves baseline conditions for environmental assessment and analysis to when the MOU was entered by SMPAD and G3; (3) adequately discloses, assesses, and mitigates impacts to special-status species, including CTS

and CRLF; and (4) provides transparency regarding the Searcy Model and how mitigation credits are calculated.

Thank you for the opportunity to submit comments on the HCP. Please include the Center on your notice list for all future updates to the HCP and the Project and do not hesitate to contact the Center with any questions at the email addresses listed below.

Sincerely,



Tiffany Yap, D.Env/PhD, Senior Scientist, Wildlife Corridor Advocate
John Buse, General Council, Legal Director
Center for Biological Diversity
1212 Broadway, Suite 800
Oakland, California 94612
tyap@biologicaldiversity.org
jbuse@biologicaldiversity.org

References

- Loredo, I., & Van Vuren, D. (1996). Reproductive ecology of a population of the California tiger salamander. *Copeia*, 1996(4), 895–901.
- Scully, J. (2021, April 19). Santa Maria City Council to Review Airport Business Park Changes. *Noozhawk*.
- Searcy, C. A., & Shaffer, H. B. (2008). Calculating biologically accurate mitigation credits: Insights from the California tiger salamander. *Conservation Biology*, 22(4), 997–1005.
- Trenham, P. C., Shaffer, H. B., Koenig, W. D., & Stromberg, M. R. (2000). Life history and demographic variation in the California tiger salamander (*Ambystoma californiense*). *Copeia*, 2, 365–377.
- USFWS. (2004). *Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the California tiger salamander (Ambystoma californiense) in Santa Barbara County*.
- USFWS. (2009). *California tiger salamander (Ambystoma californiense) Santa Barbara County Distinct Population Segment 5-Year Review: Summary and Evaluation*.
- USFWS. (2016). *Draft Recovery Plan for the Santa Barbara County Distinct Population Segment of the California Tiger Salamander (Ambystoma californiense)*.
- USFWS. (2020). *Native Endangered Species - Habitat Conservation Plan Endangered Wildlife Permit Number: TE89654D-0*.

Exhibit A

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this “MOU”), dated as of May 31, 2018, sets forth certain nonbinding understandings and binding agreements between G3, LLC, a California limited liability company (hereinafter, “G3”), and SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (hereinafter, “SMPAD”). G3 and SMPAD are sometimes referred to individually as a “Party” and collectively as the “Parties”.

RECITALS

A. SMPAD is the owner of that certain real property at the Santa Maria Public Airport (“Airport”), consisting of approximately 26 acres, located on parcels 85 through 89 and Detention Basin #9 of the Santa Maria Airport Business park, Santa Maria, California, a portion of Assessor’s Parcel Numbers: 111-231-11, as shown in the map attached hereto as **Exhibit A** (the “Property”).

B. G3 desires to develop and construct a commercial facility on a portion of the Property and sublease the remainder of the Property to subtenants (the “Project”). To develop and construct the Project, the Property will need to be rezoned.

C. In furtherance of the Project, G3 and SMPAD desire to negotiate a potential lease and development agreement or other agreement (the “Lease Agreement”). Prior to drafting the Lease Agreement, the Parties intend to set forth in this non-binding MOU the Parties’ understanding of the good faith negotiations.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct and are incorporated into this MOU as though expressly set forth herein.

2. MOU Non-Binding. This MOU is for discussion purposes only and is not intended to constitute a legally binding or enforceable agreement or commitment on either Party, except for Section 4 which shall be binding on the parties in accordance with its terms.

3. Nonbinding Understandings. This Section 3 sets forth the nonbinding understandings of the Parties with respect to the Lease Agreement and the Project. These terms are based upon information currently available. They do not reflect all of the material terms of the Lease Agreement but provide a basis for negotiating a formal written agreement.

a) Lease Obligations Contingent Upon Entitlements. The Lease Agreement shall be contingent upon G3 obtaining the necessary entitlements for development of the Project.

b) Lease Term. The lease contemplated by the parties shall be a long-term lease.

c) Rent. Rent shall be determined in accordance with the Santa Maria Public Airport District Long-Term Aviation Land Lease Policy, a copy of which is attached hereto as **Exhibit B** (the “Policy”).

d) Due Diligence Materials. SMPAD shall make all relevant and necessary documents pertaining to the Property, including, but not limited to, surveys, engineering studies, cost estimates, and environmental documents available at G3’s request.

e) Environmental Hazards Report. Within thirty (30) days after execution of this MOU, SMPAD shall provide G3 with documentation of the Property’s potential hazardous contaminants by way of a Phase I Environmental Hazards Report or other documentation of similar nature.

f) G3 as Representative of SMPAD. SMPAD shall permit and authorize G3 to act as its representative on its behalf for all land use and zoning entitlements in connection with the Property and the Project, but G3 shall include SMPAD in conversations with government officials, as needed, and SMPAD shall have final decision making authority on all land use and zoning entitlements.

g) Entitlement Cooperation. SMPAD will fully cooperate and support G3 in its discussions, interactions, and applications with the City of Santa Maria, the Santa Barbara County Airport Land Use Commission, and all other applicable agencies to accomplish the rezoning of the Property and the approval and completion of the Project.

h) Fees and Costs of Entitlements. Excluding the costs of the Biological Assessments as provided below, G3 shall be responsible for all costs and expenses of the Project, including, but not limited to, permit fees, application fees, rezoning expenses, general plan amendment expenses, and costs associated with review of the Project by the Santa Barbara County Airport Land Use Commission, the City of Santa Maria and/or other governmental agencies.

i) Biological Assessments/Issues. Unless otherwise agreed by the parties, SMPAD shall be responsible for all biological assessments, permitting, and mitigation measures necessary to achieve clearance from the appropriate agencies on all biological issues concerning the Property and the Project. SMPAD shall not pay for the costs of biological assessments, permitting, and mitigation measures until a lease has been entered into by the Parties. The Parties further agree and understand that if the investigation of biological issues reveals cost prohibitive mitigation measures or similar expenses, SMPAD shall be allowed to terminate the lease, unless G3 elects to assume these costs. The Parties understand that pursuant to the Policy, the rent shall be based on the fair market value of the land which is determined by appraisal, with the appropriate adjustments to rent as is

consistent with the Policy to reflect applicable discounts and respective cost outlays made by the parties for the development of the Project

j) On-Site Development/Construction Costs. G3 shall be responsible for all on-site development and construction costs in connection with the Project, with the exception of designing and constructing the area-wide storm water detention facilities designated in the Airport Area Specific Plan shown as Detention Basin #9 on Exhibit A. SMPAD shall be solely responsible for designing and constructing the Storm Water Detention Facilities and all costs related thereto, whether located on-site or off-site.

k) Off-Site Development Costs. SMPAD and G3 shall work cooperatively with the City of Santa Maria to minimize off-site and adjacent street and infrastructure improvements to the extent possible and to enable viable development of this parcel. SMPAD and G3 shall cooperate in fairly allocating required off-site development costs between the Parties and phase the off-site development to ensure financial viable and expedient development of the Project.

l) Development. Upon completion of the entitlement work, G3 shall have the exclusive right to develop and construct one or more commercial facilities on all or a portion of the Property, provided such facilities are consistent with FAA and SMPAD policies. Additionally, G3 shall have the exclusive right to sublease and/or sell its lease rights to third parties for development consistent with FAA and SMPAD policies on the remaining portion of the Property. In such event, the Parties shall engage the services of a surveyor to prepare legal descriptions for the sublease areas. SMPAD shall have final approval on all subleases and/or sale of lease rights, which approval shall not be unreasonably withheld, delayed or conditioned.

m) Customary Provisions. The Lease Agreement would contain such covenants, conditions, indemnities, representations and warranties as are customary for this type of transaction and as the Parties would mutually agree, including those terms set forth in the Policy.

4. Binding Agreements. This Section 4 shall constitute a legally binding and enforceable agreement between the Parties. In consideration of the significant expenses that the Parties will incur in drafting and negotiating the Lease Agreement, the Parties agree as follows:

a) Good Faith Negotiations. The Parties shall negotiate in good faith and use their best efforts to bring about the execution and delivery of the Lease Agreement at the earliest practicable time.

b) Due Diligence. Conclusion of the Lease Agreement is subject to completion of reasonable due diligence by G3. SMPAD agrees to provide representatives of G3 with reasonable access to such information and such individuals may reasonably request in order to carry out its due diligence investigation.

c) Costs and Expenses. Each Party shall be responsible for all of its costs and

expenses associated with pursuing the proposed Project, including without limitation (i) the performance of its obligations under this MOU, (ii) conducting its due diligence investigation, and (iii) and drafting and negotiating the Lease Agreement.

d) Term and Termination. The rights and obligations of the Parties contained in this MOU shall expire upon the execution of the Lease Agreement. Either Party may terminate this MOU after twelve (12) months from the date of this MOU without any obligation or liability to the other party.

e) Governing Law. This MOU shall be governed by and construed in accordance with the internal laws of the state of California, without giving effect to any choice or conflict of law provision or rule (whether of the state of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the state of California.

f) No Third-Party Beneficiaries. Nothing herein is intended or shall be construed to confer upon any person or entity other than the Parties and their successors or assigns, any rights or remedies under or by reason of this MOU.

g) No Assignment. Neither this MOU, nor any rights or obligations hereunder may be assigned, delegated or conveyed by either Party without the prior written consent of the other Party.

h) Counterparts. This MOU may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties hereto have executed the MOU as of the date set forth above.

Dated May 31, 2018

DISTRICT:

Approved as to content for
DISTRICT
District:

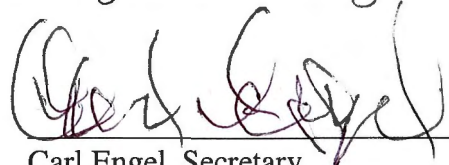
SANTA MARIA PUBLIC AIRPORT


Chris Hastert, General Manager


Hugh Rafferty, President

Approved as to form for District:


District Counsel


Carl Engel, Secretary

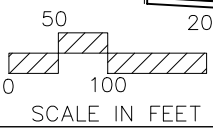
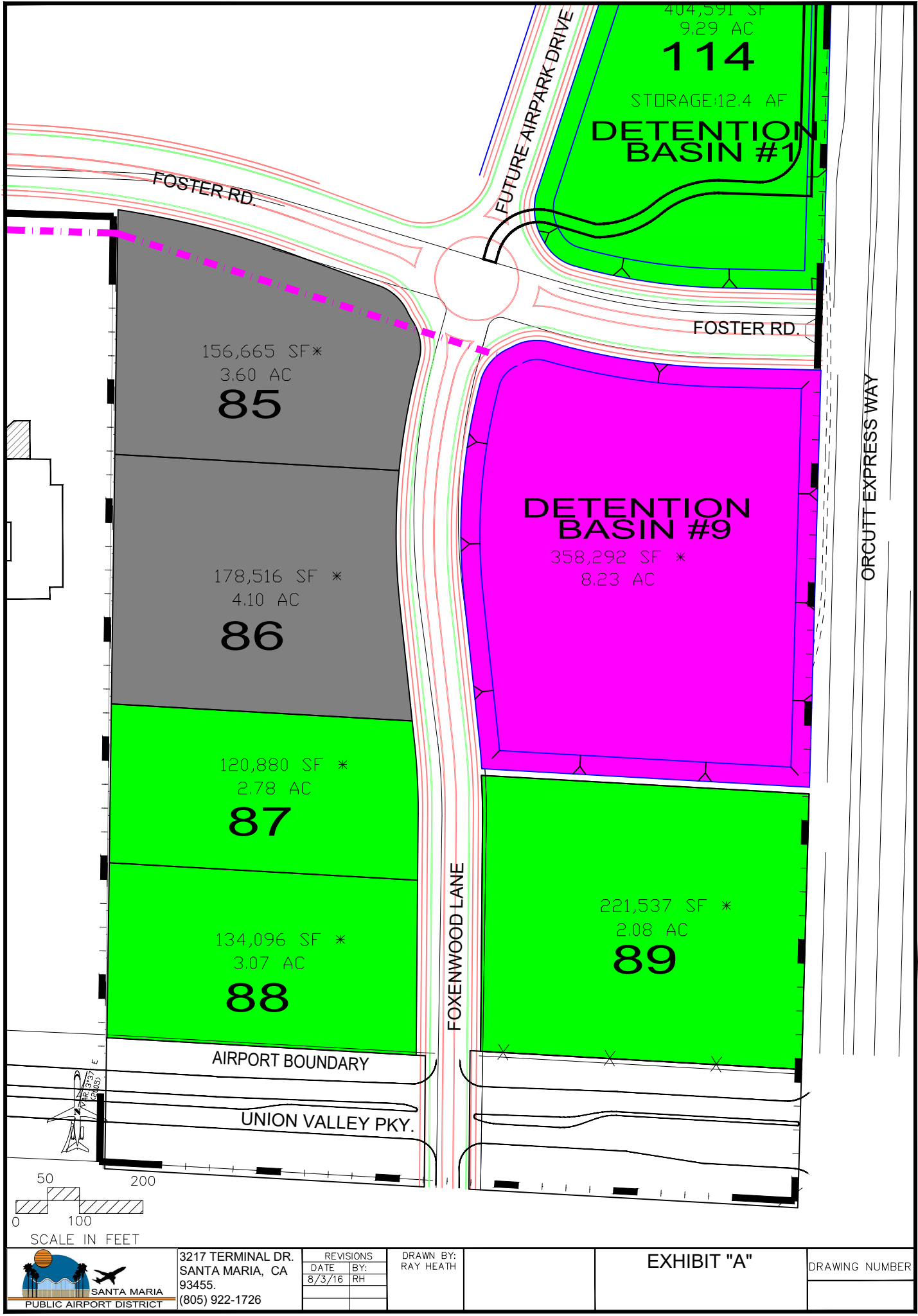
G3, LLC,
a California Limited Liability Company

Name:
Title:

EXHIBIT A

Property Map

G:\Drawings\AutoCad\PROPOSED LEASES\South Side 2 Lots.dwg, 5/30/2018 11:15:51 AM, AutoCAD PDF (High Quality Print).pc3



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

REVISIONS	
DATE	BY:
8/3/16	RH

DRAWN BY:
RAY HEATH

EXHIBIT "A"

DRAWING NUMBER

Exhibit B

SEVENTEENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Leased Premises. Effective August 23, 2018 the leased area is increased by approximately 26.5 acres for a total of approximately 140.8 acres of land for agricultural use. The additional leased area is shown on Exhibit A-1 dated August 20, 2018.

2. Rent. Rent for the additional area shall be waived through December 31, 2019 as acknowledgment of the extensive effort required to place the increased area into agricultural production including clearing/grubbing, grading, and engineering and installation of a waterline from the adjacent property. Effective January 1, 2019 rent for the existing 114.30 acres is increased to \$11,173.00 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,173.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

3. Extension of Term. District grants Tenant a one (1) year extension of the Lease, commencing January 1, 2019, and expiring on December 31, 2019, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

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

Dated: August 23, 2018

Approved as to content for District:

SANTA MARIA PUBLIC AIRPORT
DISTRICT

General Manager

Hugh Rafferty, President

Approved as to form for District:

Carl Engel, Secretary

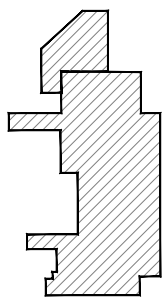
District Counsel

CJJ FARMING, a California corporation

Juan Cisneros, General Manager

Jesus Cisneros, Secretary

FOSTER RD.



13.52 AC.

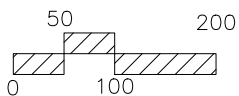
12.98 AC.

FOXENWOOD LANE

~~ORCUTT RD - AIRPORT BOUNDARY~~

AIRPORT BOUNDARY

UNION VALLEY PKY.



SCALE IN FEET



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

REVISIONS	
DATE	BY:
8/20/18	RH

DRAWN BY:
RAY HEATH

EXHIBIT "A-1"

CJJ FARMING

DRAWING

CJJ FARMING

1 OF 1

G.P. SALMEN & ASSOCIATES

257 Dorothy Avenue, Ventura, CA 93003
CA LS5018

Phone (805) 701-6788

Land Surveying
gary@gpsalmen.com

LAND SURVEY INVOICE

November 19, 2017

Client

CJJ Farming, Inc.
125 W. Mill Street
Santa Maria, CA 93458
c/o Luis E. Garcia
(805) 310-5961
luis@better-produce.com

additional contacts:
Steve Cattnach, P.E.
Ben Fishetti, P.E.
(805) 653-7900 ext. 409
ben@wreaassoc.net

Site Area outlined in red cloud on map attached to agreement. Said area is on West Foster Road, from Foxenwood Lane westerly and includes both sides of said streets.

Description of Work Prepared topographic survey map of existing ground elevation (one-foot contours) and any noticeable improvements and trees 6 inches trunk diameter at 4 ft. above ground or greater, and also including true plotted property lines and right-of way lines.

Transmitted herewith and to WREA is an Autocad 2014 Civil 3D file and pdf files: black and white, color, and black and white with approximate satellite image.

Total Fixed Fee per Agreement: \$4,250.00

Total Invoice and Amount Due: **\$4,250.00**

Terms: Balance net 30 days.

Thank you.

Gary P. Salmen, LS



WATER RESOURCE ENGINEERING ASSOCIATES

CONSULTING CIVIL AND ENVIRONMENTAL ENGINEERS IN WATER AND WASTEWATER
COLLECTION, CONSERVATION, DISTRIBUTION AND TREATMENT

WORK AUTHORIZATION

PROJECT NAME:	<i>CJJ FARMING</i>	Job No.	<i>3071</i>
LOCATION:	<i>WEST FOSTER ROAD, SANTA MARIA, CA</i>	Date:	<i>11/02/17</i>
TYPE OF PROJECT:	<i>Foster Road Crossing Plans and Related Work</i>		
CLIENT CONTACT:	<i>Luis Garcia</i>	Phone #	<i>805.310.5961</i>
		Fax #	
		e-mail address	<i>luis@better-produce.com</i>
CLIENT NAME:	<i>CJJ FARMING</i>	Client Project No.	
BILLING ADDRESS:	<i>125 West Mill</i>		
	<i>Santa Maria, CA 93458</i>		

DESCRIPTION OF WORK TO BE PERFORMED

See Fee Estimate and Preliminary Estimated Project Timetable attached (dated 11/2/2017).

Est. Starting Date:	<i>11/6/2017</i>
Est. Completion Date:	<i>Late January 2018</i>

CLIENT APPROVAL: (SIGN)		Date:	
PRINT NAME:			

BILLING

See Fee Schedule attached

Billing will be on a monthly basis, based on the actual amount of time spent on the project in the previous month, with statement amounts due within 10 days of invoice date.

Please sign and return a copy back to our office at wrea@wrreassoc.net or (fax) 805.653.0610

Notice of Licensure:

As required under the California Codes and Regulations, Title 16, Chapter 5, Section 463.5, Notice of Licensure, client is hereby advised that Louis M. Nagy, P.E., dba Water Resource Engineering Associates, is licensed by the State of California to provide Civil Engineering Services (License Number C047648). Specific project services will be provided under Mr. Nagy's direction.

**FEE ESTIMATE FOR FOSTER ROAD CROSSING PLANS
AND RELATED WORK:
Construction Documents, Approvals and As-Builts**

Item	Scope of Work Descriptions	A	B	C	D
1.	Coordinate with Surveyor. Coordinate with potholing contractor. Contact Santa Maria City Road Dept. on details of requirements. Complete utility research with City and Dig Alert.	1	1	1	3
2.	Design and provide plans and details for Foster Road crossing including 150' +/- 8" HDPE pipe to be installed with Horizontal Directional Drilling methods, in Santa Maria City Roads right of way, plan and profile, 2-sheets including cover.	3	5	1	48
3.	Assist owner in submitting plans, details and specifications to City of Santa Maria. Make changes as required during processing, and assist in processing through approval.	1	2	2	4
4.	Compile as-built plans after construction is complete from contractor redline mark-ups. Submit to City of Santa Maria if required.	1	2	2	6
Total Hours Construction Documents, Approvals and As-Builts		6	10	6	61

Fee Estimate						
A	Principal	6	Hrs	@	\$190	= \$1,140
B	Senior Engineer	10	Hrs	@	\$150	= 1,500
C	Staff Engineer	6	Hrs	@	\$125	= 750
D	Technician	61	Hrs	@	\$100	= <u>6,100</u>
Fee Estimate Total						\$9,490

Notes and Assumptions

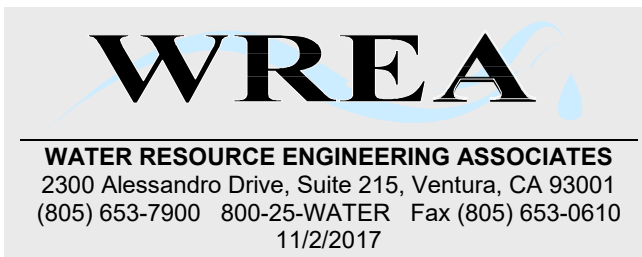
1. A topographic and design survey will be required, and is not included in this fee estimate. It is assumed that the owner will contract directly for these services. We recommend Gary Salmon of Right Angle Survey for the Project we estimate an approximate cost of \$2,500 for the work. WREA will coordinate this work per Scope of Work Item 1 above.
2. Potholing will be necessary to determine the locations of conflicting utilities and other features. It is assumed that Ventura Drilling will be doing this work. They will be applying for a Pothole Permit from City of Santa Maria. WREA will coordinate this work per Scope of Work Item 1 above.
3. The owner/Client will pay all permit fees.
4. A soils investigation may be necessary and is not included in this Fee Estimate, but will be determined at the time of submittal of the Encroachment Permit.
5. A Traffic Control Plan may be necessary and is not included in this Fee Estimate.

**FEE ESTIMATE FOR FOSTER ROAD CROSSING PLANS
AND RELATED WORK:
Construction Documents, Approvals and As-Builts**

Exclusions

- A. Reproduction costs for plans, maps, reports and other documents. These and other reimbursables will be billed at our cost, plus ten (10) percent.
- B. Ecological/environmental hazard/contamination, testing, studies, reports, consulting, permitting or permit processing, or work relating to CEQA, CUP, tree permits or zoning verification.
- C. Major changes dictated by owner, architect, contractor or any agency, such as changes in site layout, building dimensions, hardscape features, or access.
- D. Plans for improvements required (utilities, etc) other than those listed.
- E. Modification design of existing facilities encountered during design or construction due to unanticipated project conditions, such as additional facilities required to comply with current codes/ordinances, etc.
- F. Meetings other than those specified or required to obtain design information.
- G. Water quality, quantity, or soils testing or investigation.
- H. Any work not normally a part of a City of Santa Maria right of way crossing design project.
- I. Work related to construction services, soliciting bids, contract administration, construction observations, unless otherwise noted.
- J. Potholing for facility locations.
- K. Drainage design: Needed modifications to existing road drains, if necessary will be covered under a separate Work Authorization.
- L. Traffic Control Plan

Prepared by:



CJJ FARMING, SANTA MARIA, CA
PRELIMINARY ESTIMATED PROJECT TIMETABLE
for : Foster Road Crossing

TASK ITEM	Weeks	Nov					Dec				Jan				Feb			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Coordinate with Surveyor. Coordinate with potholing contractor. Contact Santa Maria City Road Dept. on details of requirements. Complete utility research with City and Dig Alert. [NOTE: ESTIMATED SCHEDULE ONLY - ACTUAL SCHEDULE TBD BASED ON UTILITY COMPANY RESPONSES]																		
2. Design and provide plans and details for Foster Road crossing including 150' +/- 8" HDPE pipe to be installed with Horizontal Directional Drilling methods, in Santa Maria City Roads right of way, plan and profile, 2-sheets including cover.																		
3. Assist owner in submitting plans, details and specifications to City of Santa Maria. Make changes as required during processing, and assist in processing through approval. [NOTE: ESTIMATED SCHEDULE ONLY - ACTUAL SCHEDULE TBD BASED ON CITY'S PLAN CHECK REVIEW TIME]																		
4. Compile as-built plans after construction is complete from contractor redline mark-ups. Submit to City of Santa Maria if required.																		

Prepared By:

 WREA WATER RESOURCE ENGINEERING ASSOCIATES 2300 Alessandro Drive, Suite 215, Ventura, CA93001 (805) 653-7900 800-25-WATER Fax (805) 653-0610 11/2/2017
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Exhibit C

GROUND LEASE

Between

SANTA MARIA PUBLIC AIRPORT DISTRICT

And

G3, LLC

a California limited liability company

GROUND LEASE

THIS GROUND LEASE (the “**Lease**”), dated April 25, 2019 (the “**Effective Date**,”) is made and executed by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (herein called “**District**”) and G3, LLC, a California limited liability company (herein called “**G3**” or “**Lessee**”).

Recitals

A. The District and G3 entered into a Memorandum of Understanding (“**MOU**”) dated May 31, 2018, regarding approximately 28 acres, located on parcels 85 through 89 and Detention Basin #9 of the Santa Maria Airport Business Park, Santa Maria, California, a portion of Assessor’s Parcel Number: 111-231-11, as shown in the map attached hereto as Exhibit A (the “**Property**”).

B. G3 desires to develop and construct a commercial facility (the “**Project**”) on that portion of the Property more particularly described in attached Exhibit B, and the District desires to lease a portion of the Property to G3 for purposes of the Project.

C. G3 further desires to receive from District, and the District desires to grant to G3, a right of first refusal/option to lease (the “**ROFR/Option**”) all or a portion of the remaining Property (the “**ROFR/Option Property**”) under one or more long term ground leases for future commercial development by G3 or its subtenants (the “**Additional Development**”).

D. To develop and construct the Project and the Additional Development, the Leased Property and the ROFR/Option Property will need to be rezoned.

NOW, THEREFORE, for and in consideration of the mutual covenants contained in this Lease, and other good and valuable consideration, the parties agree as follows:

Agreement

1. Leased Property. District hereby leases to Lessee, and Lessee leases from District, for the term and rents, and upon the terms, conditions and covenants contained herein, the real property at the Santa Maria Public Airport (the “**Airport**”), comprising approximately five (5) acres (the “**Estimated Rentable Area**”) of the Santa Maria Airport Business park, Santa Maria, California, a portion of Assessor’s Parcel Number: 111-231-11, as legally described in the attached Exhibit B and shown in the map attached hereto as Exhibit B1 (the “**Leased Property**”) attached hereto and incorporated by this reference, subject to all existing and future easements, rights, encumbrances, rights-of-way, and matters of record.

a. The final Rentable Area of the Leased Property shall be determined and certified to District and Lessee in writing (the “**Square Footage Certificate**”) by District’s surveyor for the Leased Property and delivered to Lessee on or before the Commencement Date (as hereinafter defined). Within fifteen (15) days of Lessee’s receipt of the Square Footage Certificate, Lessee shall have the right to have the Rentable Area of the Leased Property measured by a surveyor reasonably satisfactory to District. If the Rentable Area of the Leased Property, as determined by Lessee’s

surveyor differs from the amount set forth in the Square Footage Certificate, Lessee shall notify District of such difference in writing. District shall have the right upon written notice to Lessee to dispute said surveyor's determination, in which case District's and Lessee's surveyors shall, within ten (10) days after such written notice, mutually identify a third independent, qualified surveyor licensed in the State of California, and shall notify District and Lessee of the name, address and telephone number of such third surveyor. Within ten (10) days from the selection of the third surveyor, the three (3) surveyors shall collectively determine the Rentable Area of the Leased Property and deliver their written determination thereof to District and Lessee, with the decision of two (2) of the three (3) surveyors controlling. Each party shall bear the cost of the surveyor selected by it, and the parties shall equally share the cost of the third surveyor selected as aforesaid. The determination of the three (3) surveyors (or 2 out of the 3) shall be final and binding upon District and Lessee as to the Rentable Area of the Leased Property. If the Rentable Area of the Leased Property, as set forth in the Square Footage Certificate, or as otherwise determined in accordance with the terms herein, differs from the amount set forth in this Section 1, District and Lessee shall enter into an amendment to this Lease, pursuant to which the Fixed Rent shall be adjusted, using the rental rates per square foot set forth in Section 4(a)(ii) below, to reflect the revised determination of the Rentable Area of the Leased Property. If Lessee does not elect to have the Leased Property remeasured in accordance with this Section 1, then the Rentable Area of the Leased Property shall be deemed to be as set forth in the Square Footage Certificate.

b. ROFR/Option Property. During the five (5) year period after the Commencement Date, G3 shall have the option to lease the ROFR/Option Property on terms and conditions set forth in the ROFR/Option Agreement attached hereto as Exhibit C, and thereafter a right of first refusal with respect to the ROFR/Option Property for a period of ten (10) years.

2. Lease Term.

a. Initial Lease Term. The term of this Lease shall be for a thirty (30) year period commencing January 1, 2020 ("**Commencement Date**"), and expiring, unless sooner terminated as hereinafter provided, at midnight thirty (30) years later on December 31, 2050 (herein referred to as the "**Initial Lease Term**", "**Initial Term**" or "**term of this lease**").

b. Option Lease Term. Lessee shall, if not in default under this Lease, have the option, exercisable on the terms and conditions and in the manner hereinafter provided, to extend the term of this Lease from the expiration of the Initial Term for two (2) ten (10) year periods (each an "**Extended Term**") on the same terms, covenants and conditions herein contained, except that the rent for each Extended Term shall be as provided below and except as otherwise specifically provided in this Lease. Any option to extend the Initial Term or any Extended Term shall be exercised only by Lessee delivering to District at least ninety (90) days prior to expiration of the Initial Term or any Extended Term, written notice of Lessee's election to extend the Initial Term or any Extended Term. Lessee's right to exercise the option is contingent upon the Lease being in effect and Lessee not being in default under the Lease at the time of giving notice and at the time such Extended Term is to begin.

3. Zoning, Preparation of Plans and Specifications for Improvements, Building Permits, and Construction Schedule

a. Zoning. Promptly after the Effective Date, Lessee shall take all reasonable and diligent efforts to obtain all zoning and land use entitlements (i.e. rezoning/general plan amendment) necessary for the Project. The continued effectiveness of this Lease depends on: (1) approval by the parties and the appropriate government agencies of plans and specifications covering construction of the Improvements (as defined in Section 5(a)); (2) the issuance of all Building Permits (as defined in Section 3(d)) necessary for the Project; (3) agreement between the parties of a Construction Schedule (as defined in Section 3(e)); and (4) the ability of Lessee to obtain a commitment from a Leasehold Lender providing a construction loan for the construction of the Improvements, which construction loan is subject to the provisions of Section 23(b).

b. Preliminary Plans. Lessee, at its expense, shall submit to the District a complete set of the “**Preliminary Plans**” covering the exterior of all Improvements to be constructed at the Leased Property. The Preliminary Plans shall consist of plans, drawings, specifications, and other information showing in detail the Improvements that will be constructed including, without limitation, the following: (i) definitive exterior drawings and renderings of the buildings; (ii) location and types of exterior signs; (iii) dimensions for all exterior architectural and exterior design elements; and (iv) exterior landscaping. In the event Lessee has not submitted the Preliminary Plans to the District within 365 days following the Commencement Date, then at any time thereafter until such time as Lessee has submitted the Preliminary Plans to the District, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

The District shall promptly review the Preliminary Plans and shall within 30 days after receipt either approve them or deliver to Lessee the District’s specific objections to them together with the District’s proposed solution to each objection. If the District fails to notify Lessee of Landlord’s disapproval within the required time period, the District shall be deemed to have given its approval. The District shall not unreasonably withhold its approval. If the District objects to all or part of the Preliminary Plans, Lessee shall deliver revised Preliminary Plans to the District within 30 days after receipt of the District’s objections. Within 30 days after receipt of the revisions, the District shall review the revised Preliminary Plans and shall notify Lessee in writing of any further revisions, additions, deletions, and information required by the District and the reasons therefor. The procedure set forth in this paragraph will be repeated until such Preliminary Plans are agreed on.

c. Final Plans. Lessee, at its sole cost and expense, shall cause to be prepared final plans and specifications and working drawings (“**Final Plans**”) in conformance with the previously approved Preliminary Plans. Lessee’s Final Plans shall also include all required shop drawings. Lessee shall deliver the Final Plans to District no later than 120 days from the date of acceptance by District of the Preliminary Plans.

Within 30 days after receipt of the Final Plans, District shall either approve Lessee’s Final Plans (which approval will be given if the Final Plans are in substantial conformance with the approved Preliminary Plans), or District shall set forth in writing with particularity any changes District considers necessary to bring the Final Plans into substantial conformance with the Preliminary Plans, in which latter event Lessee shall cause the Final Plans to be changed within 20 days following receipt of District’s notification of required changes. If District fails to notify Lessee of District’s disapproval of the Final Plans within the required time period, District shall be deemed

to have given its approval. Within 20 days after receipt of the revised Final Plans, District shall review the revised Final Plans and either approve or disapprove them. If District fails to notify Lessee of District's disapproval within the required time period, District shall be deemed to have given its approval. The procedure set forth in this paragraph shall be repeated until the Final Plans are agreed on.

When Lessee's Final Plans are approved by the parties, they shall be signed and dated by the parties. The Final Plans shall be deemed to be part of this Lease as if set out in full in the body of this Lease and shall be construed to be the plans and specifications referred to wherever in this Lease reference is made to plans and specifications, unless specifically provided otherwise. Any plans and specifications or subsequent changes to Lessee's Final Plans shall not constitute the Final Plans unless approved in writing by District.

District's approval of the Final Plans shall not be deemed to certify that the Final Plans comply with building codes and other applicable Laws, and shall not relieve Lessee of Lessee's responsibility to verify all job conditions, including, without limitation, dimensions, locations, clearances, and property lines. "**Laws**" includes all statutes, cases, regulations, and ordinances, present and future, and all amendments thereto.

d. Building Permits for the Improvements. As soon as the parties approve the Final Plans, Lessee, at its sole cost and expense, shall promptly apply to the appropriate government agencies for a building permit(s) and any other required permits and authorizations (collectively, "**Building Permits**") for construction of the Improvements pursuant to the Final Plans. Lessee shall diligently pursue the processing of such application(s). If the governmental agency shall reject the Final Plans and thus prevent the issuance of the required Building Permits, Lessee shall promptly make all necessary changes to Lessee's Final Plans required by the government agency, which changes must be approved by District, which approval shall not be unreasonably withheld or delayed. Lessee shall pay for all plan check and permit fees required to obtain the required Building Permits. In the event Lessee has not applied to the appropriate government agencies for the Building Permits within 540 days following the Commencement Date, then at any time thereafter until such time as Lessee has applied for the Building Permits to the District, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

e. Construction Schedule. As soon as the Building Permits are issued by the appropriate government agencies, Lessee and the District shall agree on a reasonable construction schedule, including a start and completion date for construction of all the Improvements (the "**Construction Schedule**") Upon receipt of the Building Permits, Lessee shall diligently and continuously proceed to complete construction of the Improvements pursuant to the agreed Construction Schedule. In the event Lessee (1) has not obtained a commitment from a Leasehold Lender providing a construction loan for the construction of the Improvements and/or (2) has not commenced construction of the Improvements within 720 days following the Commencement Date, then at any time thereafter until such time as Lessee has commenced construction, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

The Construction Schedule shall also provide for Substantial Completion of the Project at or before three (3) years after the Commencement Date. “**Substantial Completion**” shall mean when the Lessee obtains from the appropriate government agency or agencies a certificate of occupancy, or similar certificate or instrument, covering the Improvements constructed by Lessee. Lessee shall exercise good faith commercially reasonable efforts to satisfy the conditions set forth in this Section 3. Notwithstanding the foregoing, provided Lessee has timely commenced construction of the Improvements, and is diligently and continuously pursuing Substantial Completion of the Project, the District shall have no right to terminate the Lease.

4. Rent. During the term of this Lease, Lessee shall pay rent to District monthly, as set forth below:

a. Rent. Lessee shall pay to District as rent for the Leased Property:

(i) Initial Rent. As Lessee shall be responsible for the cost and labor associated with rezoning the Property to allow for the construction of Project and the Additional Development both of which shall benefit the District, the initial rent shall be the sum of \$1.00 per year (the “**Initial Rent**”). The Initial Rent shall be payable for the period starting as of the Commencement Date and continuing until the earlier of (x) Substantial Completion of construction of the Project and (y) the date that is three (3) years after the Commencement Date (the “**Initial Rent Period**”).

(ii) Monthly Rent During First Five Years. Rent for the period after the Initial Rent Period until the five (5) year anniversary of the Commencement Date shall be a fixed sum of \$69,696 annually or \$5,808 per month. Calculated as follows: (Rentable Area x Price per square foot) x Rate of return = Annual Rent. (5 acres x 43,560sq. ft. = 217,800 sq. ft) * (\$4) * 8%) (the “**Fixed Rent**”).

(iii) Partial CPI Adjustment of Monthly Rent During Second Five Years. Monthly rent for and during the sixth through tenth years of the term of this lease, will be an amount equal to the Fixed Rent adjusted upward but not downward in the percentage proportion that the Consumer Price Index, Los Angeles-Long Beach-Anaheim, All Items, 1982-84=100 base, All Urban Consumers (CPI-U) (the “**CPI Index**”) published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the third month immediately preceding the beginning of the sixth year of this Lease shall be increased over the CPI Index for the third month preceding the Commencement Date of this Lease, not to exceed three percent (3%) CPI increase per year.

(iv) Monthly Rent for First Five Years of Each Decade After the First Decade Set By Appraisal. The term “**decade**” means each period of ten (10) years during the term of this Lease or any Extended Term. The “**first decade**” is the ten-year period beginning on the Commencement Date of the lease term; the “**second decade**” is the ten-year period beginning on the first day following the first decade, and so on. A new monthly rent shall be determined every ten (10) years by appraisal as hereinafter provided, including during any Extended Term. District shall select the appraiser. District shall pay the cost and expense of the appraisal. The rent payable monthly for and during the first five (5) years of each Extension Term shall be an amount obtained

by multiplying (x) a decimal factor of .006667 by (y) the Fair Market Rent of the Leased Property determined by appraisal as of the one hundred twentieth (120th) day prior to the commencement date of the particular decade for which the new monthly rent is to be determined (the “**Valuation Date**”); provided, however, in no event shall the new monthly rent determined by appraisal exceed the monthly rent for the prior year by more than five percent (5%). The foregoing decimal factor of .006667 is a monthly capitalization rate applied to the Fair Market Rent of the Leased Property so as to yield an imputed annual return of 8% per annum on the Fair Market Rent of the Leased Property as appraised and is computed by the following formula:

$$\begin{array}{rcl} A/B & = & .006667 \\ A & = & .08 \text{ (annual return of 8\%)} \\ B & = & 12.0 \text{ (12 calendar months)} \end{array}$$

For the purposes of this Lease, “**Fair Market Rent**” shall be determined by District, in its reasonable, good faith discretion based upon: (A) the annual base rental rates then being charged in comparable Airport property for land only, as encumbered with easements and reservations, without taking into account the value of any improvements thereon, which comparison land is utilized in a manner comparable to the then-applicable utilization of the Leased Property; (B) for a lease term commencing on or about the commencement date of the applicable Extension Term and equal in duration to the applicable Extension Term; and (C) taking into consideration: (i) the geographic location of the Leased Property; (ii) the extent of services to be provided to the proposed lessee thereunder; (iii) applicable distinctions between “**gross**” and “**net**” leases; (iv) the creditworthiness and quality of Lessee; (v) leasing commissions; incentives being provided to lessee by lessors of comparable land in the geographic area in which the Leased Property is located; and (vi) any other relevant term or condition in making such evaluation, all as reasonably determined by District.

If Lessee does not concur with the Fair Market Rent as set by District's appraisal, and District and Lessee are unable to agree on a Fair Market Rent, then Lessee shall, within thirty (30) days after receipt of District's appraisal, have an appraisal conducted by an appraiser selected by and paid for by Lessee. If District does not concur with the Fair Market Rent as set by Lessee's appraisal, and District and Lessee are unable to concur on the Fair Market Rent of the Leased Property, then the Fair Market Rent, for purposes of this section, shall be the average of the two appraisals, subject to the provision that the rent shall not be less than the rent in effect prior to the appraisal.

Each appraiser shall certify that he/she has personally inspected the Leased Property and all properties used as comparisons, that he/she has no past, present or contemplated future interest in the Leased Property or any part thereof, that the compensation to be received by him/her from any source for making the appraisal is solely in accordance with this Lease, that he/she has followed the instructions as set forth in this Section 3 for valuing the Leased Property, that neither his/her employment to make the appraisal nor his/her compensation therefore is contingent upon reporting a predetermined value or a value within a predetermined range of values, that he/she has had at least seven (7) years full-time professional experience as a commercial real estate appraiser in the City of Santa Maria, including experience valuing properties within the aviation industry, that he/she is a member of the American Institute of Real Estate Appraisers or successor thereto or the

Society of Real Estate Appraisers or successor thereto (or, if neither such institute nor society nor a successor is in existence, a disinterested real estate appraiser having appropriate qualifications to appraise commercial real estate), and that his/her appraisal was prepared in conformity with the standards of professional practice of the institute or society or successor thereto.

(v) CPI Adjustment of Monthly Rent in Second Five Year Period of Each Decade After First Decade. The monthly rent determined by appraisal for the first five (5) years of each decade of the term of this Lease, or any Extended Term, beginning with the second decade of the term of this Lease shall be adjusted upward but not downward, as hereinafter provided, as of the first day of the sixth (6th) year of each decade, beginning in the second decade and the monthly rent so adjusted (herein sometimes referred to as the “**CPI Adjusted Base Rent**”) shall be the monthly rent payable for and during the remaining five (5) years of such decade. The CPI Adjusted Base Rent will be an amount equal to the monthly rent for the preceding five (5) years increased but not decreased in the percentage proportion that the CPI Index for the third calendar month immediately preceding the beginning of the sixth year of the decade in which the monthly rent is being adjusted shall be increased over the CPI Index for the first calendar month in which such decade begins, not to exceed three percent (3%) CPI increase per year.

(vi) CPI Index. If the CPI Index described in subsection 3(a)(ii) is changed or modified, the CPI Index issued or published by the United States Department of Labor most nearly answering the description of the CPI Index shall be used in making the CPI rent adjustments. If the CPI Index is calculated from a base different from the base year 1982-84=100, the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Department of Labor. If the CPI Index is no longer published or issued, the parties shall use such other index as is generally recognized and accepted for similar determinations of consumer purchasing power.

(vii) Payment. Rent is payable on or before the first day of each calendar month during the term without prior notice, demand, deduction or offset at District's office at 3217 Terminal Drive, Santa Maria, California 93455 or such other address as District may direct Lessee in writing.

b. Additional Rent. The rent shall be absolutely net to District. Lessee shall pay all costs, fees, taxes, liens, interest, insurance, charges, expenses, assessments, reimbursements, maintenance and obligations of every kind and nature whatsoever relating to the Leased Property or the improvements to be constructed thereon that may arise or become due during the term or any extended term of, or arising out of the provisions of, this Lease (“**Additional Rent**”). Notwithstanding the foregoing, District agrees to pay the following expenses: (a) any expenses expressly agreed to be paid by District in this Lease; (b) debt service and other payments with respect to any financing obtained by District, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement or other instruments, and secured by the interest of District in the Property; (c) expenses incurred by District to monitor and administer this Lease; (d) expenses incurred by District prior to the Commencement Date; and (e) expenses relating that are personal to the District. Lessee shall indemnify and save District harmless from and against Additional Rent. Should Lessee fail to pay any Additional Rent when due, District shall have all of the rights, powers and remedies provided for in this

Lease in the event of nonpayment of rent or other event of default. District shall at all times have the right (at its sole election and without any obligation to do so) to advance on behalf of Lessee any amount payable under the terms hereof by Lessee, or to otherwise satisfy any of Lessee's obligations hereunder deemed necessary to protect the interests of District under this Lease. No advance by District shall operate, as a waiver of any of District's rights under this Lease and Lessee shall remain fully responsible for the performance of its obligations under this Lease. Any sums so paid by District shall constitute Additional Rent and shall be immediately due and payable from Lessee.

5. Construction by Lessee.

a. Conditions to Construction of Improvements. Lessee shall have the right to construct the Improvements on the Leased Property. **"Improvements"** shall mean and include all grading done on the Leased Property as well as all buildings, structures, fixtures, excavation, parking areas, walkways, drives, landscape areas, underground installations and all other improvements of whatsoever character constructed on, around, under or over the Leased Property by Lessee pursuant to this Lease and according to the Final Plans approved by District. All of such Improvements shall be constructed in accordance with the requirements of any and all laws, ordinances, regulations and governmental restrictions applicable thereto, including zoning requirements and building code requirements of the City of Santa Maria and any municipal or other governmental agency having jurisdiction over the Leased Property at the time said Improvements are constructed. All Improvements will comply with the District's minimum investment level requirements (\$10,000 per acre per year). Lessee shall be entitled to receive credit against future development on any ROFR/Option Property for any investment that exceeds the minimum District requirements. Lessee shall have the right and privilege at all times during the term hereof to make such alterations, additions and Improvements to the Leased Property as it finds necessary or convenient for its purposes or to remove structures and Improvements theretofore constructed. Before Lessee begins construction of any Improvements on the Leased Property, Lessee shall have obtained (and delivered insurance certificates therefor to District) all insurance coverage required under Section 16 of this Lease, and shall give District fifteen (15) days prior written notice prior to the commencement of any and all construction at the Leased Property so that appropriate notices of non-responsibility may be posted and recorded by District. If during the term of this Lease the use, or continued use of the Leased Property by Lessee results in or otherwise requires the upgrade, renovation or improvement (collectively **"upgrades"**) of any portion of the Leased Property or the Improvements constructed thereupon, in order to conform with any new or amended governmental regulation, code or similar requirements, including by way of example and not limitation, potentially upgraded Americans With Disabilities Act (ADA) requirements, Lessee shall always be responsible for costs and expenses of such upgrades.

b. Completion of Improvements and Other Work: Compliance with Law and Quality. Lessee covenants that the Improvements to be constructed on the Leased Property, and all other construction thereon, when undertaken, while in progress and as completed, will comply with all laws and ordinances necessary to permit the development, completion and lease of the Leased Property pursuant to this Lease, and will comply in all material respects with the site plan approved by the District and all provisions of this Lease. All work performed on the Leased Property pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike

manner. The interior architectural design and appearance and the interior Improvements and finish of each of the structures on the Leased Property shall not be subject to the review and approval of District.

c. Mechanic's, Materialman's, Contractor's, or Subcontractor's Liens.

(i) Subject to Lessee's right to contest as hereinafter provided, at all times during the Term of this Lease, Lessee shall keep the Leased Property, including all buildings and Improvements now or hereafter located on the Leased Property, free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Leased Property. Lessee shall (1) promptly pay and discharge, or cause the Leased Property to be released from, any such lien or claim of lien, or, (2) if Lessee decides to contest said lien, furnish District such bond as may be required by law to free the Leased Property from the effect of such a lien and to secure District against payment of such lien, or provide District with other assurances with respect thereto which are satisfactory to District, in its good faith discretion.

(ii) Should Lessee fail to pay and discharge; or cause the Leased Property to be released from any such lien or claim of lien or to provide a bond or other assurance as permitted hereunder within thirty (30) days after service on Lessee by District of a written request to do so, District may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and in such manner as District may deem appropriate. In such event, Lessee shall, following any such payment by District, and after receiving not less than thirty (30) days' written notice and reasonable evidence of payment from District reimburse District for the full amount so paid by District, including any reasonable attorneys' fees or other costs expended by District, together with interest thereon at the legal rate from the date of payment by District to the date of Lessee's reimbursement of District, and such amount shall constitute additional Rent and become a part of Lessee's obligation to pay Rent hereunder.

d. Notice of Non-Responsibility. At least ten (10) days prior to initiation of any improvement, or delivery of any materials to the Leased Property, Lessee shall notify District of same. District shall have the right to post, and/or publish, and record a Notice of Non-responsibility.

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

f. Builder's Risk Insurance. Prior to commencing construction, Lessee shall deliver to District certificate of insurance evidencing coverage for “**builder's risk**” and “**course of construction**” insurance on the Improvements then in place or under way, including coverage against collapse, vandalism and malicious mischief.

g. Soil Conditions. District is not aware of any hazardous materials or contamination therefrom existing on the Leased Property as of the Commencement Date and

District has not received notice of any violations of any relevant environmental laws relating to the Leased Property. District has caused to be conducted, and delivered a copy to Lessee, a Phase I Environmental Site Assessment for the Property indicating the Property is free of any potential or existing hazardous material or contamination as of the Commencement Date. Except for the foregoing, District makes no covenants or warranties respecting the condition of the soil or subsoil or any other condition of the leased land. Lessee may enter onto the land before the commencement date of the lease term to make surveys and soil and structural engineering tests that Lessee considers necessary. All such surveys and tests made by or on behalf of Lessee shall be at Lessee's sole expense, without liability or expense to District. Copies shall be furnished to District upon request.

h. Diligence. Lessee shall with reasonable diligence prosecute to completion all construction of Improvements, additions or alterations. All work shall be performed in a good and workmanlike manner, shall substantially comply with plans and specifications submitted to District as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

6. Compliance with Laws. Lessee shall secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Lessee's operations. Lessee shall abide by and comply with, at Lessee's sole cost and expense, all applicable and valid laws, ordinances, statutes, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, any and all regulations concerning hazardous or toxic materials air and/or water quality, fire and/or occupational safety, and accessibility, which may apply to the conduct of Lessee's operations on the Leased Property, at Lessee's sole cost and expense.

Lessee shall observe, obey, abide by and pay all costs of compliance with any and all rules, regulations and operating procedures now in force or hereafter adopted by District with respect to the operation of the Airport.

Lessee agrees and understands that the rules, regulations, and operating procedures of the District shall be subject to change and/or additions from time to time, as determined by District.

7. Operating Standards. Lessee shall, at all times, conduct its operations and maintain the quality of its service in a manner satisfactory to the District. At a minimum, Lessee shall conduct its business in accordance with the following operating standards. Lessee shall:

a. Provide adequate supervision for its operations at the Airport and shall insure that all equipment is in good working order at all times;

b. Require its employees or agents to comply with the provisions of this Lease and these operating standards.

c. Perform all work and services promptly and in a workmanlike, professional and first-class manner in every respect.

d. Provide and keep current in the District's office a list of all employees who will be working at the Airport and their job titles and emergency phone numbers.

e. Furnish and keep adequate fire extinguishers in the required numbers on the Leased Property in accessible places; said fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Lessee receives an inspection notice or a deficiency notice following an inspection by the Fire Department or District, or other applicable government agency, Lessee agrees to make any and all corrections immediately in the time and manner required by the Fire Department or District, but in no event later than five (5) days after receipt of the notice.

f. Be available at all times, on call or otherwise, at the Airport, through its designated employees which are authorized to bind Lessee in all matters concerning Lessee's operations at the Airport.

g. Have and arrange for any and all inspections of the Leased Property and operations thereon by governmental agencies as are required by law, regulations or ordinances.

8. Uses of the Leased Property.

a. Lessee covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Lessee, that during development and use of the Leased Property pursuant to this Lease, neither the Leased Property nor any portion thereof shall be improved, used or occupied in violation of any laws, statutes, official policies, ordinances, or codes of any governmental entity, agency or political subdivision.

b. Lessee shall have the right to use the Leased Property for any use which is then a legally permitted use of the Leased Property. Lessee hereby acknowledges that neither District nor any of their agents or employees have made any representations to Lessee regarding Lessee's proposed use of the Leased Property or any particular portion thereof. By signing this Lease, Lessee also acknowledges that Lessee has sufficient opportunity to make all relevant inquiry to sources other than the District, their agents or employees, with respect to any proposed use of the Leased Property or any portion thereof. District makes no representation or warranty as to the suitability of the Leased Property for the designated uses.

9. Security. District shall have no obligation to provide additional security that is greater than the normal operations of the Airport or lighting for the Leased Property.

10. Maintenance.

a. Lessee's Duty to Maintain. Lessee shall, at Lessee's sole cost and expense, keep and maintain the Leased Property and all alterations, additions and improvements on the Leased Property in good, safe, sanitary and clean order, condition and repair at all times in accordance with all applicable laws, rules, ordinances, orders and regulations of any governmental agency or body having jurisdiction. Lessee waives all rights to make repairs at the expense of

District. Lessee shall keep the Leased Property, at Lessee's expense, clean and free from litter, garbage, refuse and debris at all times. Lessee shall take reasonable measures to protect the Leased Property and airport from infestation of birds, insects, rodents and other pests. Lessee shall maintain all landscaping at all times. Lessee shall comply with all reasonable orders and instructions of District's General Manager in the use of the Leased Property, which the General Manager deems to be in the best interest of the District, the public or users of the Airport, or for their safety and welfare.

If Lessee fails to maintain or make repairs as required herein, District shall have the option, but not the obligation, of making necessary corrections after a reasonable written notice from District of its intent to do so and such failure shall continue for thirty (30) days after delivery of notice from District to Lessee. All costs incurred by District in making said corrections, including but not limited to the cost of labor, materials, equipment and administration, shall be Additional Rent, and Lessee shall pay the same within fifteen (15) days of receipt of a statement of District's costs. District may, at its option, choose other remedies available herein as allowed by law.

Nothing in this section defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove, or replace any improvement, or as limiting provisions relating to condemnation or to damage or destruction during the final years of the lease term. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this section shall entitle Lessee to any offset, abatement, or reduction in rent or to any termination or extension of the leased term.

b. Damage to and Destruction of Improvements. Except as provided below, Lessee shall promptly and diligently repair, restore, and replace as required to maintain in accordance with the immediately preceding paragraph, or to remedy all damage to or destruction of all or any part of the improvements on the Leased Property. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality, and use to the condition of the Improvements before the event giving rise to the work, valued as if the improvements had been maintained in accordance with the Lease. District shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Leased Property. District's election to perform any obligation of Lessee under this provision after Lessee's failure or refusal to do so shall not constitute a waiver or any right or remedy for Lessee's default. Lessee shall promptly reimburse, defend and indemnify District against all liability, loss, cost and expense arising from it.

c. Removal. Upon expiration or earlier termination of this Lease, Lessee shall remove its trade fixtures, equipment and other personal property from the Property, but shall not remove any structure, building, parking areas, walkways, drives, landscape areas, or underground installations it constructed before or during the Term of the Lease. Lessee will leave the Property free and clear of any rubble and construction debris.

11. Utilities. Except as provided in Section 21, District shall have no responsibility to provide water, utility service or extensions of any kind to the Leased Property, and any such water, utility service or extension by Lessee shall be at Lessee's sole cost and expense after consent by District.

12. Nuisance. Lessee shall not commit, or suffer or permit waste, excessive noise, obnoxious odors, excessive dust or any other nuisance on the Leased Property constituting an unreasonable interference with other District Lessees or persons using the Airport.

13. Taxes, Licenses. Lessee shall pay before delinquency any and all taxes, (including real property and possessory interest taxes, assessments, fees or charges) which may be imposed, levied or assessed upon any leasehold or possessory interests of Lessee, or Lessee's occupancy of the Leased Property, and personal property, structures, improvements or fixtures owned, controlled or installed by Lessee. Lessee acknowledges that by entering into this Lease, a possessory interest, subject to taxation, may be created. Lessee agrees to pay all such taxes. Lessee shall also secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Lessee's operations.

Lessee shall also promptly pay any taxes, licenses and fees which may, during the term, be levied or assessed on personal property or business property of Lessee located on said Leased Property or arising out of Lessee's storage or use of aviation fuels on the Leased Property or use or operation of the fuel facility. Lessee shall be solely responsible for the payment of any and all fees for petroleum products placed in the tanks at the Leased Property during the term of this Lease, including, but not limited to, any fees payable by an owner of an above-ground storage tank. Time is of the essence with regard to compliance with the terms of this paragraph, and failure to comply shall constitute a material breach of this Lease by Lessee.

14. Assumption of Risks/Acceptance of Property Condition. Lessee represents that Lessee has inspected the Leased Property and accepts the condition of the Leased Property and fully assumes all risks incidental to the use of the Leased Property. Except as expressly provided herein, District shall not be liable to Lessee's agents, employees, visitors, guests or invitees from any cause or condition whatsoever. District makes no warranty of the suitability of the Leased Property for the purpose contemplated by Lessee by entry hereunder or that the Leased Property are zoned for the uses permitted herein.

By entry hereunder and except as otherwise provided herein, Lessee accepts the Leased Property in its present condition and agrees on the last day of the term or sooner termination to immediately surrender to District the Leased Property in the same or better condition as when received, damage by acts of God or by the elements excepted, subject to the provisions of Section 5.

15. Indemnity. Lessee shall investigate, protect, defend (with counsel acceptable to District) indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the Leased Property (collectively "**District**") at all times from and against any and all liability, proceedings, liens, actions, penalties, liabilities, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subjected to (collectively "**Liability or Loss**") arising out of or in any way connected with: the acts or omissions of Lessee or its officers, agents, employees, guests, customers, licensees or invitees; or Lessee's operations on, or use or occupancy of, the Leased Property or the Santa Maria Public Airport.

The foregoing indemnification excludes only liability, damages or loss caused by the sole active negligence of District or its willful misconduct. Lessee shall also indemnify and hold District harmless from and against any Liability or Loss, including third party claims, environmental requirements and environmental damages (as defined in Exhibit D, Hazardous Material Definitions) costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Leased Property or the improvements thereon or District's property or improvements in the vicinity of the Leased Property) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal (“**release, etc.**”) of any toxic or hazardous materials (defined in Exhibit D) which occurs in, on or about the Leased Property as the result of any of Lessee's or Lessee's agents, employees, invitees, licensees, guests, or Lessee's activities on the Leased Property. Lessee shall notify District immediately of any “**release, etc.**” of any toxic or hazardous material on the Leased Property.

16. Insurance. Lessee shall secure and maintain, without cost to District, in full force and effect at all times during the term of this Lease, the following types and amounts of insurance:

a. General commercial liability insurance, including comprehensive general public liability, bodily injury liability, property damage liability, completed operations and products liability coverage and contractual liability with a combined single limit of liability of at least Two Million Dollars (\$2,000,000.00) for each accident or occurrence and with no more than a Three Thousand Dollars (\$3,000.00) deductible for each accident or occurrence.

b. Fire and extended coverage insurance, insuring District and Lessee, all Improvements located on or appurtenances to the Leased Property, against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial buildings and improvements, including vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either District or Lessee from becoming a coinsurer under the provisions of the policies, but in no event shall the amount be less than [ninety percent (90%)] of the then actual replacement cost.

c. Workers' compensation insurance covering Lessee's employees, as required by law.

d. Automobile and mobile equipment liability insurance covering all vehicles and mobile equipment used by Lessee on the Leased Property providing bodily injury or death liability limits of not less than Three Hundred Thousand Dollars (\$300,000.00) for each person and Five Hundred Thousand Dollars (\$500,000.00) for each occurrence, and property damage liability with a single limit liability of not less than One Hundred Thousand Dollars (\$100,000.00) for each accident or occurrence.

The proceeds of these policies shall be deemed to be held in trust by the recipient for the repair, restoration or reconstruction of any improvements damaged or destroyed by the casualty giving rise to the insurance claim. If the proceeds exceed that measure, the balance of the proceeds shall be paid to Lessee.

District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District. All policies shall be issued by companies licensed to do business in California and having a Best's rating of "A". Lessee shall provide District with copies of all insurance certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be canceled, or coverage reduced except after thirty (30) days' written notice to District and an endorsement insuring the contractual liability assumed by Lessee in the Indemnity paragraph of this Lease. The coverage, form and liability limits of all insurance may be increased at the option of District's Board of Directors after giving Lessee at least ninety (90) days' prior written notice.

All insurance policies shall contain language, to the extent obtainable, to the effect that (1) any loss shall be payable notwithstanding any act or negligence of District that might otherwise result in a forfeiture of the insurance, (2) the insurer waives the right of subrogation against District and against District's agents and representatives, and (3) the policies are primary and noncontributing with any insurance that may be carried by District. Not more often than every ten (10) years, the District may request that the minimum policy amounts be increased to reflect changed conditions, including, but not limited to, inflation or additional matters of liability.

Notwithstanding the foregoing, the insurance requirements of Section 16 shall be waived during the entitlement process. All insurance requirements, however, shall be in the full force and effect prior to the commencement of any physical alterations or construction to the Property.

17. Use of Hazardous Material. Lessee may not make any application of any pesticide, herbicide, rodenticide, fungicide or potentially hazardous material except under the direct supervision of a certified pest control operator, pest control applicator, or qualified applicator, whichever is appropriate to the material being applied and the process used to apply it. No hazardous material may be used on the Leased Property except by a person who is able to read and understand attached labels and precautions.

18. Federal Aviation Administration Rider Attached. The provisions of the FAA Rider attached hereto as Exhibit E, consisting of four pages, are incorporated herein and made a part hereof.

19. Right of Entry. District and authorized agents of District, County of Santa Barbara and City of Santa Maria, utility companies, and any public agencies having jurisdiction over the Leased Property or Lessee's operations shall have the right to enter the Leased Property upon reasonable prior notice to Lessee or by mutual agreement, for the purpose of inspecting the same, or to make repairs or for any reasonable purpose, and at any time in case of any emergency.

20. Termination.

a. Termination by District. Notwithstanding any other provisions contained in this Lease, District, in addition to any right of termination as a matter of law or any other right herein given to District, including but not limited to the termination rights included in Sections 3

and 21, may at its option cancel and terminate this Lease and agreement, by written notice thereof given to Lessee, upon or after the occurrence of any of the following events:

(i) Filing by or against Lessee of a voluntary or involuntary petition in bankruptcy or for reorganization unless the bankruptcy is dismissed within ninety (90) days of filing, or taking of Lessee's assets pursuant to a proceedings under the Federal Reorganization Act, or the adjudication of Lessee as a bankrupt, or the appointment of a receiver of Lessee's assets unless the receiver is removed within ninety (90) days of appointment, or divestiture of Lessee's assets or estate herein by operation of law or otherwise, or assignment by Lessee of its assets for the benefit of creditors.

(ii) The breach by Lessee or failure of Lessee to keep, observe or perform any of the covenants, conditions or provisions herein contained on the part of Lessee to be observed, kept or performed; provided, if Lessee fails to comply with any term, provision or covenant of this Lease, other than the payment of monthly rent, District shall provide Lessee with a notice of default and give Lessee such period to cure the default as provided herein:

(A) In the case of a default in the payment of Monthly Rent for a period of more than ten (10) days following the due date therefore, the District will give written notice of such default to Lessee and Lessee will have fifteen (15) days following receipt of such notice in which to cure such default.

(B) In the case of any other monetary default other than as specified in Section 20(b)(ii)(A), the District will give written notice of such default to Lessee and Lessee will have fifteen (15) days following receipt of such notice to cure such default.

(C) In the case of any default not described in Section 20(b)(ii)(A) or (B) above, the District will give written notice of such default to Lessee and Lessee will have thirty (30) days following receipt of such notice to cure the default or such longer period of time as maybe reasonably required to cure such default as long as Lessee commences to cure the default within the thirty (30) day period and diligently proceeds to cure the default thereafter.

(iii) Dissolution or liquidation of Lessee of all or substantially all of its assets.

(iv) The transfer, in whole or in part, of Lessee's interest in this Lease or in the Leased Property, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means (other than as permitted by Section 23).

b. Termination by Lessee. Notwithstanding any other provisions contained in this Lease, in addition to any right of termination as a matter of law or any other right herein given Lessee, including but not limited to the termination rights included in Section 3 and 21, Lessee may at its option cancel and terminate this Lease and agreement, by written notice thereof given to the District, upon or after the occurrence of the following events:

- (i) On or before the Commencement Date.
- (ii) The failure of Lessee to receive all Building Permits necessary for the Project.
- (iii) The failure of Lessee to obtain a commitment from a Leasehold Lender providing a construction loan for the construction of the Improvements on reasonably satisfactory terms and conditions, as determined by Lessee in its sole discretion.

21. Development Costs; Cooperation. Excluding (i) the costs of any biological assessments, permitting and mitigation measures, (ii) any off-site improvements, and (iii) the design and construction of the Detention Basin (temporary and permanent), Lessee shall bear all costs and expenses of development of the Leased Property, including, but not limited to, on-site improvements, removal of concrete and other pavement on the Leased Property, permits, fees, applications, environmental and plan review, subdivision or parcel map (if applicable), rezoning, general plan amendment, and review by the Santa Barbara County Airport Land Use Commission and/ or other governmental agencies. The District will fully cooperate and support Lessee in its discussions, interactions, and applications with the City of Santa Maria, the Santa Barbara County Airport Land Use Commission, and all other applicable agencies to accomplish the rezoning of the Property and the approval and completion of the Project. Lessee shall have full authority to act as the District's representative for all land use and zoning entitlements in connection with the Property and the Project, provided the District shall have final decision-making authority on all land use and zoning entitlement changes related to the Property.

a. Biological Assessments. Unless otherwise agreed by the parties, the District shall be responsible for all biological assessments, permitting, and mitigation measures necessary to achieve clearance from the appropriate agencies on all biological issues concerning the Property and the Project; provided, however, after the investigation of biological issues if the District, in its sole and absolute discretion, determines that the mitigation measures or similar undertakings would be cost prohibitive, the District shall be allowed to terminate this Lease, unless Lessee elects to assume these costs.

b. Off-Site Development Costs. The parties shall work cooperatively with the City of Santa Maria to minimize off-site and adjacent street and infrastructure improvements to the extent possible and to enable viable development of the Property. The District and Lessee shall cooperate in fairly allocating required off-site development costs between the parties and phase the off-site development to ensure financially viable and expedient development of the Project. If the parties are unable to agree how to allocate the required off-site development costs, either party shall be allowed to terminate this Lease.

c. Detention Basin. The District shall be responsible, at its sole cost and expense, for designing and constructing the area-wide storm water detention facilities designated in the Airport Area Specific Plan and shown as Detention Basin #9 on Exhibit A, whether located on-site or off-site (the "**Detention Basin**"). Further, the District shall ensure temporary facilities are made available for the Project in the event the installation of the regional Detention Basin is delayed for any reason.

d. Right to Entitlements. Should Lessee terminate this Lease, all land use and zoning entitlements obtained by Lessee, or its agents, in connection with the Property and the Project, shall be assigned to the District at no cost.

22. Remedies on Default. In addition to any other remedy District may have under this Lease or by operation of law or in equity, District shall have the right, in the event of Lessee's nonpayment of rent required under this Lease or in the event of default of any of the terms or conditions of this Lease, subject to prior notice of default and right to cure, or if Lessee shall abandon or vacate the Leased Property, to do the following, cumulatively or in the alternative:

a. Re-entry After Termination. To terminate this Lease upon written notice to Lessee and re-enter the Leased Property and eject some or all persons, or none, and remove all property, other than District's property, from the Leased Property or any part of the Leased Property. Any property removed from the Leased Property upon re-entry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Lessee, and District shall have no liability therefore.

b. Re-entry Without Termination. Without terminating this Lease, District may re-enter the Leased Property at any time and from time to time re-let the Leased Property and the improvements thereon or any part or parts of them for the account of and in the name of Lessee or otherwise. District may at District's election eject some or all persons or none. In the event of re-letting, District shall be entitled to all rents from the use, operation or occupancy of the Leased Property or the improvements thereon, or both. Lessee hereby appoints District its attorney-in-fact for the purpose of such leasing. Lessee shall nevertheless pay to District on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus District's expenses, including but not limited to remodeling expenses, commissions and advertising costs, less the avails of any re-letting or attornment. No act by or on behalf of District under this provision shall constitute a termination of this Lease unless and until District gives Lessee written notice of termination.

c. Termination After Re-letting. Even though District may have re-let the Leased Property, District may thereafter elect to terminate this Lease and all of Lessee's rights in or to the Leased Property.

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

e. Assignment of Subrents. Lessee assigns to District all subrents and other sums falling due from sublessees, licensees and concessionaires up to the amounts due District under this Lease (herein called "**sublessees**") during any period in which District has the right under this Lease, whether exercised or not, to re-enter the Leased Property for Lessee default, and Lessee shall not have any right to such sums during the period. District may, at District's election, re-enter the Leased Property and improvements with or without process of law without terminating this

Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors.

f. Termination and Remedy in Damages. No waiver by District of a default by Lessee of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. If Lessee breaches this Lease and abandons the property before the end of the term, or if its right to possession is terminated by District because of Lessee's breach of this Lease, this Lease terminates. On such termination, District may elect to recover the following damages from Lessee:

(i) The worth at the time of award of the unpaid rent, which had been earned at the time of termination;

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

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

(iv) Any other amount necessary to compensate District for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom; and

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

The “**worth at the time of award**” of the amounts referred to in subparagraphs (i) and (ii) above is computed by allowing interest at the maximum legal interest rate. The worth at the time of award of the amount referred to in subparagraph (iii) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

23. Assignment, Subletting and Encumbering.

a. Lessee shall not assign, transfer, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein or sublet the whole of the Leased Property without the prior written approval of District, which approval shall not be unreasonably withheld, conditioned or delayed: provided, however, that the use of the Leased Property for the Project (i.e. storage facility) and the granting of subleases, licenses and concessions to persons leasing storage space consistent with customary practice in the storage industry (including, without limitation, subletting of storage units, RV spaces, or other rentals within storage complex) shall not be deemed a violation of this Section 23. District reserves the right to refuse to approve any assignment, transfer, mortgage, encumbrance or sublease where the proposed use of the Leased Property is inconsistent with FAA or District policies or

results in substantial additional risk to District. Any such assignment, mortgage, encumbrance, transfer or sublease without the prior written approval of District shall be void and, at the option of District, shall terminate this Lease. Any sale or transfer of at least fifty percent (50%) of the value of the assets of Lessee shall be deemed an assignment of Lessee's interest in this Lease. Approval shall not be given to any assignment unless all of the following conditions are satisfied:

i. Lessee is not in default under the provisions or conditions of this Lease on the effective date of the assignment, mortgage, encumbrance, transfer or sublease or concession;

ii. All Improvements have been completed;

iii. District shall be given written notice at least sixty (60) days prior to the effective date of any such assignment, etc. of the intention to assign Lessee's interests herein and the name of the intended assignee, such notice being referred to as “**Notice of Intended Assignment**”.

iv. Any assignee, mortgagee, transferee or sublessee must be, at the time of assignment, either an individual who is a resident of California or maintains an agent for service of process in the State of California, or a partnership or corporation or other entity either formed under the laws of California or qualified to do business in California, and having a resident agent for service of process.

v. The assignee, transferee or sublessee shall expressly assume in writing, signatures acknowledged, all of the covenants and conditions of this Lease on the part of Lessee to be observed and performed, in a form acceptable to District.

vi. Lessee may use its leasehold interest as security for any loans to the extent such use is permitted under this Lease. Lessor shall not be required to subject its fee estate and interest in the Property to the lien of any leasehold financing or mortgage sought or obtained by Lessee. Notwithstanding the above, any mortgage, deed of trust or other assignment of this Lease to any Leasehold Lender as collateral security (defined below) will not be deemed a transfer or assignment.

b. Rights of Leasehold Lender.

i. Any lender providing financing to Lessee for Improvements to the Leased Property, shall be defined as a “**Leasehold Lender.**” If Lessee grants a leasehold mortgage or leasehold deed of trust (in either case, referred to herein, as a “**Leasehold Mortgage**”) to one or more Leasehold Lender, and written notice is given to the District to supply the District with such Leasehold Lender’s notice address (a “**Leasehold Financing Notice**”), then the District shall give notice of any Lessee default to each and any such Leasehold Lender, at the same time and in the same manner as any such notice is given to Lessee, and no such notice of default by the District shall be deemed to have been duly given to Lessee unless and until a copy thereof shall have been given to any such Leasehold Lender. Upon its receipt of any such default notice, any such Leasehold Lender shall have the right to perform or otherwise cure any such default on the part

of Lessee, and the District shall accept performance by a Leasehold Lender of any covenant, condition or agreement on Lessee's part to be performed hereunder with the same force and effect as though performed by Lessee, so long as such performance is made in accordance with the terms and provisions of this Lease and completed (i) in the case of any default in the payment of Monthly Rent or Additional Rent, within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default; or (ii) in the case of any other default not described in the immediately preceding clause (i), within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default.

ii. Notwithstanding the provisions of Section 23(b)(i) hereof, no default by Lessee shall be deemed to exist (1) as long as a Leasehold Lender, in good faith, shall have commenced or caused to be commenced to cure promptly the default and continuously prosecutes or causes to be prosecuted the same to completion with reasonable diligence and continuity, subject to force majeure, which for the purposes of this Section 23(b) shall include causes beyond the control of Lessee; or (2) if possession of the Leased Property or any part thereof is required in order to cure the default, Leasehold Lender shall have notified the District of its intention to institute foreclosure proceedings to obtain possession directly or through a receiver, and thereafter within thirty (30) days after the giving of such notice commences such foreclosure proceedings, prosecutes such proceedings with reasonable diligence and continuity (subject to force majeure) and, upon obtaining such possession, commences promptly to cure the default and prosecutes the same to completion with reasonable diligence and continuity (subject to force majeure); provided that the Leasehold Lender shall have delivered to the District, in writing, its agreement to take the action described in clause (1) or (2) herein and shall have assumed the obligation to cure the default (herein an "**Assumption Notice**"), and that during the period in which such action is being taken (and any foreclosure proceedings are pending), all of the other obligations of Lessee under this Lease are being duly performed (including, without limitation, payment of all Monthly Rent and Additional Rent due hereunder) within any applicable notice, grace or cure periods. Notwithstanding anything herein to the contrary, a Leasehold Lender shall have no obligation to cure any default of Lessee's under Section 20(a) of this Lease, and if such Leasehold Lender delivers an Assumption Notice, any default on the part of Lessee under Section 20(a) will not affect or otherwise diminish or impair the rights of Leasehold Lender under this Lease.

iii. At any time after the delivery of any such Assumption Notice, the Leasehold Lender may notify the District, in writing, that it has relinquished possession of the Leased Property or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued them (in any case, a "**Rejection Notice**"), and, in such event, the Leasehold Lender shall have no further liability under such Assumption Notice from and after the date it delivers such Rejection Notice to the District (except for any obligations assumed by the Leasehold Lender and accruing prior to the date it delivers such Rejection Notice), and, thereupon, the District shall have the unrestricted right to terminate this Lease, subject to all of the other terms and conditions contained herein, and to take any other action it deems appropriate by reason of any default by Lessee, and upon any such termination the provisions of Section 23(b)(vi) shall apply.

iv. From and after the date upon which the District receives a Leasehold Financing Notice, it shall not modify or amend this Lease in any material respect or cancel or

terminate this Lease other than as provided herein without the prior written consent of the Leasehold Lender(s) which gave such Leasehold Financing Notice.

v. Except as provided in Section 23(b)(ii), no Leasehold Lender shall become liable under the provisions of this Lease unless and until such time as it becomes the owner of the leasehold estate created hereby.

vi. In case of termination of this Lease by reason of any default or for any other reason, the District shall give prompt notice thereof to each Leasehold Lender identified in any Leasehold Financing Notice. The District, on written request of such Leasehold Lender made any time within thirty (30) days after the giving of such notice by the District, shall execute and deliver a new lease of the Leased Property to the Leasehold Lender, or its designee or nominee, for the remainder of the Term, upon all the covenants, conditions, limitations and agreements herein contained; provided that the Leasehold Lender shall pay to the District, simultaneously with the delivery of such new lease, all unpaid Monthly Rent and Additional Rent due under this Lease up to and including the date of the commencement of the term of such new lease.

vii. Any such new lease contemplated under Section 23(b)(vi) and the leasehold estate thereby created, subject to the same conditions contained in this Lease, shall continue to maintain the same priority as this Lease with regard to any other lien or encumbrance whether or not the same shall then be in existence.

viii. Upon the execution and delivery of a new lease under Section 23(b)(vi) any sublease which theretofore may have been assigned to the District thereupon shall be assigned and transferred, without recourse, by the District to the lessee named in such new lease. Between the date of termination of this Lease and the date of execution and delivery of the new lease, if a Leasehold Lender shall have requested such new lease as provided in Section 23(b)(vi) the District shall not enter into any new sublease, cancel or modify any then-existing sublease or accept any cancellation, termination or surrender thereof (unless such termination shall be effected as a matter of law on the termination of this Lease) without the written consent of the Leasehold Lender.

ix. If there is more than one Leasehold Mortgage, the District shall recognize only the Leasehold Lender whose Leasehold Mortgage is senior in lien as the Leasehold Lender entitled to the rights afforded hereunder.

24. Notices. All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and to Lessee at 1655 Dalidio Dr., Unit 3018, San Luis Obispo, California 93401. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

25. Attorneys' Fees. In the event either party commences any legal action or proceeding against the other party arising out of or in any way related to this Lease, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

26. Quitclaim. At the expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to District within thirty (30) days after written demand from District to Lessee any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

27. Covenants and Conditions. Each term and each provision of this Lease performable by Lessee shall be construed to be both a covenant and a condition.

28. Time of Essence. Time is of the essence of each term, condition and provision of this Lease agreement.

29. Waiver. One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by Lessee requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent or similar act by Lessee. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the Leased Property, and no agreement to accept such surrender shall be valid unless in writing signed by District. No provision of this agreement shall be deemed to have been waived by District unless such waiver be in writing signed by District.

30. Subordinate to Specified Matters. This Lease and Lessee's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights-of-way, and encumbrances affecting the Leased Property now of record or hereafter granted, caused or suffered by District.

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

32. Invalidity. If any provision of this Lease shall be held by a court of competent jurisdiction to be invalid, the remainder of this Lease shall continue in full force and effect and shall in no way be affected or invalidated thereby.

33. Integration. This Lease contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this Lease.

34. Binding Effect. This Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

35. Holding Over. Any holding over by Lessee after the expiration of this Lease, with the express or implied consent of District, shall be on a month-to-month tenancy only. During such month-to-month tenancy, the Lessee shall pay the District's facility rental rate in effect at the time of the hold over. Lessee shall also continue to pay Additional Rent and all other charges due under this Lease.

36. Surrender and Site Assessment. On the last day of the term of the Lease or sooner termination, with the exception of Lessee's trade fixtures, equipment and other personal property, any and all structures, buildings, parking areas, walkways, drives, landscape areas, and underground installations constructed before or during the Term of the Lease, shall become the property of Lessor. Lessee agrees on the last day of term hereof or sooner termination to surrender to District forthwith the Leased Property in the same or better condition as when received, subject to the provisions of Section 10(c) above, and damage by acts of God or by the elements excepted.

Within thirty (30) days of expiration or sooner termination of this Lease, Lessee shall, at Lessee's sole cost and expense, cause to be conducted a site assessment of the Leased Property to determine that the Leased Property are free of any hazardous material or contamination as compared to the condition of the Leased Property on the Commencement Date. The nature and extent of the site assessment and the selection of the person performing the site assessment and certification shall be approved by District, whose approval shall not be unreasonably withheld. The Leased Property shall be certified to be free of any hazardous material or contamination therefrom by a person certified by the appropriate governmental agency to conduct such site assessments. Any contamination or environmental damage on the Leased Property or originating on the Leased Property and migrating off the Leased Property which are as a result of Lessee's activities under the Lease shall be remediated by Lessee to meet or exceed the strictest governmental standards, requirements and to District's satisfaction. If, at the expiration or sooner termination of this Lease, different standards or requirements exist for properties with different uses, then Lessee shall remediate any such contamination or environmental damage to the strictest standards and requirements for aviation and/or commercial use. Lessee shall be responsible for all remedial investigation and remediation, including submission and approval of the remediation closure plan. Notwithstanding anything to the contrary herein, Lessee shall not be responsible (a) for remediation of hazardous material or contamination occurring on adjacent property not leased to Lessee and migrating onto the Leased Property, unless Lessee is responsible for the hazardous material or contamination on the adjacent property, or (b) for any conditions existing on the Commencement Date of the Lease.

37. Disclaimer of Partnership. The relationship between the parties is one of District and Lessee only. This Lease does not constitute a partnership or joint venture or agency agreement between the parties.

38. Interpretation and Venue. This Lease is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this Lease shall be brought in the court of appropriate jurisdiction in the County of Santa Barbara, State of California.

39. Dual Agency. Lessor and Lessee have been represented in this transaction exclusively by Tom Ross of Ross Realty (the “**Broker**”) creating a dual agency. Lessor and Lessee shall each pay to Broker, the fee agreed to, if any, in a separate written agreement.

40. Lessee's Right of First Negotiation. If, at any time during the Term, District intends to offer to sell the Leased Property or any part thereof or interest therein to a third party (other than any entity controlling, controlled by, or under common control with District), then District shall, prior to any offering of the Leased Property or such part thereof or interest therein for sale, deliver to Lessee written notice of the terms and conditions, upon which District intends to offer the Leased Property or such part thereof or interest therein for sale. Provided that no event of default has occurred and is continuing hereunder, Lessee shall have the right to purchase the Leased Property (or such part thereof or interest therein) on the terms set forth in the notice from District by giving written notice to the District within forty-five (45) days after receiving District's notice, of Lessee's intention to purchase on the terms contained in such notice from District. In the event that Lessee fails to notify District within said forty-five (45) day period of Lessee's election to exercise its right to purchase hereunder, or in the event Lessee notifies District within said period that Lessee will not exercise its right to purchase hereunder, District may proceed to sell the Leased Property (or such part thereof or interest therein) to any third party after the expiration of such forty-five (45) day period, but only on substantially the same terms and conditions as were set forth in the notice from District to Lessee, and any material change in such terms and conditions shall be deemed a new offer and District shall in such event not consummate any sale to a third party without first submitting all of the changed terms and conditions (and not just those which have changed substantially or materially) to Lessee for determination by Lessee in the manner provided above, except that Lessee shall have thirty (30) business days, and not forty-five (45) days, after receipt of said notice in which to elect to exercise its right to purchase on the basis of the changed terms and conditions. For these purposes, the offer shall be deemed to have been changed substantially or materially only if the purchase price at which the Leased Property (or such portion thereof or interest therein) are offered differs by more than three percent (3%) from the purchase price previously offered. Notwithstanding the above, Lessee understands that any sale of the Leased Property shall be governed by the regulations of the Federal Aviation Administration (“**FAA**”) and such a sale may require FAA approval.

[SIGNATURES ON THE NEXT PAGE]

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

Dated: _____, 2019

Approved as to content for
District:

Chris Hastert, General Manager

Approved as to form for District:

District Counsel

DISTRICT:

SANTA MARIA PUBLIC AIRPORT
DISTRICT,
a state agency of the State of California

By: _____
Hugh Rafferty, President

By: _____
Carl Engel, Secretary

LESSEE:

G3, LLC,
a California limited liability company

By: _____

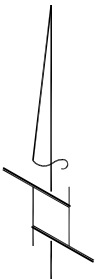
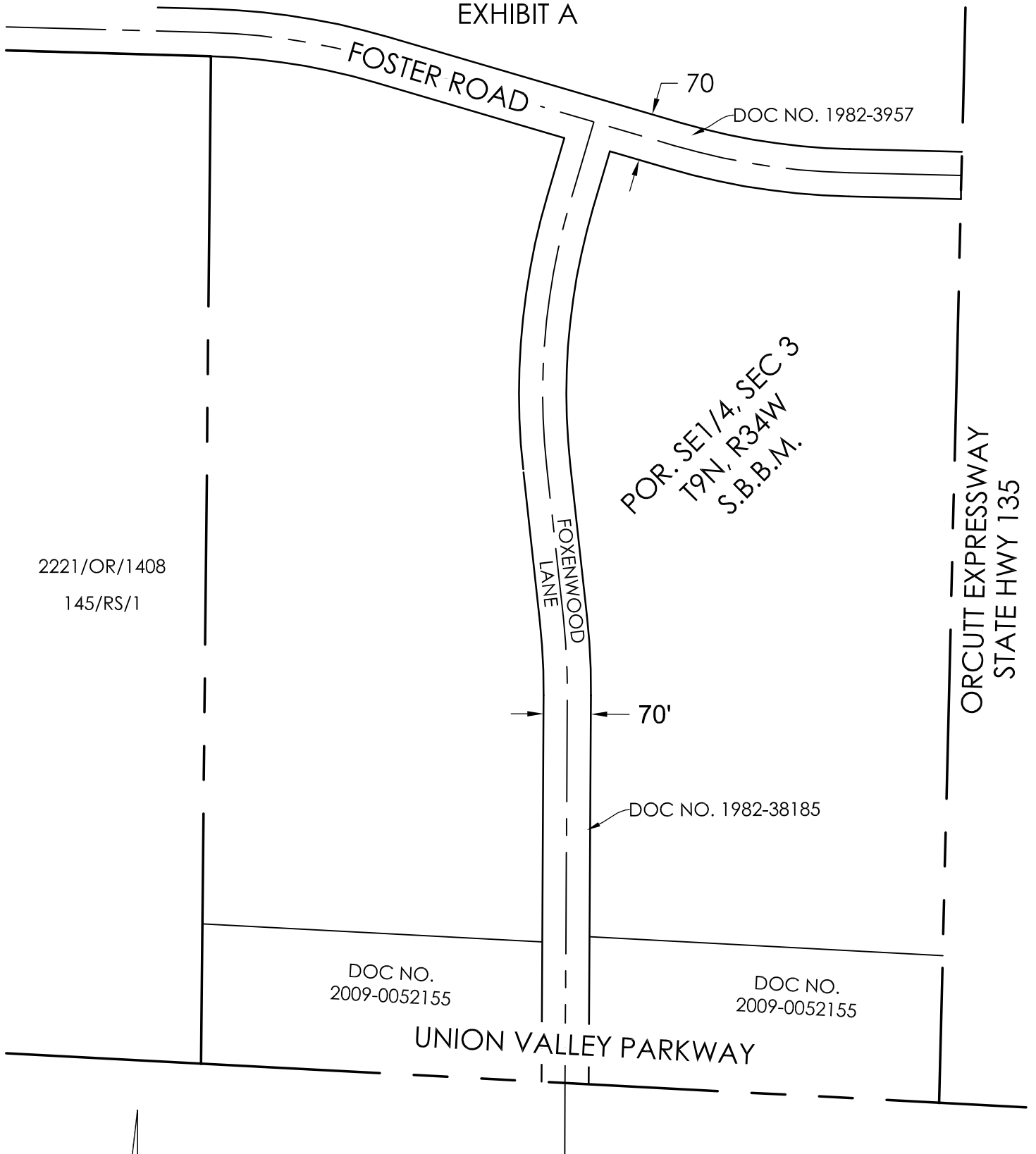
Name: _____

Its: _____

Exhibit “A”

Depiction of the Property

EXHIBIT A



SCALE: 1" = 200'

4/22/2018



Exhibit “B”

Legal Description of the Leased Property

Exhibit B
Leased Property
Legal Description

A portion of the Southeast Quarter of Section 3, Township 9 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, Santa Barbara County, State of California, described more particularly as follows:

Commencing at the southeasterly corner of the parcel described in Document No. 5741, recorded February 13, 1968, in Book 2221, Page 1408 of Official Records of said county, and shown on the map filed in Book 145 Record of Survey at Page 1, of said county; thence,

Northerly along the easterly line of said parcel North $0^{\circ}46'42''$ East, a distance of 423.74 feet to the True Point of Beginning; thence,

Leaving the easterly line of said parcel South $86^{\circ}45'25''$ East, a distance of 502.19 feet to a point on the westerly right of way of the 70-foot frontage road as described in Document No. 1982-020745, of Official Records of said county; thence,

Along said westerly right of way, North $0^{\circ}32'31''$ East, a distance of 147.46 feet to a curve, concaved to the west, having a radius of 965.00 feet; thence,

Northerly and northwesterly along said curve, through a central angle of $6^{\circ}35'20''$ distance of 110.97 feet; thence,

North $6^{\circ}02'49''$ West, a distance of 189.08 feet; thence,

Leaving said westerly right of way, North $86^{\circ}45'25''$ West a distance of 472.25 feet to a point on the easterly line of said parcel described in Document No. 5741; thence,

Along said easterly line South $0^{\circ}46'42''$ West a distance of 444.61 feet to the Point of Beginning.

The parcel described contains 5.0 acres more or less and is shown graphically on Exhibit B1 herein attached.



3/5/19

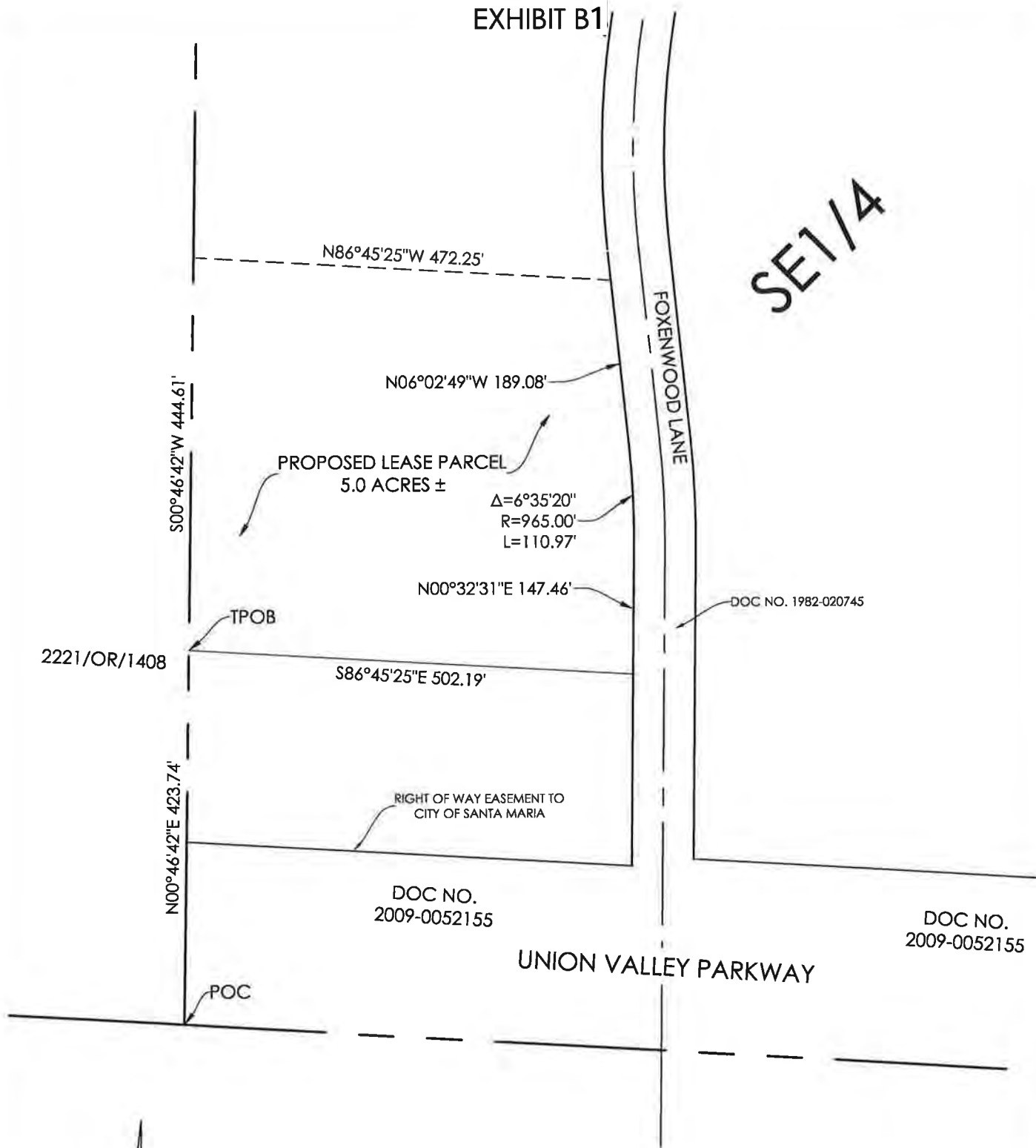


Exhibit “B1”

Depiction of the Leased Property

EXHIBIT B1

SE1/4



SCALE: 1" = 150'

3/5/2018



Exhibit “C”

ROFR/Option Agreement

OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

This OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this "Agreement") dated as of April 25, 2019 (the "Effective Date") is made and executed by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (herein called "District") and G3 LLC, a California limited liability company (herein called "G3", and together with District the "Parties" and each, a "Party".)

RECITALS

WHEREAS, District is the owner of approximately 28 acres of real property, located on parcels 85 through 89 of the Santa Maria Business Park, Santa Maria, California, a portion of Assessor's Parcel Number: 111-231-11 (the "Property").

WHEREAS, District, as lessor, and G3, as lessee, are parties to that certain ground lease dated March 25, 2019 (the "Ground Lease"), whereby G3 leases from District a portion of the Property, comprising of approximately five (5) acres, located on a portion of the Santa Maria Airport Business Park, Santa Maria (the "Leased Property").

WHEREAS, District desires to grant to G3, and G3 desires to obtain from District, an irrevocable and exclusive option and right of first refusal to lease all or any portion of the Property, (excepting therefrom the Leased Property), as shown in the map attached hereto as Exhibit A and more particularly described in Exhibit B attached hereto (the "Option/ROFR Property"), under one or more long term ground leases for future commercial development by G3, its successors or assigns, or its subtenants, subject to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing and the other mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used and not defined in this Agreement have the respective meanings assigned to them in the Ground Lease.

2. Grant of Option. G3, together with its successors and assigns, shall have an option to lease the Option/ROFR Property (or any portion thereof) (the "Option") on the following terms and conditions:

a. Option Term. The term of the Option (the "Option Term") shall commence on January 1, 2020 and automatically expire five (5) years later on December 31, 2025 (the "Option Termination Date").

b. Option Consideration. Within three days after full execution of this Agreement, G3 shall deliver to District the amount of One Hundred and No/100 Dollars (\$100.00) as consideration for the grant of the Option by District (the "Option Consideration"). The Option Consideration amount has been bargained for and agreed to as separate and independent consideration for G3's option to lease the Option/ROFR Property pursuant to the terms herein, and for the District's execution and delivery of the Agreement. The Option Consideration shall be deemed fully earned by the District upon receipt and shall be considered non-refundable to G3 in

all events.

c. Exercise of Option. At any time during the Option Term, G3 may exercise its Option rights, in accordance with this section and in no other manner, by timely sending District a written notice, pursuant to the notice provisions of Section 12, of G3's intention to exercise the Option (each, an "Exercise Notice"). Each Exercise Notice shall affirmatively state that G3 exercises the Option without condition or qualification and shall include a description identifying the portion of the Option/ROFR Property which G3 intends to lease.

d. Lease Agreement(s). If G3 exercises its Option rights, the Parties shall execute a lease agreement and other such documents, certifications and confirmations as may be reasonably required to fully effect and consummate the transactions contemplated by this Agreement. The Parties agree that any lease agreement shall be in substantially the form attached as Exhibit C and the initial monthly rent shall be calculated based on 2018 appraisal value of the Property of \$4.00 per square foot for those portions of the Property located west of Foxenwood Lane and \$6.00 per square foot for those portions of the Property located east of Foxenwood Lane. The term of the lease (including any option periods) shall be consistent with the maximum term length permitted under the District Long-Term Aviation Land Lease Policy. Concurrent with the execution of the lease agreement, the District shall assign to G3 all the District's rights and obligations under any existing leases affecting the Option/ ROFR Property.

3. Right of First Refusal. G3, together with its successors and assigns, shall have the right of first refusal to lease the Option/ROFR Property (or any portion thereof) (the "Right of First Refusal") on the following terms and conditions:

a. Right of First Refusal Term: The term of the Right of First Refusal (the "ROFR Term") shall commence on the Option Termination Date and automatically expire ten (10) years later on December 31, 2035 (the "ROFR Termination Date").

b. ROFR Notice. If, at any time during the ROFR Term, District receives an offer to lease all or any portion of the Option/ROFR Property from a third party, at a rental and upon terms and conditions which are satisfactory to District, District shall provide written notice to G3 of the terms and conditions upon which District is willing to lease the Option/ROFR Property (or such portion of the Option/ROFR Property) to said third party (each, a "District's Notice"). District's Notice shall set forth the material economic terms and conditions (including, without limitation, a statement regarding the area of the leased property, the lease term, the rent and any adjustments thereto, additional rent amounts, and any conditions regarding the construction of improvements) under which District is willing to lease the Option/ROFR Property (or such portion) (the "Material Terms"), but shall not constitute an agreement between the parties or an offer to lease such Option/ROFR Property. District agrees to bargain in good faith on any terms not stated in District's Notice.

c. Exercise of Right of First Refusal. G3 shall have thirty (30) days after receipt of District's Notice (each, a "G3 Response Period") to notify District in writing whether or not G3 desires to lease the Option/ROFR Property unconditionally on the terms stated in District's Notice ("G3's Notice"). If G3 provides the District written notice of G3's desire to lease the Option/ROFR Property within the G3 Response Period, District and G3 shall promptly enter into a lease agreement for the Property on the Material Terms stated in District's Notice. The Parties shall also execute such documents, certifications and confirmations as may be reasonably required to fully

effect and consummate the transactions contemplated by this Agreement.

d. In the event that (i) G3 either: (A) elects not to lease the Option/ROFR Property on the terms and conditions stated in District's Notice; or (B) fails to deliver G3's Notice to District within the G3 Response Period; or (ii) if G3 delivers G3's Notice, but District and G3 fail to agree on and execute a lease agreement within one hundred and twenty (120) days after the date of District's receipt of G3's Notice, then G3 shall be deemed to have waived its right of first refusal to lease the Option/ROFR Property (as to that particular portion of the Option/ROFR Property identified in District's Notice), and District shall have the right thereafter, without any further notice to G3, to offer the Option/ROFR Property for lease, and to lease the Option/ROFR Property (or such portion thereof), to a third party upon all of the Material Terms stated in the District's Notice, free and clear of the G3's right of first refusal set forth in this Section 3. If, however, within thirty (30) days after the date G3 waived (or is deemed to have waived) its right to purchase the Option/ ROFR Property (or such portion), District offers the Option/ ROFR Property (or such portion) to a third party upon Material Terms that are more favorable to the third party lessee than the Material Terms contained in the District's Notice, District shall re-offer the Option/ROFR Property (or such portion thereof) to G3 on the terms offered to such third party ("District's Revised Notice") and the same procedures shall apply with respect to District's Revised Notice as are set forth above with respect to District's Notice.

4. Existing Leases. The Option/ROFR Property is subject to the Existing Leases detailed on Exhibit D. If a lease is executed, as contemplated herein, the District shall assign to G3 all its rights and obligations under the Existing Leases and shall execute a Lease Assignment and Assumption Agreement with respect to the Existing Leases.

5. Condition Precedent to Exercise of Option and ROFR. As a condition precedent to G3 exercising its Option and/or ROFR rights, G3 shall not be in material default of any of the terms, conditions or covenants of the Ground Lease.

6. Right of Entry. During the Option Term and at any time during a G3 Response Period, G3 and its authorized representatives may at any reasonable time, after giving reasonable notice to District, enter upon the Option/ROFR Property for the purpose of making inspections, appraisals, surveys, shading analysis, including the cutting of survey lines and putting up markers and driving stubs and stakes, site and soil, groundwater and structural analysis, engineering studies, core sampling for engineering reports, locating existing rights of way, easements, and utilities and evaluating the Option/ROFR Property for development potential, and measuring potential access and transmission easement areas, however, G3's activities shall not interfere with any ongoing activities of the District or its tenant being conducted at the Option/ROFR Property. G3 shall have the right also to perform inspections and testing at the Option/ROFR Property (including, without limitation, environmental or geotechnical studies), provided the District and its tenant approves the associated work plan in advance of such work. If G3 causes engineers, contractors or others to perform work on the Option/ROFR Property, G3 shall furnish the District, prior to such work being performed, with (i) evidence of insurance reasonable satisfaction to District, including without limitation, Workers' Compensation Insurance for the protection of such engineers' and contractors' employees and comprehensive liability policy in an amount not less than \$1,000,000 combined single limit per occurrence, insuring District against any loss or liability relating to or arising out of G3's inspection of the Option/ROFR Property and (ii) reasonable assurances that such engineers, contractors or others will not place a lien on the Option/ ROFR Property in the event of non-

payment for their services. Such assurances may take the form of lien releases, a deposit or other security reasonably acceptable to the District. G3 shall cause the Option/ ROFR Property to be immediately restored to its condition immediately prior to the conducting of G3's investigations. G3 shall provide the District with a copy of any written results, reports, tests or studies generated by G3's investigation. G3 agrees to indemnify District from all third-party claims for any personal injury or property damage or otherwise to any person or property caused by any negligent or intentional action or omission of G3 or its agents in exercising its right of entry onto the Option/ROFR Property. Such undertaking of indemnity shall survive the termination of this Agreement for any reason. Notwithstanding any other provision in this Section 6, the indemnity described herein shall not extend to and in no event shall G3 be liable to District for any negligence or misconduct of District or any agent, contractor or employee of District.

7. District's Documentation. To the extent that any of the following items exist and are in the possession of District and can be located through a reasonable search, during the Option Term and ROFR Term, District agrees to furnish to G3 within thirty (30) days after G3's request any and all surveys, title reports, topographical maps, engineering and architectural drawings or plans, environmental reports, lot layouts, any plans or profiles of any roadways, easements, or utility lines. District further agrees to furnish to G3 all information available to District concerning the environmental condition of the Option/ROFR Property and the existence of any contract rights that District might hold for the service of the Option/ROFR Property by utilities, either public or private.

8. Environmental Inspection. G3, at G3's expense, may perform environmental investigations (including but not limited to Phase I Environmental Assessment(s)) of the Option/ROFR Property by a qualified environmental consultant selected by G3 and conducted in accordance with standard commercial practices. The District will fully cooperate and support Lessee in performing environmental investigations on the Option/ ROFR Property.

9. Assignment of Option/ROFR. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs or successors and permitted assigns. G3 may assign its interest under this Agreement without the prior consent of District, provided (a) G3 gives District written notice of such assignment within five (5) days after such assignment, and (b) G3's assignee executes an instrument in form reasonably satisfactory to District agreeing to be bound by all the terms and conditions of this Agreement. Upon any assignment of G3's entire interest under this Agreement, G3 shall be relieved of all further liability under this Agreement.

10. Representations and Warranties by District. District represents and warrants as of the date of this Agreement and as of the date of execution of a lease agreement(s) as contemplated herein that:

a. Subject to the Existing Leases, the District is the fee Owner of the Option/ROFR Property and has the right, title, and authority to enter into and to perform its obligations under this Agreement;

b. Subject to the Existing Leases, the entry and performance of this Agreement by District will not breach any other agreement with any other party or create a violation of any applicable law, rule, or regulation;

c. There are no pending, and to the best of District's knowledge no threatened, actions,

suits, arbitrations, claims or proceedings, at law, in equity or otherwise, that would adversely affect the Option/ROFR Property or District's ability to perform its obligations under this Agreement, including, but not limited to, judicial, municipal or administrative proceedings in eminent domain, collection actions, claims relating to alleged building code violations or health and safety violations, federal, state or local agency actions regarding environmental matters, lease disputes, claims relating to federal environmental protection agency or zoning violations, or actions relating to personal injuries or property damages alleged to have occurred at the Option/ROFR Property or by reason of the condition or use of or construction on the Option/ROFR Property;

d. District has received no written notice of any violation of any applicable laws, ordinances, rules, requirements, regulations and building codes of any governmental agency, body or subdivision thereof bearing on the Option/ROFR Property; and

e. To District's knowledge, (1) the Option/ROFR Property or any portion thereof is not in violation of any environmental laws, and (2) District has not used, generated, manufactured, stored or disposed of on, under or about the Option/ROFR Property or transported to or from the Option/ROFR Property any hazardous substances in violation of any environmental laws.

11. Exclusivity. In recognition of the fact that investigations, inspections and due diligence review and pursuit of the Option/ROFR Property will require significant effort and expenditure by G3, District agrees that during the Option Term, District shall not directly or indirectly solicit, initiate, seek, encourage or support any inquiry, proposal, offer or bid from, negotiate with, provide any information to, or enter into any agreement with any party to lease, occupy or use the Option/ROFR Property. District agrees that any such negotiations in progress as of the date hereof will be terminated or suspended during such period. Notwithstanding the above, the Option/ROFR Property is subject to Existing Leases, which shall be extended throughout the Option Term, but not for longer than six-month terms. District shall promptly disclose to G3 any unsolicited inquiry or proposal from another party regarding use of the Option/ROFR Property during the Option Term.

12. Notices. Unless specifically stated otherwise in this Agreement, all notices shall be in writing and delivered to District and G3, at the addresses below, by one the following methods: (a) personal delivery, whereby delivery is deemed to have occurred at the time of delivery; (b) overnight delivery by a nationally recognized overnight courier company, whereby delivery is deemed to have occurred the business day following deposit with the courier, (c) registered or certified mail, postage prepaid, return receipt requested, whereby delivery is deemed to have occurred on the third business day following deposit with the United States Postal Service, or (d) electronic transmission (facsimile or electronic mail) provided that such transmission is completed no later than 5:00 pm on a business day and the original is also sent by personal delivery, overnight delivery or by mail in the manner previously described, whereby delivery is deemed to have occurred at the end of the business day on which the electronic transmission is complete.

To District:

Santa Maria Airport District
3217 Terminal Drive
Santa Maria, California 93455

with a copy to:

Adamski Moroski Madden
Cumberland & Green, LLP
Attn: Joshua George
P.O. Box 3835
San Luis Obispo, CA 93403

To G3:

G3 LLC
Attn: Erik Justesen, Manager
1655 Dalidio Drive, #3018
San Luis Obispo, CA 93401

with a copy to:

GLICK HAUPT MARINO LLP
Attn.: Beth A. Marino, Esq.
1315 Santa Rosa Street
San Luis Obispo, CA 93401

13. Default by District. If District fails to perform any of its obligations or is otherwise in default hereunder, G3 shall have the right to seek such relief G3 may have at law or in equity, including, without limitation, seeking injunctive relief to prevent the lease of the Option/ROFR Property to a party other than G3 and the filing of an action for specific performance.

14. Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of the terms, covenants, or conditions, nor will any waiver or relinquishment of any right or power at any one time or more times be deemed a waiver or relinquishment of the right or power at any other time or times.

15. Entire Agreement. This Agreement and the Ground Lease contain the entire agreement of the Parties and will supersede the terms and conditions of all prior written and oral agreements, if any, concerning the matters it covers. The Recitals are incorporated into this Agreement. The Parties acknowledge there are no oral agreements, understandings, representations, or warranties that supplement or explain the terms and conditions contained in this Agreement. This Agreement may not be modified except by an agreement in writing signed by the Parties.

16. Attorneys' Fees. In the event either Party commences any legal action or proceeding against the other party arising out of or in any way related to this Agreement, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

17. Severability. This Agreement will be construed in its entirety and will not be divisible, except that the invalidity or unenforceability of any provision hereof will in no way affect the validity or enforceability of any other provision.

18. Interpretation and Venue. This Agreement is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this Agreement shall be brought in the court

of appropriate jurisdiction in the County of Santa Barbara, State of California.

19. Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document. Electronic and facsimile signatures will be considered original signatures for the purpose of execution and enforcement of the rights delineated in this Agreement.

20. Time of Essence. District and G3 hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and that failure to timely perform any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Agreement by the party so failing to perform.

21. Construction; Advice of Counsel. The Parties agree that each has consulted with an attorney who has actively participated in the drafting and negotiation of this Agreement and that the provisions of this Agreement will not be construed in favor of either Party.

22. Memorandum of Option/ ROFR. Upon the request of either party, the parties shall execute a Memorandum of Option/ROFR, which may be recorded after execution by the requesting party at its expense. However, G3 covenants to execute and deliver to the District to immediately on the expiration or earlier termination of the term of this agreement a quitclaim deed in recordable form releasing and reconveying to the District all right, title, and interest of G3 in the Option/ROFR Property if a Memorandum of Option/ ROFR has been executed, whether or not recorded.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

DISTRICT:

Approved as to content for District:

SANTA MARIA PUBLIC AIRPORT DISTRICT,
a state agency of the State of California

Chris Hastert, General Manager

By: _____
Hugh Rafferty, President

Approved as to form for District:

By: _____
Carl Engel, Secretary

District Counsel

G3:

G3, LLC, a California limited liability company

By: _____

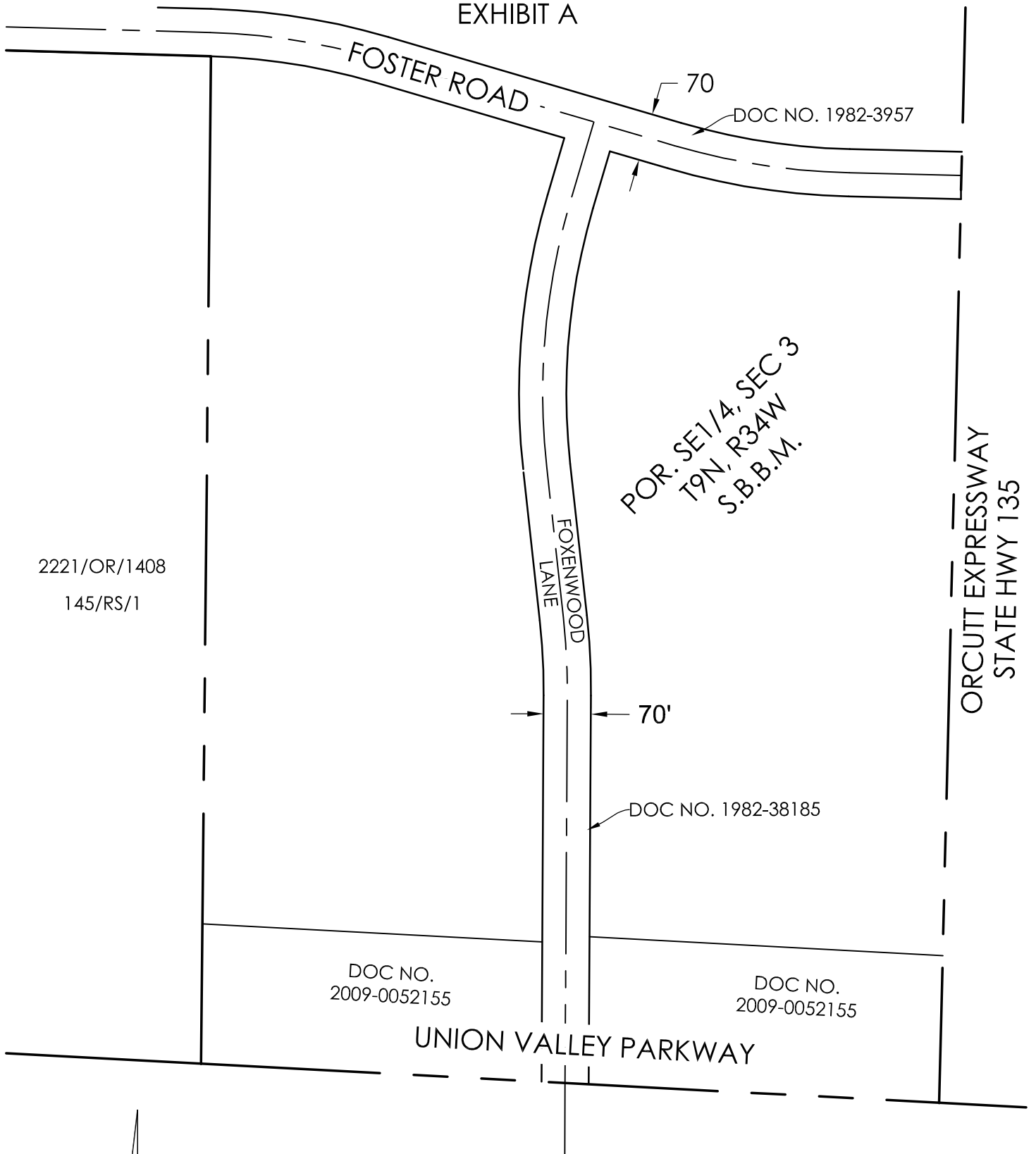
Name: _____

Its: _____

EXHIBIT “A”

Option/ROFR Property Map

EXHIBIT A



SCALE: 1" = 200'

4/22/2018



Exhibit “B”

Option/ROFR Property Legal Description

Exhibit B
Leased Property
Legal Description

A portion of the Southeast Quarter of Section 3, Township 9 North, Range 34 West, San Bernardino Base and Meridian, in the City of Santa Maria, Santa Barbara County, State of California, described more particularly as follows:

Commencing at the southeasterly corner of the parcel described in Document No. 5741, recorded February 13, 1968, in Book 2221, Page 1408 of Official Records of said county, and shown on the map filed in Book 145 Record of Survey at Page 1, of said county; thence,

Northerly along the easterly line of said parcel North $0^{\circ}46'42''$ East, a distance of 423.74 feet to the True Point of Beginning; thence,

Leaving the easterly line of said parcel South $86^{\circ}45'25''$ East, a distance of 502.19 feet to a point on the westerly right of way of the 70-foot frontage road as described in Document No. 1982-020745, of Official Records of said county; thence,

Along said westerly right of way, North $0^{\circ}32'31''$ East, a distance of 147.46 feet to a curve, concaved to the west, having a radius of 965.00 feet; thence,

Northerly and northwesterly along said curve, through a central angle of $6^{\circ}35'20''$ distance of 110.97 feet; thence,

North $6^{\circ}02'49''$ West, a distance of 189.08 feet; thence,

Leaving said westerly right of way, North $86^{\circ}45'25''$ West a distance of 472.25 feet to a point on the easterly line of said parcel described in Document No. 5741; thence,

Along said easterly line South $0^{\circ}46'42''$ West a distance of 444.61 feet to the Point of Beginning.

The parcel described contains 5.0 acres more or less and is shown graphically on Exhibit B1 herein attached.



3/5/19

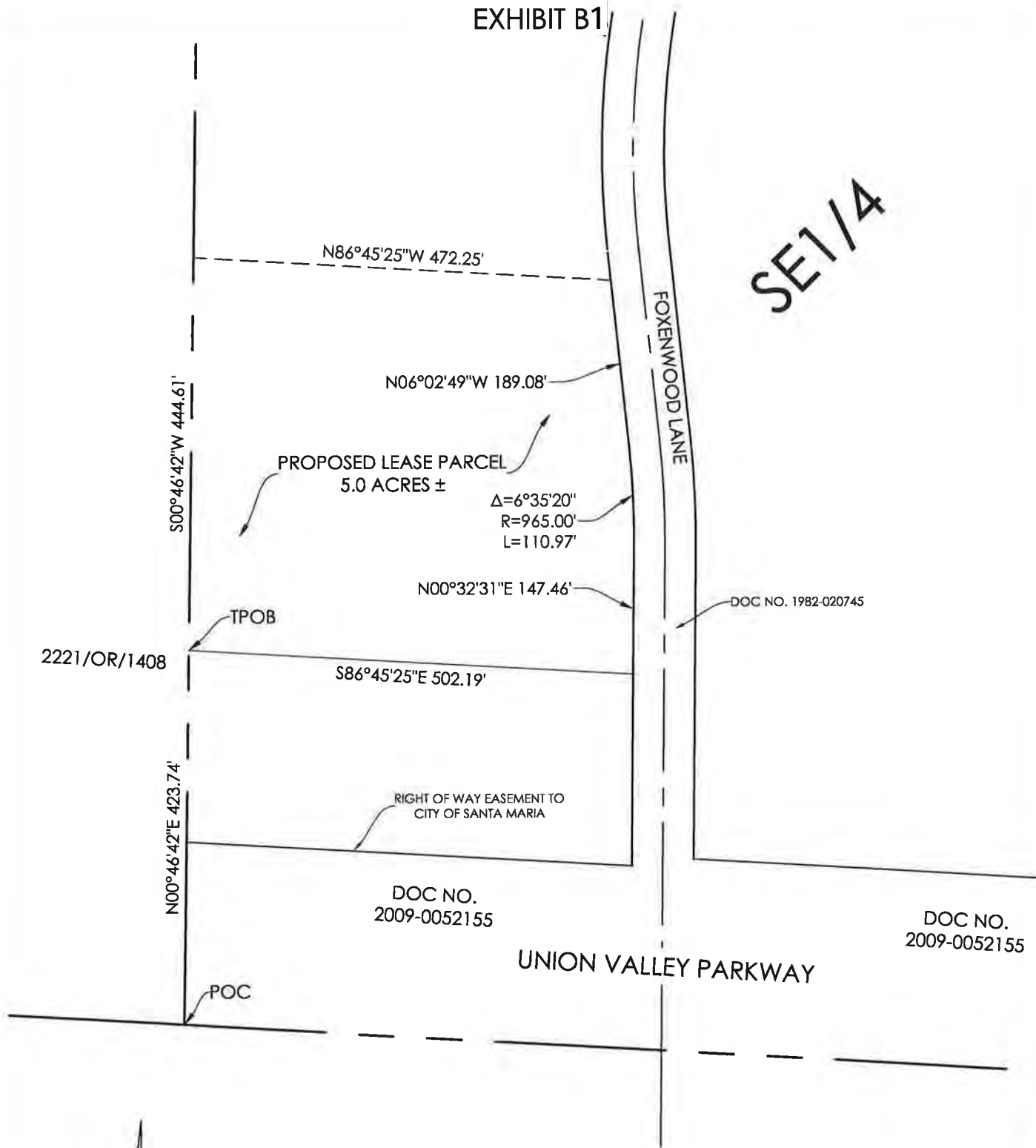


Exhibit “C”

Form of Lease Agreement

EXHIBIT B1

SE1/4



SCALE: 1" = 150'

3/5/2018



Exhibit “D”
Existing Leases

SEVENTEENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Leased Premises. Effective August 23, 2018 the leased area is increased by approximately 26.5 acres for a total of approximately 140.8 acres of land for agricultural use. The additional leased area is shown on Exhibit A-1 dated August 20, 2018.

2. Rent. Rent for the additional area shall be waived through December 31, 2019 as acknowledgment of the extensive effort required to place the increased area into agricultural production including clearing/grubbing, grading, and engineering and installation of a waterline from the adjacent property. Effective January 1, 2019 rent for the existing 114.30 acres is increased to \$11,173.00 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,173.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

3. Extension of Term. District grants Tenant a one (1) year extension of the Lease, commencing January 1, 2019, and expiring on December 31, 2019, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

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

Dated: August 23, 2018

Approved as to content for District:



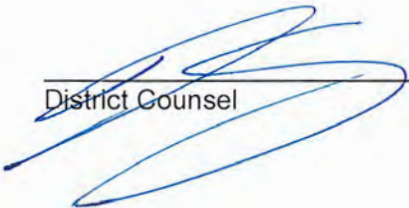
General Manager

SANTA MARIA PUBLIC AIRPORT
DISTRICT

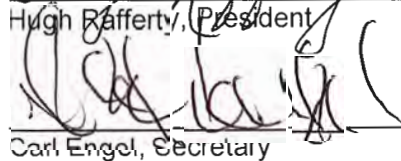


Hugh Rafferty, President

Approved as to form for District:

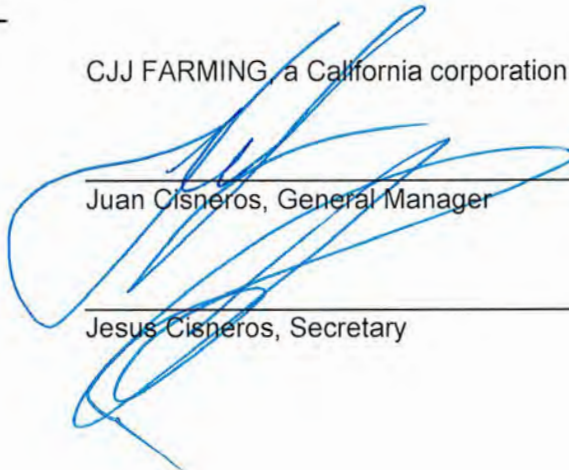


District Counsel



Carl Engel, Secretary

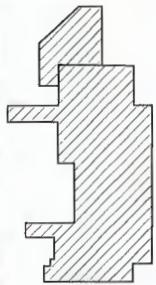
CJJ FARMING, a California corporation



Juan Cisneros, General Manager

Jesus Cisneros, Secretary

FOSTER RD.



13.52 AC.

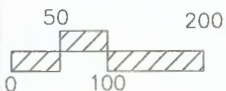
12.98 AC.

FOXENWOOD LANE

ORCUTT RD AIRPORT BOUNDARY

AIRPORT BOUNDARY

UNION VALLEY PKY.



SCALE IN FEET



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

REVISIONS	
DATE	BY:
8/20/18	RH

DRAWN BY:
RAY HEATH

EXHIBIT "A-1"

CJJ FARMING

DRAWING
CJJ FARMING
1 OF 1

SIXTEENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Rent. Effective January 1, 2018 rent is increased to \$10,763.25 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,130.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

2. Extension of Term. District grants Tenant a one (1) year extension of the Lease, commencing January 1, 2018, and expiring on December 31, 2018, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

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

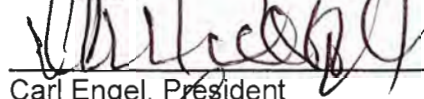
Dated: December 14, 2017

Approved as to content for District



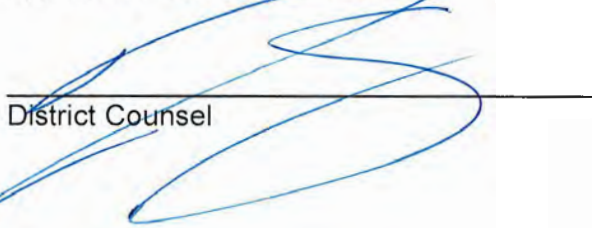
General Manager

SANTA MARIA PUBLIC AIRPORT
DISTRICT

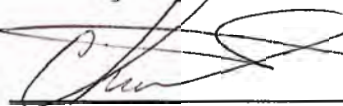


Carl Engel, President

Approved as to form for District



District Counsel



Chuck Adams, Secretary

CJJ FARMING, a California corporation



Juan Cisneros, General Manager



Jesus Cisneros, Secretary

FIFTEENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Rent. Effective January 1, 2017 rent is increased to \$10,477.50 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,100.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

2. Extension of Term. District grants Tenant a one (1) year extension of the Lease, commencing January 1, 2017, and expiring on December 31, 2017, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

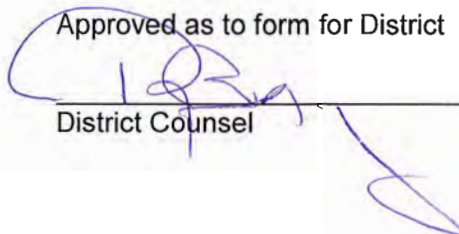
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: December 8, 2016

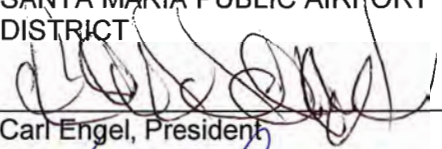
Approved as to content for District

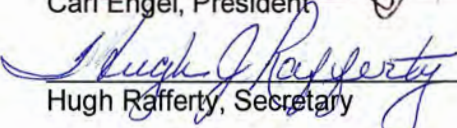

General Manager

Approved as to form for District

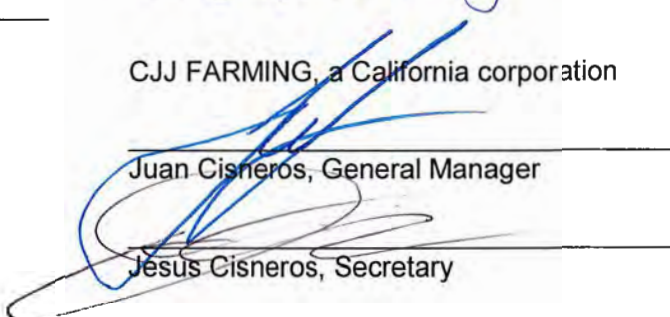

District Counsel

SANTA MARIA PUBLIC AIRPORT
DISTRICT


Carl Engel, President


Hugh Rafferty, Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager

Jesús Cisneros, Secretary

FOURTEENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

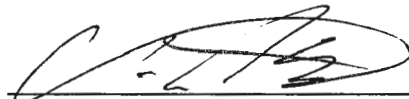
1. Rent. Effective January 1, 2016 rent is increased to \$10,306.00 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,082.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

2. Extension of Term. District grants Tenant a one (1) year extension of the Lease, commencing January 1, 2016, and expiring on December 31, 2016, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

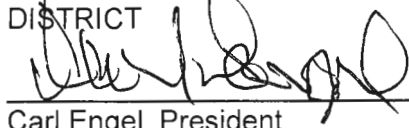
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: January 28, 2016

Approved as to content for District

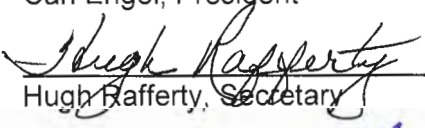

General Manager

SANTA MARIA PUBLIC AIRPORT
DISTRICT

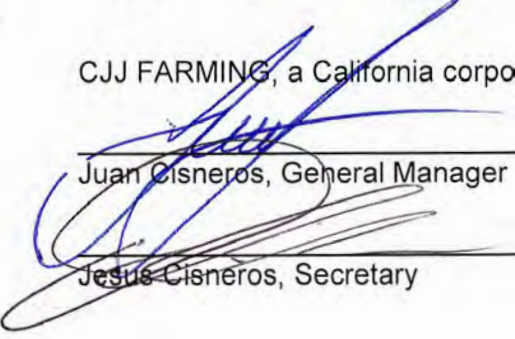

Carl Engel, President

Approved as to form for District


District Counsel


Hugh Rafferty, Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager

Jesus Cisneros, Secretary

RECEIVED

JUN 03 2016

SANTA MARIA PUBLIC
AIRPORT DISTRICT

THIRTEENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Rent. Effective January 1, 2015 rent is increased to \$10,258.00 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,077.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

2. Extension of Term. District grants Tenant a one (1) year extension of the Lease, commencing January 1, 2015, and expiring on December 31, 2015, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

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

Dated: January 22, 2015

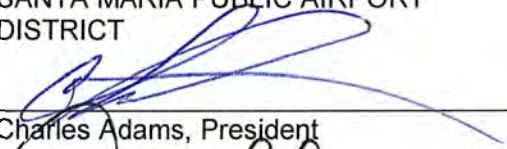
Approved as to content for District

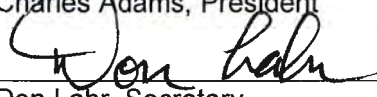

General Manager

Approved as to form for District


District Counsel

SANTA MARIA PUBLIC AIRPORT
DISTRICT


Charles Adams, President


Don Lahr, Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary

TWELFTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Rent. Effective January 1, 2014 rent is increased to \$10,154.00 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,066.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

2. Extension of Term. District grants Tenant a one (1) year extension of the Lease, commencing January 1, 2014, and expiring on December 31, 2014, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

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

Dated: November 14, 2013

Approved as to content for District

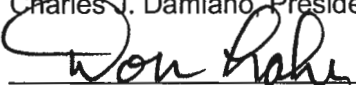

General Manager

Approved as to form for District

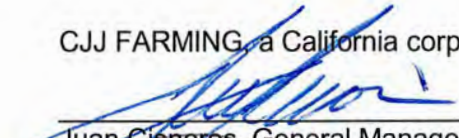

District Counsel

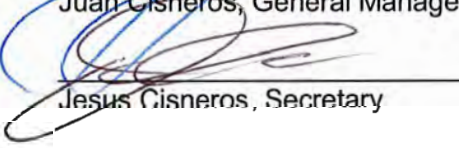
SANTA MARIA PUBLIC AIRPORT
DISTRICT


Charles J. Damiano, President


Don Lahr, Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary

ELEVENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Rent. Effective retroactively to January 1, 2013 rent is increased to \$10,020.00 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,052.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

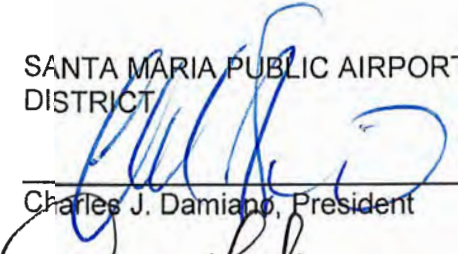
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

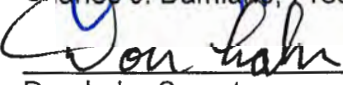
Dated: February 14, 2013

Approved as to content for District


General Manager

SANTA MARIA PUBLIC AIRPORT
DISTRICT

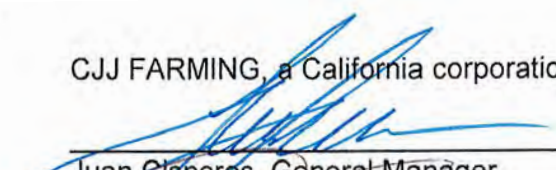

Charles J. Damiano, President

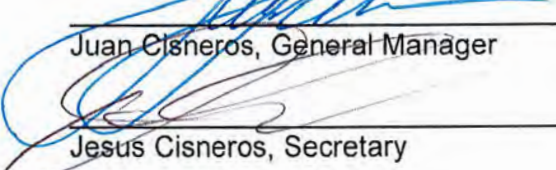

Don Lahr, Secretary

Approved as to form for District


District Counsel

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary

TENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")


The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Extension of Term. District grants Tenant an extension of the Lease, commencing January 1, 2013, and expiring on December 31, 2013, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

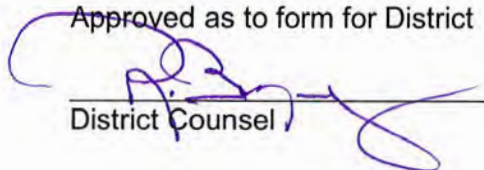
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: December 13, 2012


Approved as to content for District


General Manager

Approved as to form for District


District Counsel

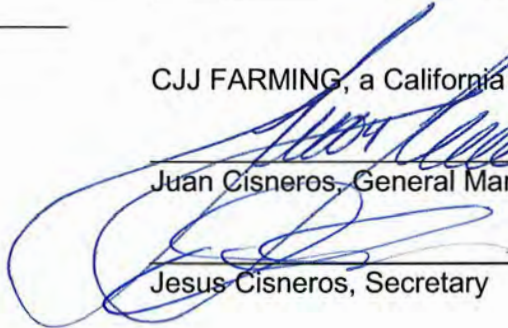
SANTA MARIA PUBLIC AIRPORT
DISTRICT


President


Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary

NINTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Rent. Rent is increased to \$9,820.00 per month, based upon approximately 114.30 acres of land for agricultural/farming at the rate of \$1,031.00 per acre, per year. No water is included in the rent, and District shall have no obligation to provide water to the Premises.

2. Extension of Term. District grants Tenant a nine (9) month extension of the Lease, commencing April 1, 2012, and expiring on December 31, 2012, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

3. Effective April 1, 2012, the Premises will consist of approximately 114.3 acres for agricultural/farming as designated on Exhibit "A" dated April 1, 2012, (hereafter "Exhibit 'A'"). The previous condition of paragraph 1 of the Eighth Amendment of Lease requiring for the 55.54 acre portion to be designated as "grazing is deleted entirely.


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

Dated: March 22, 2012

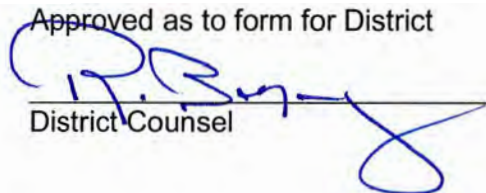
Approved as to content for District

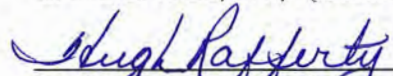

General Manager

SANTA MARIA PUBLIC AIRPORT
DISTRICT

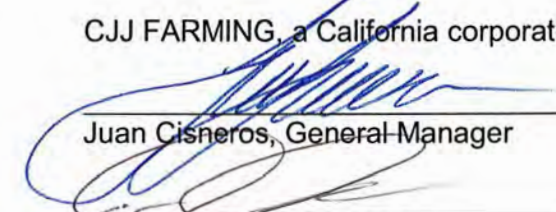

CARL ENGEL, JR., President

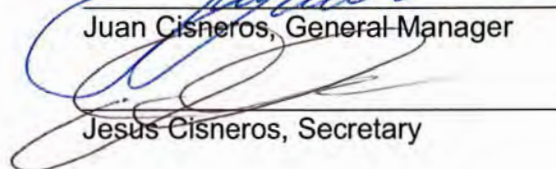
Approved as to form for District

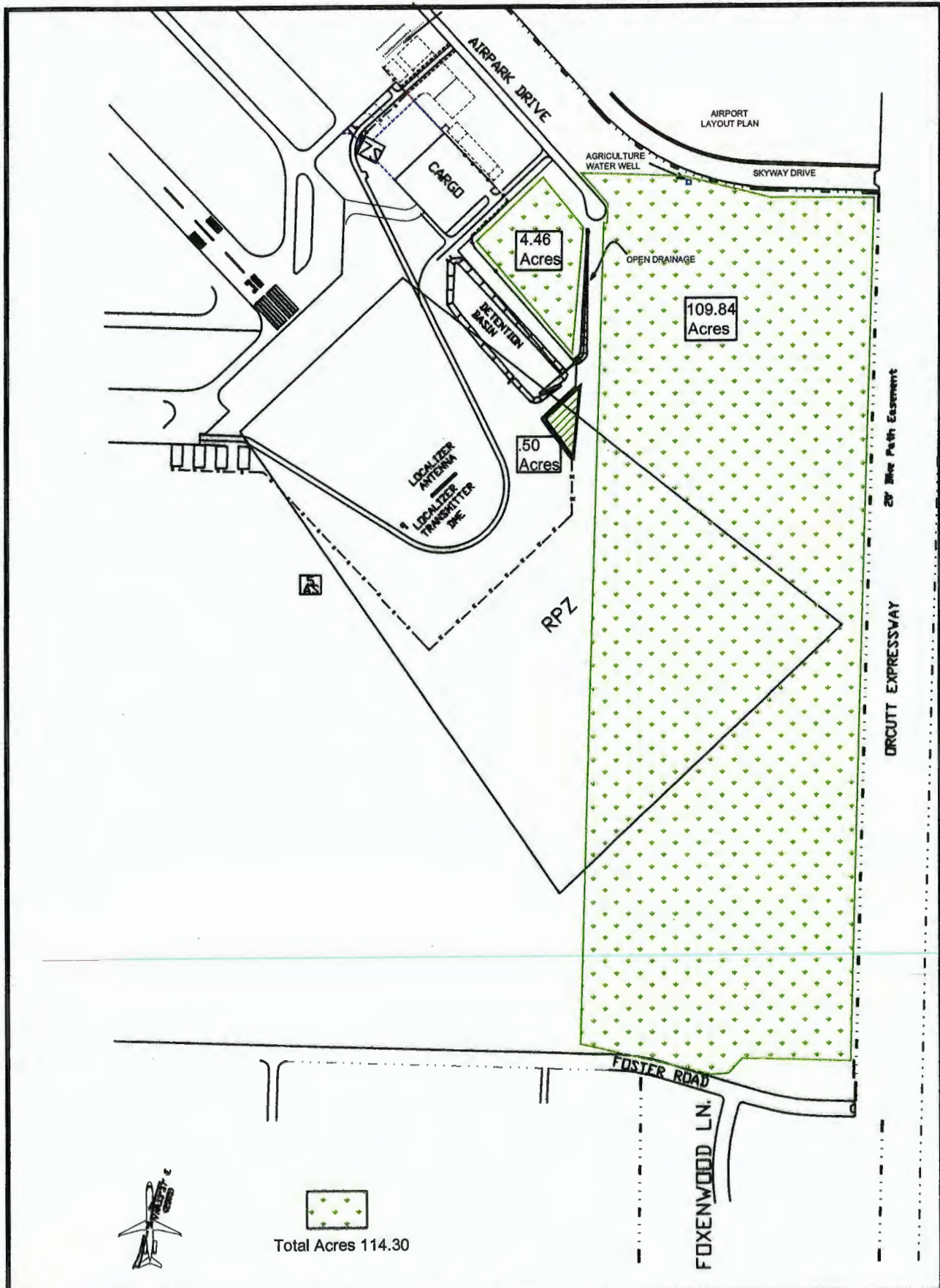

District Counsel



HUGH RAFFERTY, Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary



 <p>SANTA MARIA PUBLIC AIRPORT DISTRICT</p>	<p>3217 TERMINAL DR. SANTA MARIA, CA 93455. (805) 922-1726</p>	<p>REVISIONS</p>		<p>DRAWN BY: RH</p>	<p>APPROVED: BY: _____ DATE: _____</p>	<p>EXHIBIT A CJJ FARMING APRIL 1, 2012</p>	<p>DRAWING NUMBER CJJFARMING</p>
		DATE	BY				
		1/13/12	RH				

EIGHTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Tenant may continue to use the 55.54-acre portion designated as "grazing" on Exhibit "A" dated 3/23/06 (attached to the Third Amendment of Lease), to grow and harvest crops until March 31, 2012.


2. As a condition of the extension of the right to grow crops on the 55.54-acre portion, Tenant shall not allow dust arising from operations on any portion of the entire leased premises to escape from the leased premises ("Fugitive Dust"). Tenant shall take all steps necessary to avoid creating Fugitive Dust, including but not limited to use of a water truck or other method to dampen the ground before plowing or tilling, and/or reschedule dust-creating operations to a less windy day.

3. Tenant shall not plant any trees on the premises without District's prior written consent. Tenant shall prune or remove, at Tenant's sole expense, any trees that constitute a safety hazard to either aviation or others within thirty (30) days of written notice from District to do so.

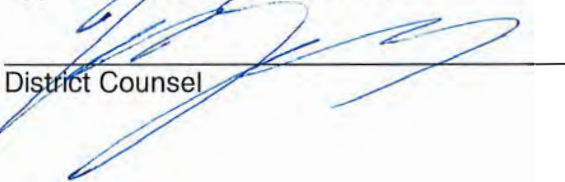
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: May 27, 2010


Approved as to content for District


General Manager

Approved as to form for District


District Counsel

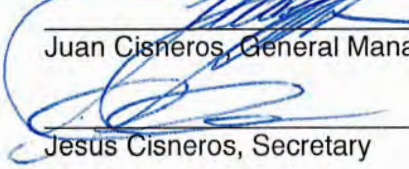
SANTA MARIA PUBLIC AIRPORT
DISTRICT


CARL ENGEL, JR., President


HUGH RAFFERTY, Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary

SEVENTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Tenant may continue to use the 55.54-acre portion designated as "grazing" on Exhibit "A" dated 3/23/06 (attached to the Third Amendment of Lease), to grow and harvest crops until October 31, 2010. All crops must be harvested and removed from the "grazing" portion by October 31, 2010. As of November 1, 2010, only the grazing of livestock (defined as cattle and horses) is permitted on the "grazing" portion.

2. As a condition of the extension of the right to grow crops on the 55.54-acre portion, Tenant shall not allow dust arising from operations on any portion of the entire leased premises to escape from the leased premises ("Fugitive Dust"). Tenant shall take all steps necessary to avoid creating Fugitive Dust, including but not limited to use of a water truck or other method to dampen the ground before plowing or tilling, and/or reschedule dust-creating operations to a less windy day.

3. Tenant shall not plant any trees on the premises without District's prior written consent. Tenant shall prune or remove, at Tenant's sole expense, any trees that constitute a safety hazard to either aviation or others within thirty (30) days of written notice from District to do so.

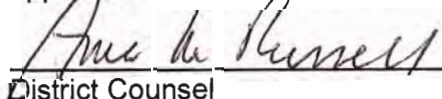
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: October 8, 2009

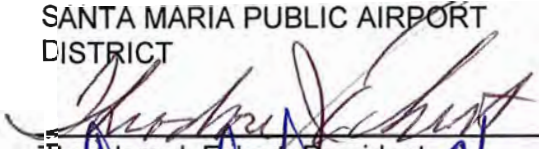
Approved as to content for District

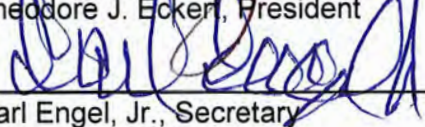

General Manager

Approved as to form for District

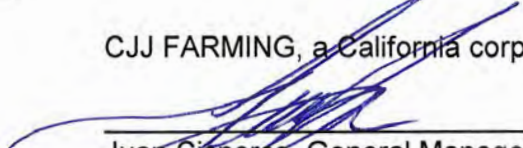

District Counsel

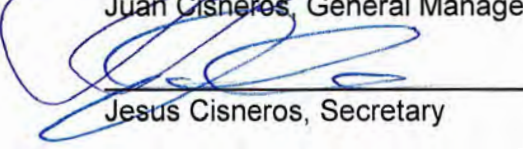
SANTA MARIA PUBLIC AIRPORT
DISTRICT


Theodore J. Ecker, President


Carl Engel, Jr., Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary

SIXTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Tenant may continue to use the 55.54-acre portion designated as "grazing" on Exhibit "A" dated 3/23/06 (attached to the Third Amendment of Lease), to grow and harvest crops until October 31, 2009. All crops must be harvested and removed from the "grazing" portion by October 31, 2009. As of November 1, 2009, only the grazing of livestock (defined as cattle and horses) is permitted on the "grazing" portion.

2. As a condition of the extension of the right to grow crops on the 55.54-acre portion, Tenant shall not allow dust arising from operations on any portion of the entire leased premises to escape from the leased premises ("Fugitive Dust"). Tenant shall take all steps necessary to avoid creating Fugitive Dust, including but not limited to use of a water truck or other method to dampen the ground before plowing or tilling, and/or reschedule dust-creating operations to a less windy day.

3. Tenant shall not plant any trees on the premises without District's prior written consent. Tenant shall prune or remove, at Tenant's sole expense, any trees that constitute a safety hazard to either aviation or others within thirty (30) days of written notice from District to do so.

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

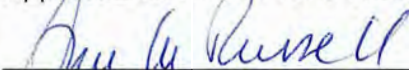
Dated: November 13, 2008

Approved as to content for District



General Manager

Approved as to form for District




District Counsel

SANTA MARIA PUBLIC AIRPORT
DISTRICT

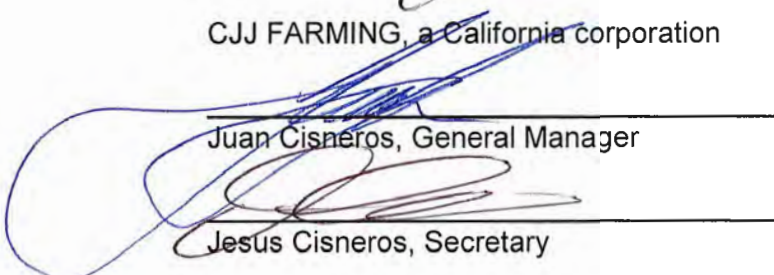


Donald A. Lahr, President



Theodore J. Eckert, Secretary

CJJ FARMING, a California corporation



Juan Cisneros, General Manager

Jesus Cisneros, Secretary

FIFTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

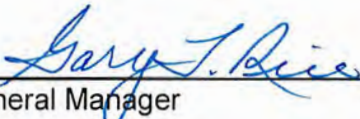
The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Tenant may continue to use the 55.54-acre portion designated as "grazing" on Exhibit "A" dated 3/23/06 (attached to the Third Amendment of Lease), to grow and harvest crops until October 31, 2008. All crops must be harvested and removed from the "grazing" portion by October 31, 2008. As of November 1, 2008, only the grazing of livestock (defined as cattle and horses) is permitted on the "grazing" portion.

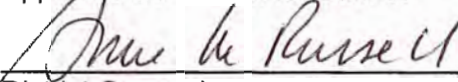
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: October 11, 2007

Approved as to content for District

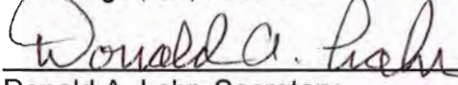

General Manager

Approved as to form for District

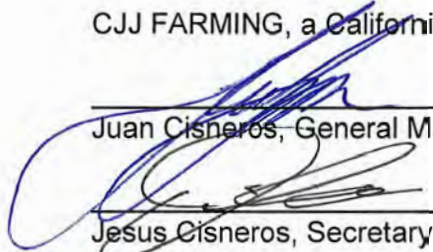

District Counsel

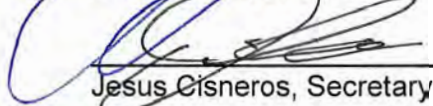
SANTA MARIA PUBLIC AIRPORT
DISTRICT


Carl Engel, Jr., President


Donald A. Lahr, Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary

FOURTH AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective immediately, as follows:

1. Tenant may continue to use the 55.54-acre portion designated as "grazing" on Exhibit "A" dated 3/23/06 (attached to the Third Amendment of Lease), to grow and harvest crops until October 31, 2007. All crops must be harvested and removed from the "grazing" portion by October 31, 2007. As of November 1, 2007, only the grazing of livestock (defined as cattle and horses) is permitted on the "grazing" portion.

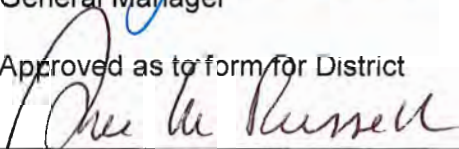
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: September 28, 2006

Approved as to content for District
DISTRICT

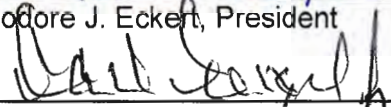

General Manager

Approved as to form for District


District Counsel

SANTA MARIA PUBLIC AIRPORT


Theodore J. Eckert, President


Carl Engel, Jr., Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager

Jesus Cisneros, Secretary

THIRD AMENDMENT OF LEASE

Re: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000 between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport, as extended ("Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT, ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease effective as set forth below, as follows:

1. Effective retroactively to February 1, 2006, the Premises are increased by 1.9 acres for agricultural/farming. Effective April 1, 2006, Exhibit "A" dated January 12, 2006, is deleted in its entirety, and Exhibit "A" dated March 23, 2006 is substituted in its place. Effective April 1, 2006, the Premises will consist of approximately 114.3 acres (58.76 acres for agricultural/farming and 55.54 acres for grazing) as designated on Exhibit "A" dated March 23, 2006 (hereafter "Exhibit 'A'").


The 55.54-acre portion designated as "grazing" on Exhibit "A" may be used to grow and harvest crops until October 31, 2006. All crops must be harvested and removed from the grazing portion by October 31, 2006.

2. Condition 5.c of the Second Amendment of Lease requiring Tenant to remove the pump house is deleted in its entirety.

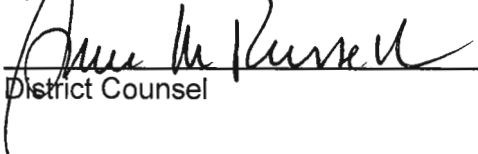
All of the terms, covenants, conditions, and provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: March 23, 2006

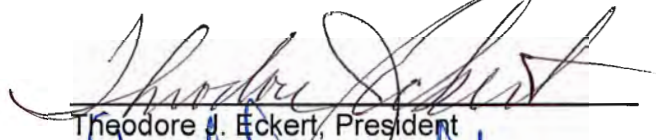
Approved as to content for District
DISTRICT

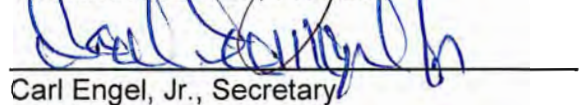

General Manager

Approved as to form for District

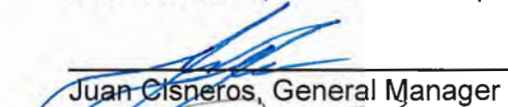

District Counsel

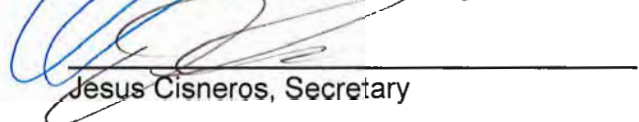
SANTA MARIA PUBLIC AIRPORT

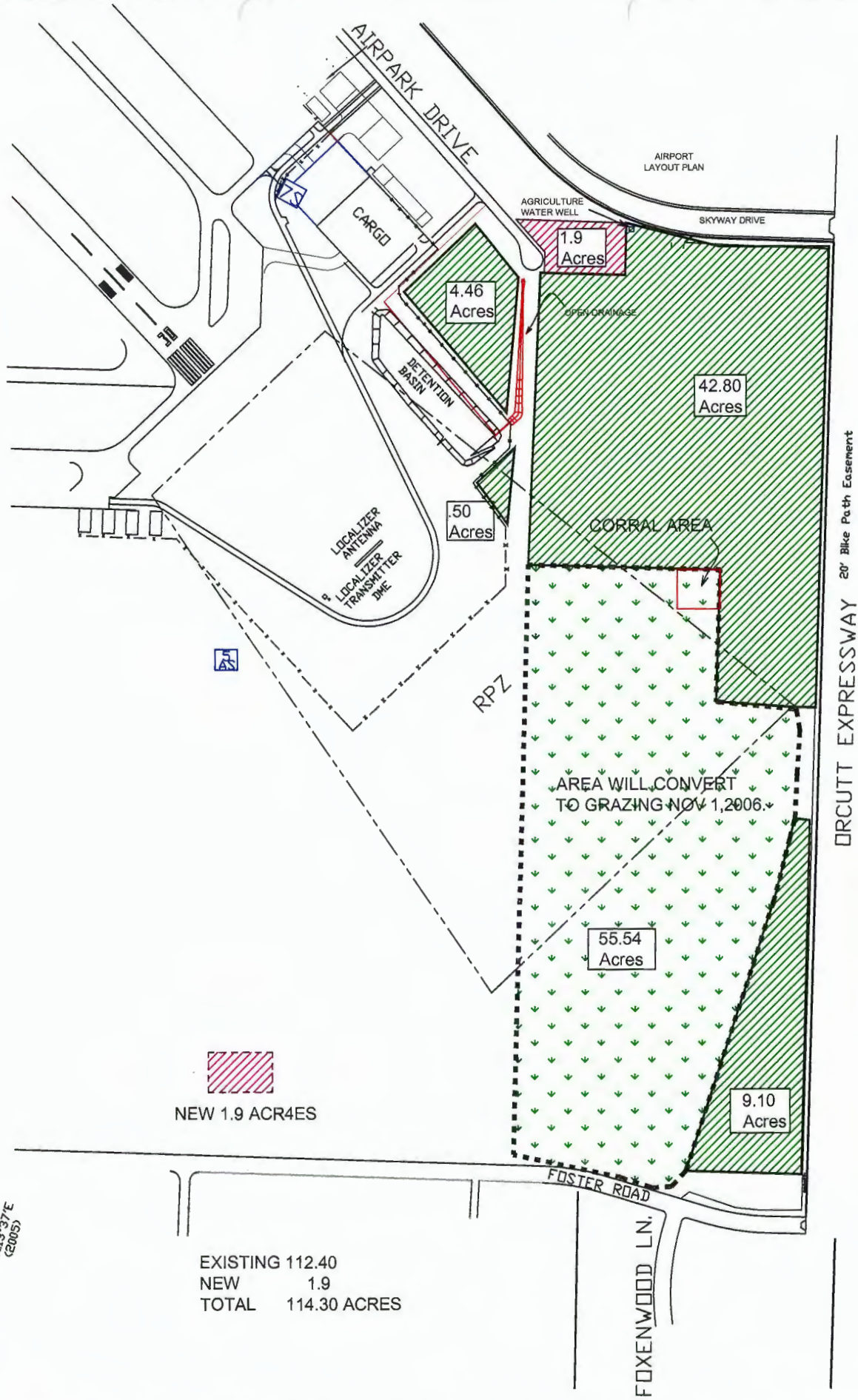

Theodore J. Eckert, President


Carl Engel, Jr., Secretary

CJJ FARMING, a California corporation


Juan Cisneros, General Manager


Jesus Cisneros, Secretary



NEW 1.9 ACRES

EXISTING 112.40
NEW 1.9
TOTAL 114.30 ACRES



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

REVISIONS	
DATE	By
3/21/06	RH

DRAWN BY:
RH

LEASE DATED:
3/23/06

EXHIBIT A
CJJ FARMING

DRAWING NUMBER
CJJFARMING
SHEET 1 OF 1

SECOND AMENDMENT OF LEASE

RE: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000, between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport (the "Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease, effective March 31, 2006, as follows:

1. **Extension of Term.** The Lease shall be extended for six (6) years, commencing on April 1, 2006, and ending on March 31, 2012, unless sooner terminated pursuant to the terms of this Lease.

2. **Change in Premises/Conversion of Portion from Farming to Grazing Effective November 1, 2006.** Exhibit "A" attached to the original Lease and Exhibit "A" dated September 1, 2004 attached to the First Amendment of Lease are deleted in their entirety and Exhibit "A" dated January 12, 2006 attached and incorporated by this reference is substituted in their place. The Premises now consist of approximately 112.4 acres (56.86 for agricultural/farming and 55.54 for grazing), as designated on Exhibit "A" dated January 12, 2006 (hereafter "Exhibit 'A'").

The 55.54-acre portion designated as "grazing" on Exhibit "A" may be used to grow and harvest crops until October 31, 2006. All crops must be harvested and removed from the grazing portion by October 31, 2006.

3. **Permitted Uses/Grazing Added.** The Permitted Uses in Paragraph 6 of the Lease are amended to allow grazing by cattle and horses on the portion designated as "grazing" on Exhibit "A". As of November 1, 2006, only the grazing of livestock (defined as cattle and horses) is permitted on the grazing portion.

4. **Rent Increase.** Effective April 1, 2006, the rent is increased to \$700 per acre per year, payable quarterly in advance on the first day of January, April, July and October of each year. Once the portion designated as "grazing" on Exhibit "A" is converted to grazing, the rent for those 55.54 acres shall be reduced to \$10 per acre per year. Effective July 1, 2007, and annually thereafter on July 1 of each calendar year, each per-acre rental rate shall be adjusted upwards, but not downwards, by the percentage proportion of the change in the Consumer Price Index, All Items, 1982-84 = 100, Los Angeles-Anaheim-Riverside, For All Urban Consumers (the "CPI") published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the most recent twelve-month period available before the adjustment date.

5. **Conditions.** The following are conditions to the continuance of this Lease, which Tenant shall perform, at Tenant's sole cost and expense, unless otherwise specified:

a. Tenant shall maintain sufficient livestock on the grazing portion of the Premises so that vegetation does not create a fire hazard or require mowing.

b. Tenant shall relocate the existing fuel tank in accordance with all laws, ordinances and regulations, and with all required permits, to the Premises, at a location approved by District's General Manager. Tenant shall (i) test the soil surrounding the existing fuel tank to

determine whether any contamination exists, and (ii) remediate any contamination. Tenant shall do both the testing and the remediation to the satisfaction of District and any regulatory agency having jurisdiction. Tenant shall remove the concrete beneath the existing fuel tank and dispose of it legally off Airport.

c. Tenant shall raze the existing pump house and dispose of the debris legally off Airport. Tenant may replace the pump house with a new structure, conditioned on the District's General Manager's prior approval of the location, design and appearance.

d. Tenant shall maintain the ditch east of the detention basin to the satisfaction of District's General Manager.

e. Tenant shall plant grass for grazing in the acreage designated for grazing as soon as the last crop is harvested.

f. Tenant shall obtain the approval of the District's General Manager prior to constructing any improvements or structures on the Premises, including, but not limited to, a new pump house, a strawberry stand, corral and/or fences.

g. Tenant shall fence the grazing area from the agricultural area and from the rest of the Airport to the satisfaction of District's General Manager, and maintain those fences. District will mark the location for the fences. Tenant shall not allow any gate to be left open unless it is attended in such a manner as to prevent the escape of livestock or unattended entry by livestock onto roads or property of the Airport or others.

6. **Prohibited Uses.** In addition to the uses prohibited in Paragraph 7 of the Lease, Tenant shall not use or permit use of the Premises or the Airport, or any portions thereof for any of the following purposes:

a. Retail sale of livestock.

b. Grazing by or pasturing of livestock not owned by Tenant. Tenant shall provide District with all brands registered to Tenant.

c. Conduct a feedlot operation or provide any fenced enclosure specifically for the purpose of feeding livestock, except feeding on naturally growing ground cover is permitted.

d. Irrigation of grazing portion after initial grass is established.

e. Permit any residential use or overnight camping or occupancy.

f. Any use other than the permitted uses.

7. **Insurance.** The insurance requirements of Paragraph 13 of the Lease are amended to substitute the following coverages and liability limits:

a. Comprehensive commercial general liability insurance, including public liability, property damage liability, bodily injury and death liability, and contractual liability with the following minimum liability limits: combined single limit of at least \$1,000,000 per occurrence.

b. Automobile liability insurance and farm equipment liability insurance for all equipment and vehicles used on the Airport with a combined single limit of bodily injury and property damage liability of at least \$300,000 per person and \$500,000 for each occurrence.

8. **Strawberry Stand/Approvals/Percentage Rent/District Right to Audit.** Tenant may establish a strawberry stand on the Premises, subject to the District's General Manager's prior approval of the structure's size, design, appearance and location, and subject further to the City of Santa Maria's approval of such a use and structure and conditioned on compliance with all terms and conditions of approval.. In the event a strawberry stand is approved and constructed by Tenant, the prohibition against retail sale of any crop produced on the Premises in Paragraph 7(a) shall be deemed deleted. If permitted by the City of Santa Maria, Tenant shall also have the right to sell fruits and vegetables grown by Tenant at other locations at the strawberry stand. Tenant shall pay District six percent (6%) of the gross sales conducted on or from the Premises each calendar month, as additional rent for the Premises, on or before the 25th day of the month following the month for which the sales occurred. District shall have the right to audit Tenant's books and records, at any time, to verify the reported sales and percentage rent payment. Tenant shall make its books and records available at District's offices within ten (10) calendar days after receipt of District's notice of exercise of right to audit books. Tenant shall immediately pay District any additional percentage rent determined to be due by the audit, plus ten percent (10%) interest from the date due until the date paid. In the event Tenant has understated its percentage rent by five percent (5%) or more, Tenant shall pay District for all costs of the audit. If Tenant understates its percentage rent more than twice in any twelve-month period, or violates any terms or conditions of any permit or approval for the strawberry stand, District shall have the right to require Tenant to remove the strawberry stand and cease retail sales from the Premises.

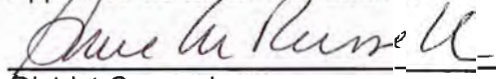
All of the terms, covenants, conditions, provisions and agreements of said Lease, as amended herein, shall remain in full force and effect.

Dated: January 12, 2006


Approved as to content for District:

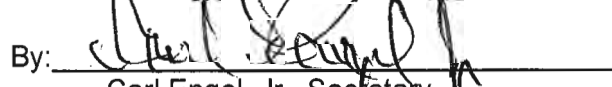

General Manager

Approved as to form for District:


District Counsel


SANTA MARIA PUBLIC AIRPORT DISTRICT

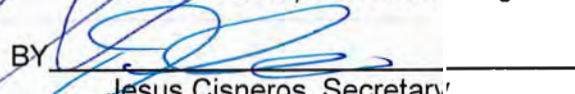
By: 
Theodore D. Eckert, President

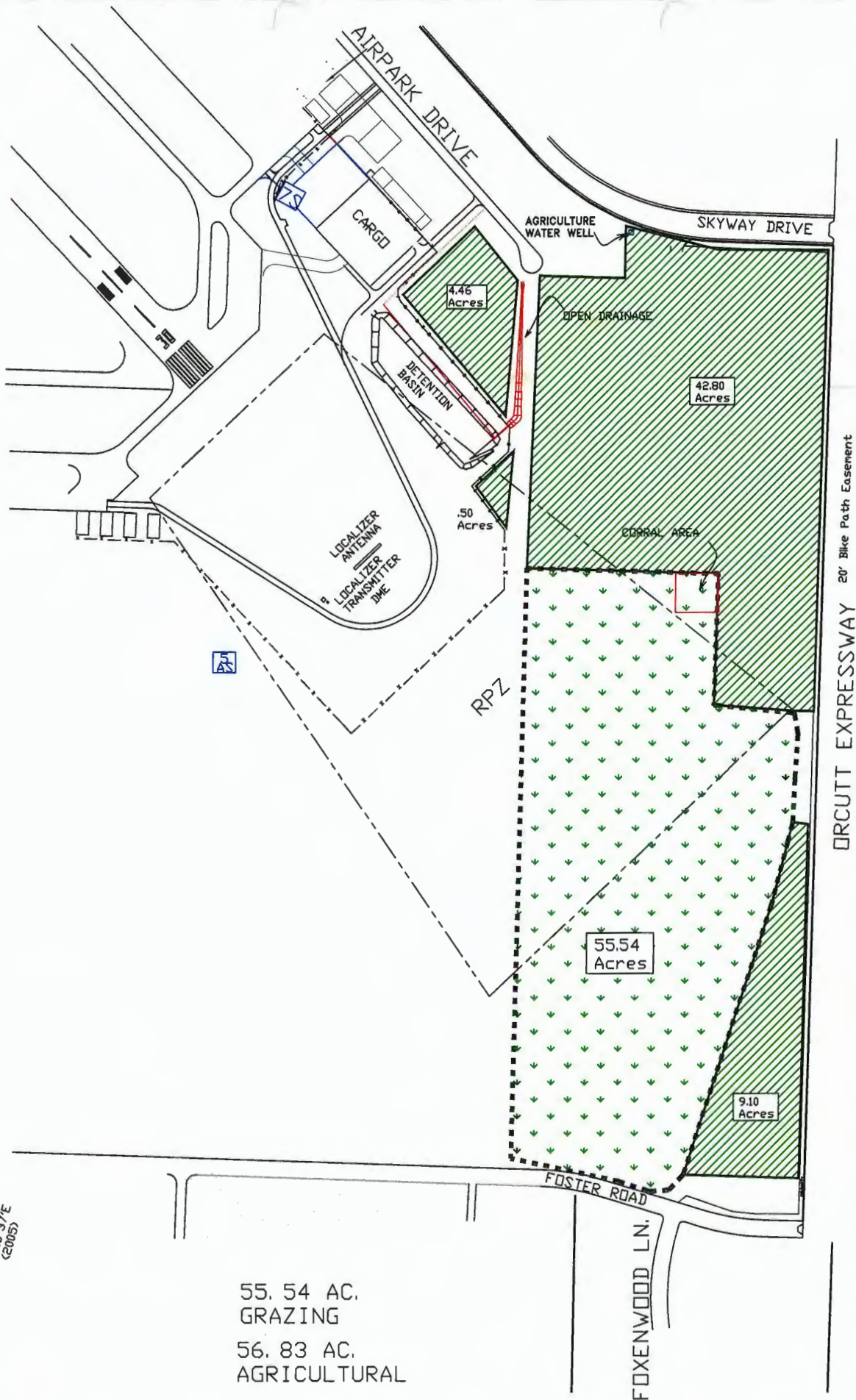
By: 
Carl Engel, Jr., Secretary

TENANT:

CJJ FARMING, a California corporation

By: 
Juan Cisneros, General Manager

BY: 
Jesus Cisneros, Secretary



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

REVISIONS	
DATE	BY
2/16/05	RH

DRAWN BY: *AK*

APPROVED:

BY: _____
DATE: _____

EXHIBIT A
CJJ FARMING

DRAWING NUMBER
CJJFARMING
SHEET 1 OF 1

1/12/06

1. ST AMENDMENT OF LEASE

RE: Land Lease (Farming) dated April 13, 2000, commencing retroactively on April 1, 2000, between SANTA MARIA PUBLIC AIRPORT DISTRICT and CJJ FARMING, a California corporation, covering land at the Santa Maria Public Airport (the "Lease")

The undersigned, SANTA MARIA PUBLIC AIRPORT DISTRICT ("District") and CJJ FARMING, a California corporation ("Tenant") do hereby agree to amend the above-referenced Lease, effective September 1, 2004, as follows:

1. Effective September 1, 2004, the premises are reduced to 103 acres, by eliminating Section B (14.97 acres) from the original 117.97 acres, to facilitate District's construction of an air cargo ramp. The premises are shown on the plot plan marked Exhibit "A" dated September 1, 2004, attached and incorporated by this reference.

2. On or before August 31, 2004, Tenant shall remove all crops, plastic sheeting, irrigation system, including the main irrigation pipeline, equipment and other property from the premises at Tenant's sole cost and expense.

3. Since Tenant has paid the quarterly rent payment of \$19,170.13 due on July 1, 2004, (in advance for the months of July, August and September 2004,) Tenant shall be entitled to a one month's rent credit in the amount of \$810.88 for the acreage removed effective September 1, 2004 ($\$650/\text{acre}/\text{year} \times 14.97 \text{ acres} = \$9,730.50 \div 12 \text{ months} = \$810.88/\text{month}$). The quarterly rent payment, due October 1, 2004 shall be reduced by the rent attributable to the 14.97 acres. The quarterly rent payment shall be \$15,926.62 ($103 \text{ acres} \times \$650/\text{acre}/\text{year} = \$66,950 \div 4 \text{ quarters} = \$16,737.50 - \$810.88 \text{ rent credit}$). The quarterly rent payment due January 1, 2005, and subsequent quarterly rent payments shall be \$16,737.50 ($103 \text{ acres} \times \$650/\text{acre}/\text{year} = \$66,950 \div 4 \text{ quarters} = \$16,737.50$).


4. Tenant shall have the option, good for thirty (30) days after notice from District that construction of the air cargo ramp is complete, to lease approximately 4.46 acres of land remaining after construction of the air cargo facility, under the same terms and conditions of the Lease. Rent shall remain at \$650/acre/year. A written amendment to the Lease is required before Tenant may farm the land.

5. Tenant shall, at Tenant's sole cost and expense, if Tenant exercises its option to lease the 4.46 acres, reinstall the main irrigation pipeline and irrigation system.

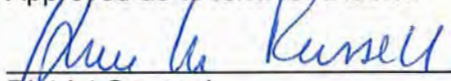
All of the terms, covenants, conditions, provisions and agreements of said Lease, as amended herein, shall remain in full force and effect.

Dated: July 22, 2004

Approved as to content for District:


General Manager

Approved as to form for District:


District Counsel

SANTA MARIA PUBLIC AIRPORT DISTRICT

By: 

James S. Klucker, President

By: 

Carl Engel, Secretary

TENANT:

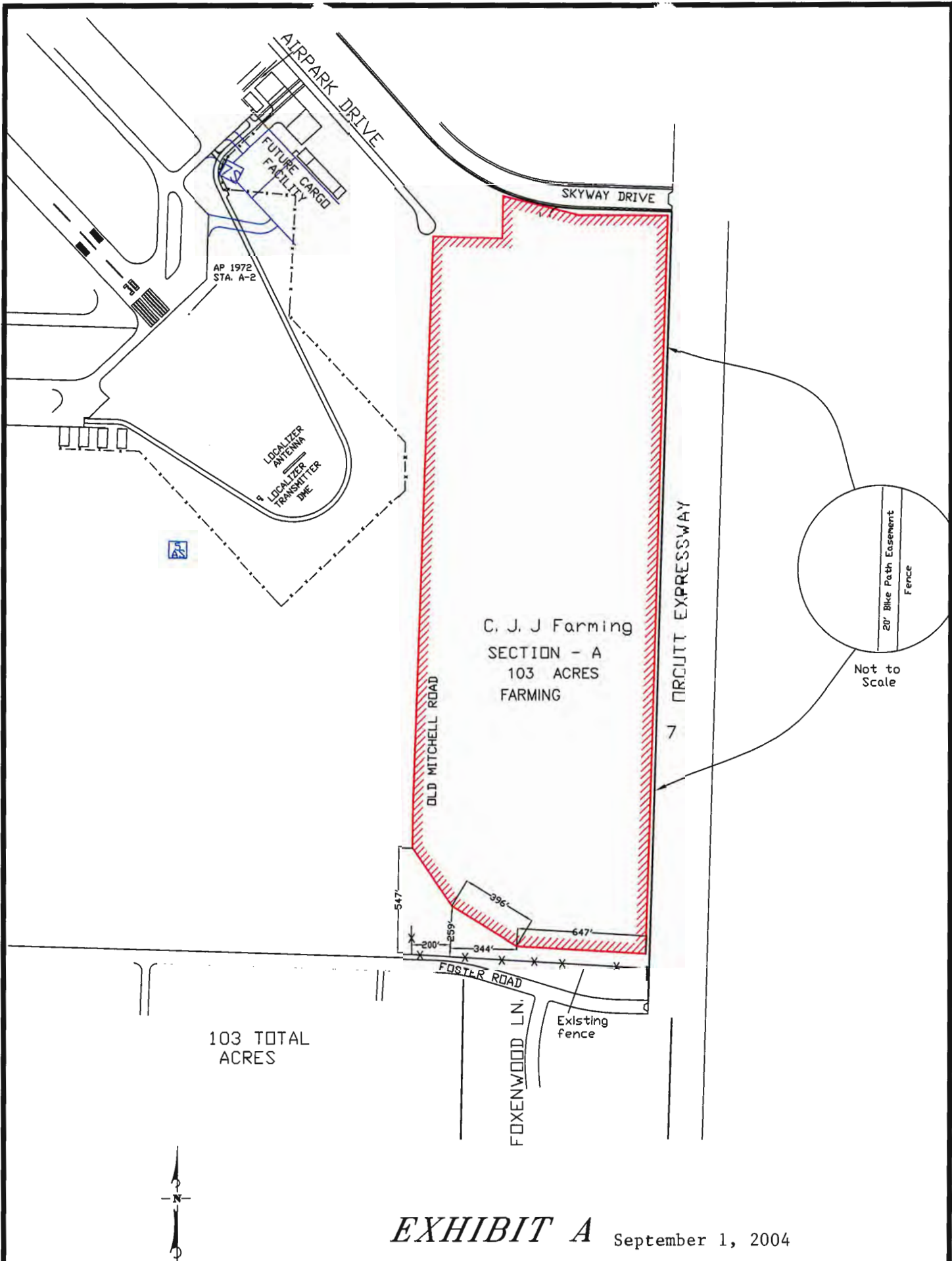
CJJ FARMING, a California corporation

By: 

Juan Cisneros, General Manager

BY: 

Jesus Cisneros, Secretary



SANTA MARIA PUBLIC AIRPORT DISTRICT
3217 TERMINAL DRIVE SANTA MARIA, CA 93455

CJJ FARMING

DRAWING
CJJFARMING

LAND LEASE
(Farming)

THIS LEASE, dated April 13, 2000, and commencing retroactively on April 1, 2000, is made and executed by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public district of the State of California (herein called "District") and CJJ FARMING, a California corporation, (herein called "Tenant").

1. Leased Premises. District hereby leases to Tenant, and Tenant hires from District, for the term and rents, upon the terms, conditions and covenants, subject to the reserved rights and easements hereinafter set forth, the real property at the Santa Maria Public Airport (the "Airport") in Santa Maria, California, consisting of approximately 117.97 acres, as shown on Sections A (103 acres) and B (14.97 acres) on the plot plan marked Exhibit "A" attached hereto and made a part hereof, together with those appurtenances specifically granted in this lease (herein referred to as the "premises" or "leased premises"). The premises do not include a 35-foot wide strip inside the fence along Orcutt Expressway from Skyway Drive to Foster Road which will be used by the City of Santa Maria for a 15-foot temporary easement for construction of a bikeway and a 20-foot wide permanent bikeway easement, nor areas formerly leased for farming which will be developed as part of the first phase of the District's Research Park along Foster Road.

Neither District nor Tenant shall have any obligation to construct a new fence to mark the boundaries of the premises, but either party may do so; provided Tenant shall comply with the provisions of Paragraph 14. Alterations. After construction of the bikeway, the parties shall amend this lease to include the 15-foot temporary easement and acreage and rent shall be proportionately increased through the amendment. Tenant shall have no right to plant crops in the temporary easement area until this agreement has been amended in writing.

2. Lease Term. The term of this lease shall be for a six-year (6) period commencing on April 1, 2000, and expiring, unless sooner terminated as hereinafter provided, at midnight on March 31, 2006, (herein referred to as the "lease term"). The words "term of this lease" or "lease term" or "term", as used in this lease, mean and include the term of this lease.

3. Tenant Agreements. Tenant shall:

(a) remove all trees and tree stumps on the premises by November 1, 2000;

EXECUTION COPY

(b) laser-plane the entire premises to maximize the premises potential for farming by February 1, 2001, and

(c) consolidate all farming and operating equipment on the premises into one (1) location approved by District's General Manager, by May 1, 2000.

4. District's Right to Terminate. District may terminate this lease upon sixty (60) days written notice to Tenant if District determines that irrigation of the leased premises is contributing to soil saturation/liquefaction beneath the Airport operating pavements. District shall refund a pro rata portion of any prepaid rent.

Notwithstanding any other provisions contained in this lease, District shall have the right to terminate this lease agreement in the event District (i) intends to sell the leased premises or any portion thereof, or (ii) intends to lease to others the leased premises or any portion thereof for any use or purpose other than raising strawberries or other crops or (iii) desires to use the leased premises or any portion thereof for airport or aeronautical purposes, or any purpose other than the permitted uses as specified in paragraph 5; or (iv) desires to develop the leased premises or any portion thereof for commercial or industrial purposes or related infrastructure; provided District shall have given Tenant written notice of the exercise of such right at least six (6) months prior to the date as of which such termination is to be effective. Thereupon the term of this lease shall expire and come to an end on such date, as fully and completely as if that date were the day definitely fixed for expiration of the term.

5. Rent.

(a) Tenant shall pay to District as rent for the leased premises \$600 per acre, per year, prorated through September 30, 2000; \$625 per acre per year from October 1, 2000 to March 31, 2003; and \$650 per acre per year from April 1, 2003 through March 31, 2006. The rent is payable quarterly in advance on the first day of January, April, July, and October each year (in the amount of \$17,695.50 per each quarter through September 30, 2000; in the amount of \$18,432.81 per quarter from October 1, 2000 to March 31, 2003 and \$19,170.13 per quarter from April 1, 2003 to March 31, 2006. At such time as the temporary easement area is available for planting, these rents shall be increased to include the additional land.

(b) Payment. Rent is payable without prior notice or demand, or without deduction or offset at District's office at 3217 Terminal Drive,

Santa Maria, California 93455 or such other address as District may direct Tenant in writing.

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

6. Permitted Uses of Premises. Tenant shall use the leased premises only for raising strawberries and other fruit and vegetable crops and for equipment storage related to the raising of crops on the premises. Tenant shall not use the premises or any portion thereof for any other purposes. Nothing contained herein shall be deemed to give Tenant exclusive rights at the Airport in connection with any of the permitted uses herein. No active roadways are included within the premises.

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

(a) Retail sale of any crop or product produced on the premises.

(b) Use any portion of the Airport contrary to or in violation of the directives, rules or regulations of the District.

(c) Store on the premises or elsewhere on the Airport any property or articles, or conduct any activities or operations which are not directly related or incident to the permitted uses in paragraph 5 of this lease.

(d) Erect any structure except fences and gates on the premises, or plant any trees on the premises.

(e) Store hazardous or toxic materials in quantities greater than ten (10) gallons, except with a safety plan approved by the City of Santa Maria Fire Department and after issuance of appropriate permits.

(f) Use or locate on the premises any material which would cause sunlight to be reflected toward an aircraft on initial climb or final approach.

(g) Any use or activity which will generate smoke or attract large concentrations of birds or which may otherwise affect safe air navigation.

(h) Any use or activity which will generate dust. Tenant shall be immediately responsive to the requests of District to abate dust nuisance. If the Tenant is not responsive to District's request, the District shall rectify the situation at the sole expense of Tenant.

(i) Any use or activity which would direct steady or flashing lights at aircraft during initial climb or final approach.

(j) No livestock or animals of any nature shall be kept, maintained, stored or otherwise be present on the premises.

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

9. Utilities. District shall have no responsibility to provide utilities or utility extensions of any kind to the premises, and any such extension by Tenant shall be at Tenant's sole cost and expense after consent by District as provided in Paragraph 14 herein.

10. Taxes, Licenses. Tenant shall pay before delinquency any and all taxes, (including real property taxes) assessments, fees or charges, including possessory interest taxes, which may be imposed, levied or assessed upon any leasehold or possessory interests of Tenant, and personal property, improvements or fixtures owned, controlled or installed by Tenant and used or located on the Airport or Tenant's business. Tenant acknowledges that by entering into this lease, a possessory interest, subject to taxation, may be created. Tenant agrees to pay all such taxes. Tenant shall also secure and maintain in force during the term of this lease all licenses and permits necessary or required by law for the conduct of Tenant's business or operations.

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

12. Indemnity. Tenant shall defend (with counsel acceptable to District), indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the and Leased Premises ("District, etc.") at all times from and against any and all proceedings, liens, actions, penalties, liabilities, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District, etc. may incur, sustain or be subjected to (collectively referred to hereinafter as "Liabilities, etc.") arising out of or in any way connected with: the acts or omissions of Tenant or its officers, agents, employees, guests, customers, visitors or invitees; or Tenant's operations on, or use or occupancy of, the premises. The foregoing indemnification excludes only liability or loss caused by the sole active negligence of District or its willful misconduct. However, Tenant shall indemnify and hold "District, etc." harmless from and against any "Liabilities, etc." including third party claims, environmental requirements and environmental damages (as defined in Exhibit "B", Hazardous Material Definitions) costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Leased Premises or the improvements thereon or District's property or improvements in the vicinity of the Leased Premises) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal (collectively referred to herein as "Release")

of any toxic or hazardous materials (defined in Exhibit "B") which occurs in, on or about the Leased Premises as the result of any of Tenant's activities or the activities of any of Tenant's agents, employees, invitees, licensee, guests, successors or assigns, on the Leased Premises or the Airport. Tenant shall notify District immediately of any "release, etc." of any toxic or hazardous material on the Leased Premises.

13. Insurance. Tenant shall secure and maintain, without cost to District, in full force and effect at all times during the term of this lease, the following types and amounts of insurance:

Comprehensive public liability and property damage insurance, including bodily injury liability, property damage liability and contractual liability, with the following minimum liability limits: Combined single limit of liability of at least \$300,000 for each accident or occurrence.

District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District. Tenant shall provide District with copies of all insurance certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be cancelled or coverage reduced except after thirty (30) days' written notice to District. The liability limits of all insurance specified above may be increased at the option of District upon giving Tenant at least thirty (30) days' prior written notice of the increased limits. Tenant shall also provide District with an endorsement for the contractual liability insurance.

14. Alterations; Removal of Tenant-Installed Property. Except as expressly permitted herein, Tenant shall make no alterations, additions or improvements on the premises or otherwise at the Airport without District's prior written consent. Tenant may make improvements suitable for the uses contemplated herein. All equipment and facilities installed by Tenant shall be installed and used in compliance with local, state and federal laws, ordinances, regulations and codes applicable thereto. All alterations, additions or improvements made by Tenant at the Airport shall, unless District elects otherwise as hereinafter provided, become the property of District. If District elects (upon written notice to Tenant of such election given prior to or within thirty (30) days of the expiration or termination of this lease) that all or a designated portion of the alterations, additions, or improvements made by Tenant shall be removed by and at expense of Tenant, then Tenant shall at Tenant's expense remove (within 30 days after such notice) such alterations, additions or improvements, or such portion thereof designated by District,

restore District's property to at least its former condition and repair any damage resulting from such removal.

15. Airport Facilities. Tenant's automobiles and other vehicles of Tenant and Tenant's employees and business invitees shall be parked, loaded and unloaded only on the premises. Tenant agrees to observe, obey and abide by all directives, rules and regulations for maintenance and conduct of Tenant's operations at the Airport, which may hereafter be imposed by District's board of directors, Federal Aviation Administration, City of Santa Maria, or any other governmental agency having jurisdiction over the subject matter. Tenant shall not store any supplies, materials, or vehicles on the premises or the Airport without the prior written consent of District's General Manager. District has no obligation to provide security guards, lighting or fencing. Tenant is specifically denied access to the runways and taxiways.

16. Compliance With Laws. Tenant will abide by and comply with all applicable and valid laws, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, any and all regulations concerning air quality and/or water quality, fire and/or occupational safety, or accessibility which may apply to the conduct of Tenant's business at the Airport.

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

17. Use of Hazardous Material. Tenant may not make any application of any pesticide, herbicide, rodenticide, fungicide or potentially hazardous material except under the direct supervision of a certified pest control operator, pest control applicator, or qualified applicator, whichever is appropriate to the material being applied and the process used to apply it. No hazardous material may be used on the premises except by a person who is able to read and understand attached labels and precautions.

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

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

20. Acceptance; Surrender. By entry hereunder, Tenant accepts the premises as being in good order and condition for its permitted use and agrees on the last day of term hereof or sooner termination to surrender to District forthwith the premises in the same condition as when received, damage by acts of God or by the elements excepted, subject to the provisions of paragraph 13.

21. Condemnation. In the event of any taking or damage of all or any part of the premises or any interest therein by reason of any exercise of the power of eminent domain, whether by a condemnation proceeding or otherwise, or any transfer of all or any part of the premises or any interest therein made in avoidance of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as "appropriation") during the term of this lease, this lease shall terminate as of the date of such appropriation, the rental shall be prorated to the date of termination, District shall be entitled to the entire award made with respect to such appropriation, and Tenant hereby assigns to District all of Tenant's interest, if any, in such award.

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

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

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

(c) Dissolution or liquidation of Tenant of all or substantially all of its assets.

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

23. Additional Remedies of District. In addition to any other remedy District may have under this agreement or by operation of law, District shall have the right, in the event of Tenant's nonpayment of rentals reserved under this lease, or in the event of any other default by Tenant in the performance or observance of any of the terms or condition of this lease, or if Tenant shall abandon or vacate the premises, to terminate this lease upon written notice to Tenant and reenter the premises and eject all persons and remove all property, other than District's property, from the premises or any part of the premises. Any property removed from the premises upon reentry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and District shall have no liability therefor.

24. Irrigation. Tenant agrees that Tenant will permit and utilize only drip system means to irrigate strawberry plants or other crops on the leased premises. Tenant may use sprinkler systems to prepare the premises for planting.

25. Use of Well 3 and Existing Reservoir and Piping. Tenant shall have the non-exclusive right to use reasonable quantities of water from Well 3. Tenant shall use the water only for irrigation of crops on the premises. Tenant shall maintain the existing water pumping, storage and distribution system in good and sanitary order, free of leaks. Tenant shall test the watertight integrity of the storage and distribution system once each calendar quarter during the months of October, January, April, and July for each year of the term of this lease. Any leakage exceeding 100 gallons per day will be repaired within seven (7) days of such leak detection. All other leaks shall be repaired, if economically feasible, within a reasonable period of time.

26. Notices. All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and to Tenant at 1204 W. Cook St., Santa Maria, California 93454. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

27. Nuisance. Tenant shall not commit, or suffer or permit waste, excessive noise, obnoxious odors, excessive dust or any other nuisance on the leased premises constituting an unreasonable interference with other District tenants or persons using the Airport.

28. Assignment, Subletting and Encumbering. Tenant shall not assign, mortgage, encumber or grant control of this lease or any interest, right or privilege herein or sublet the whole or any portion of the Leased Premises or license or grant concessions for use of the leased premises or any part thereof. Any such assignment, mortgage, encumbrance, transfer, sublease, permit or concession shall be void and, at the option of District, shall terminate this lease.

29. Attorneys' Fees. In the event either party hereto commences any legal action or proceeding against the other party to perform or keep any term, covenant or condition of this lease to be kept or performed by the other party, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

30. General.

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

(b) One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by

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

(c) This lease and Tenant's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights-of-way, and encumbrances affecting the premises now of record or hereafter granted, caused or suffered by District.

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

(e) If any provision of this agreement shall be held by a court of competent jurisdiction to be invalid, the remainder of this agreement shall continue in full force and effect and shall in no way be affected or invalidated thereby. This agreement contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this agreement. No provision of this agreement shall be deemed to have been waived by District unless such waiver be in writing signed by District. This agreement is made subject to any approval of the Federal Aviation Administration which may be required.

31. Interpretation and Venue. This lease is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this lease shall be brought in the court of appropriate jurisdiction in the County of Santa Barbara, State of California.

32. District's Right of Entry. District shall have the right to enter the premises at any reasonable time for inspections, to make repairs, to survey the premises, conduct tests on the premises, or to show the premises to prospective buyers or tenants. District and authorized agents of District, County of Santa Barbara and City of Santa Maria and utility companies shall have the right to enter the premises at all reasonable times for the purpose of inspecting the same and at any time in case of any emergency.

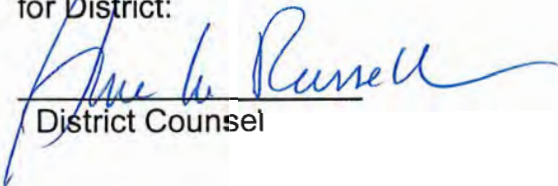
IN WITNESS WHEREOF, the parties have duly executed this agreement.

District

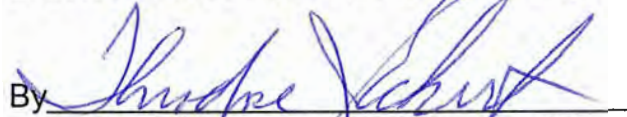
Approved as to content
for District:

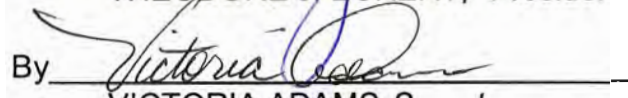

General Manager

Approved as to form
for District:


District Counsel


SANTA MARIA PUBLIC AIRPORT DISTRICT

By 
THEODORE J. ECKERT, President

By 
VICTORIA ADAMS, Secretary

Tenant

CJJ FARMING, a California corporation


JUAN CISNEROS, Gen. Manager


JESUS CISNEROS, Secretary

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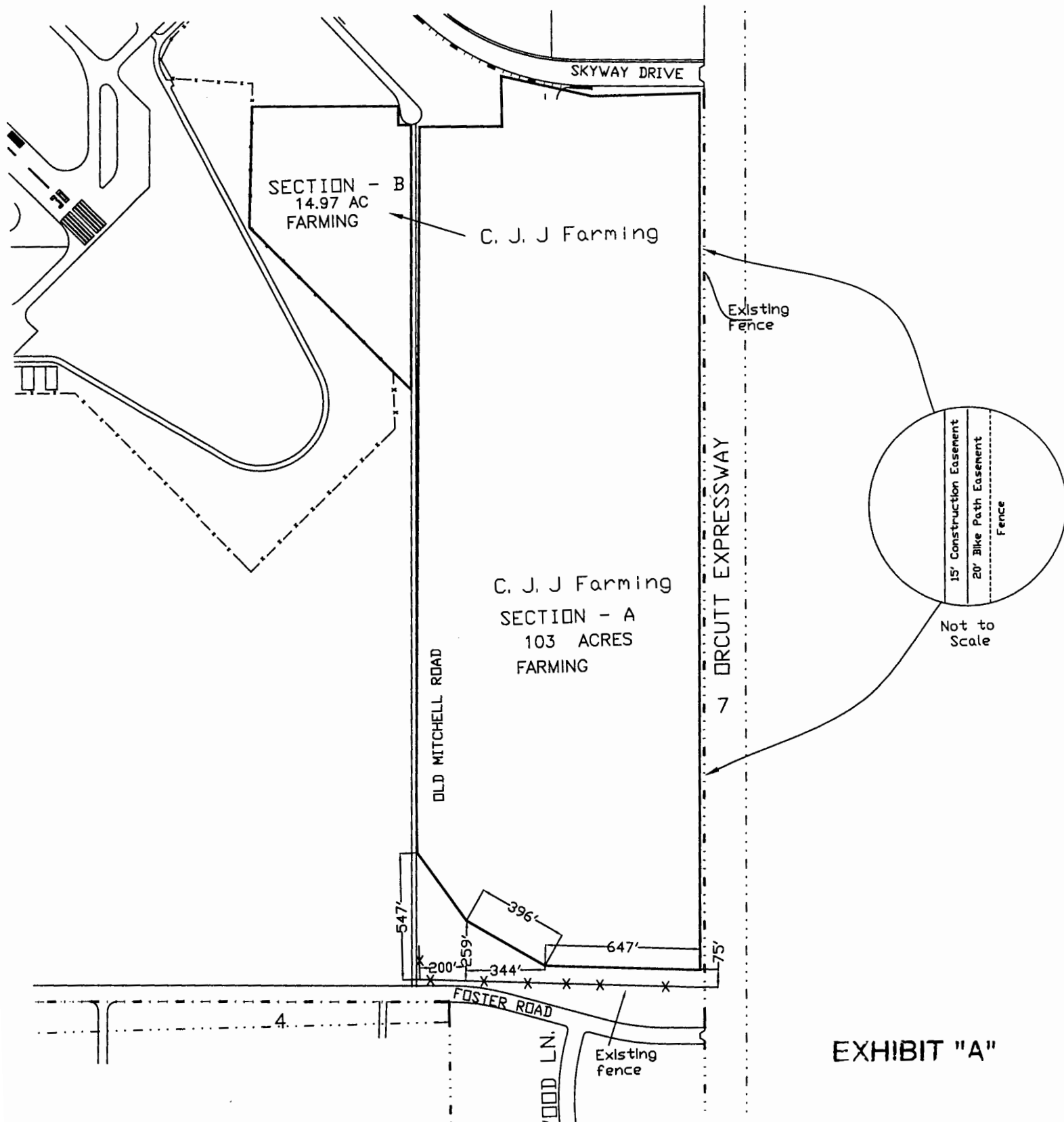


EXHIBIT "A"

HAZARDOUS MATERIAL
Definitions

A. HAZARDOUS MATERIAL

Hazardous Material means any substance:

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

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

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

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

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

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

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

(viii) without limitation radon gas.

B. ENVIRONMENTAL REQUIREMENTS

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

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of "Hazardous Materials", chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and
2. All requirements pertaining to the protection of the health and safety of employees or the public.

C. ENVIRONMENTAL DAMAGES

Environmental Damages means all claims, judgments damages, losses, penalties, fines, liabilities (including strict liability) encumbrances, liens, costs, and expenses of investigation and defense of any claims, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time as a result of the existence of "Hazardous Materials" upon, about, beneath the Premises or migrating or threatening to migrate to or from the Premises, or the existence of a violation of "Environmental Requirements" pertaining to the Premises, regardless of whether the existence of such "Hazardous Materials" or the violation of "Environmental Requirements" arose prior to the present operation of the Premises, and including without limitation:

1. Damages for personal injury, or injury to property or natural resources occurring upon or off of the Premises, (foreseeable or unforeseeable), including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;
2. Fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation or remediation of such "Hazardous Materials" or violation of "Environmental Requirements" including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, or reasonably necessary to make full economic use of the Premises or any other property or otherwise expended in connection with such conditions, and including without limitation any attorneys' fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder; and
3. Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph 2 herein;
4. Diminution in the value of the Premises, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Premises.

RIDER

Rider to lease agreement dated April 13, 2000, (herein called "this lease") between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and CJJ FARMING, a California corporation, (herein called "Tenant") covering approximately 117.97 acres of land (herein called the "leased premises") at Santa Maria Public Airport (herein called the "Airport").

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Tenant by accepting this lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the leased premises above the mean sea level elevation of 291 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Tenant.

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

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

Exhibit “D”

Hazardous Materials Definitions

A. HAZARDOUS MATERIAL

Hazardous Material means any substance:

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

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

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

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

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

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

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

(viii) without limitation radon gas.

B. ENVIRONMENTAL REQUIREMENTS

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

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of “**Hazardous Materials**”, chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or

handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

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

C. ENVIRONMENTAL DAMAGES

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

1. Damages for personal injury, or injury to property or natural resources occurring upon or off of the Premises or the Airport, (foreseeable or unforeseeable), including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

2. Fees incurred for the services of attorneys, consultants, "**Tenant's**", experts, laboratories and all other costs incurred in connection with the investigation or remediation of such "**Hazardous Materials**" or violation of "**Environmental Requirements**" including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, and including without limitation any attorney's fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder; and

3. Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph 2 herein;

4. Diminution in the value of the Premises or the Airport, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Premises or the Airport.

Exhibit "E"

FAA Rider

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

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

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

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

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

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

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

7. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or

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

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

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

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

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

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

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

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

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

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

Exhibit 3



United States Department of the Interior

U.S. FISH AND WILDLIFE SERVICE

Ecological Services
Ventura Fish and Wildlife Office
2493 Portola Road, Suite B
Ventura, California 93003



IN REPLY REFER TO:
08EVEN00-2021-CPA-0086

August 13, 2021

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

Subject: Alleged Unauthorized Take of Santa Barbara County Distinct Population
Segment of the California Tiger Salamander at the Santa Maria Public Airport

Santa Maria Public Airport District:

The U.S. Fish and Wildlife Service (Service) has recently become aware of ground disturbing activities on lands that are owned and managed by the Santa Maria Public Airport District (Airport) in Santa Barbara County. The ground disturbing activities resulted in the destruction of a pond feature that had documented California tiger salamander (CTS) breeding for almost two decades. Along with destruction of the pond, approximately 110 acres of surrounding upland habitat that was known to be occupied by the species was also destroyed.

The Service is responsible for administering the Endangered Species Act of 1973 as amended (Act). Section 9 of the Act prohibits the taking of any federally listed endangered wildlife species; by regulation, this prohibition also applies to certain wildlife species federally listed as threatened. "Take" as defined under the Act means "to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect, or to attempt to engage in such conduct." "Harm" means an act which actually kills or injures wildlife, which may include significant habitat modification or degradation where it actually kills or injures wildlife by significantly impairing essential behavioral patterns, including breeding, feeding or sheltering. 50 C.F.R. 17.3. The Act provides for civil and criminal penalties for the unlawful taking of listed wildlife species. Take incidental to otherwise lawful actions may be authorized by the Service in two ways: through interagency consultation for projects with Federal involvement pursuant to section 7, or through the issuance of an incidental take permit under section 10(a)(1)(B) of the Act.

On January 6, 2021, the Airport submitted a Habitat Conservation Plan (HCP) as part of an application for an incidental take permit under section 10(a)(1)(B) of the Act for take of the Santa Barbara County CTS, which is federally listed as endangered. The take would occur incidental to the construction of the Santa Maria Airport Commercial Center Project. According to the Airport and aerial imagery, known breeding pond SAMA-10 and the surrounding upland habitat were intact at the time of the application submission. In the HCP they developed for the Santa Maria Airport Commercial Center Project, the Airport acknowledges the presence and status of multiple CTS breeding ponds, including known CTS breeding pond SAMA-10, and identifies the surrounding upland habitat as being occupied by the species.

On May 3, 2021, during our review of the incidental take permit application, the Service came across recent aerial imagery that showed that known breeding pond SAMA-10 and the surrounding upland habitat had been destroyed. The Service reached out to the Airport biologist and was informed by the Airport Manager that the Airport had approved expansion of agricultural operations in the area in summer of 2020 and the habitat conversion occurred in early 2021.

In light of this destruction of known breeding and upland habitat for CTS, the Service has referred the case to our Office of Law Enforcement for investigation of the alleged take of CTS and possible violation of both Federal and State law that occurred during the habitat destruction. The Service has also halted processing the incidental take permit application submitted by the Airport for activities associated with the construction of the Santa Maria Airport Commercial Center Project. Please be advised that a violation of the Act may negatively impact, or even preclude the Service from assessing an application for an incidental take permit; moreover, a conviction for a violation of the Act will generally disqualify the Airport from receiving or exercising the privileges of an incidental take permit (50 C.F.R. 13.21(b)(1) and (c)(1)) into the future.

Before proceeding to possible legal action, the Service would like to explore with the Airport the possibility of resolving this matter without proceeding to civil or criminal prosecution. To that end, we suggest that the Service and Airport set up a meeting to discuss reconciliation of the habitat destruction. If the Airport is interested in pursuing this approach, please contact me or Rachel Henry of my staff to schedule a meeting. Such a meeting would include our law enforcement and legal representatives. Please be prepared at the meeting to discuss specific ways in which the Airport would propose to resolve this matter through actions that would benefit and conserve the CTS.

Thank you for your attention.

Sincerely,

STEPHEN HENRY

Digitally signed by STEPHEN
HENRY
Date: 2021.08.13 12:46:54 -07'00'

Stephen P. Henry
Field Office Supervisor

cc:

Ed Pert, Regional Manager, California Department of Fish and Wildlife
Erinn Wilson, Program Manager, California Department of Fish and Wildlife
Chad Volheim, Warden, California Department of Fish and Wildlife
Kerry O'Hara, Assistant Regional Solicitor, Department of the Interior
Daniel Crumb, Special Agent, Fish and Wildlife Service
Frank Albro, Jr., Principal Planner, City of Santa Maria

Exhibit 4



United States Department of the Interior

U.S. FISH AND WILDLIFE SERVICE

Ecological Services
Ventura Fish and Wildlife Office
2493 Portola Road, Suite B
Ventura, California 93003



IN REPLY REFER TO:
08EVEN00-2022-CPA-0010

December 1, 2021

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

Subject: Evidence of additional habitat destruction and alleged unauthorized take of Santa Barbara County Distinct Population Segment of the California tiger salamander on Santa Maria Public Airport property

Santa Maria Public Airport District:

The U.S. Fish and Wildlife Service (Service) and California Department of Fish and Wildlife conducted a site visit led by the Santa Maria Airport District (Airport) on October 21, 2021 to document alleged Endangered Species Act (ESA) violations from ground disturbance activities that resulted in the destruction of upland and breeding habitat for federally endangered California tiger salamanders on Airport property. During that site visit, the Service was disheartened to document additional habitat destruction totaling nearly 400 acres in 2021. Unfortunately, given this additional evidence of habitat destruction following our October 21 site visit, we will be referring this case back to our Office of Law Enforcement for criminal investigation.

On August 13, 2021, the Service notified the Airport of ground disturbing activities on lands that are owned and managed by the Airport in Santa Barbara County. The letter documented that ground disturbance had occurred at the Airport, resulting in the destruction of a pond that had documented California tiger salamander breeding for almost two decades as well as approximately 110 acres of surrounding upland habitat that was known to be occupied by the species. The Service invited the Airport to meet to explore the possibility of resolving this matter without proceeding to civil or criminal prosecution.

On September 9, 2021, the Airport agreed to meet to discuss potential solutions without the need for legal action, and, on October 21, 2021, led a site visit with the Service and California Department of Fish and Wildlife personnel.

During the site visit, Service staff documented additional impacts to upland habitats known to be occupied by the species. Following the meeting, the Service reviewed recent aerial imagery that shows additional habitat destruction occurring throughout 2021 totaling nearly 400 acres. Many of these impacts occurred after the Airport received the Service's August 13, 2021 letter and the Airport's response on September 9, 2021, acknowledging receipt of the letter and agreeing to meet to discuss resolution of the habitat destruction. In light of this additional evidence, we have referred the Airport's case to our Office of Law Enforcement for investigation.

Take of a listed species is a violation of the ESA and could result in an applicant's disqualification to receive or exercise the privileges of an incidental take permit in the future. *(Take is defined as "to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect or attempt to engage in any such conduct." Through regulations, the term "harm" is defined as "an act which actually kills or injures wildlife." Such an act may include significant habitat modification or degradation where it actually kills or injures wildlife by significantly impairing essential behavioral patterns, including breeding, feeding, or sheltering.)*

In accordance with Service regulations, a civil or criminal violation of the ESA may preclude the Service from issuance of an incidental take permit to the Airport for the Santa Maria Airport Commercial Center Project (50 C.F.R. 13.21(b)(1)).

Sincerely,

STEPHEN HENRY

Digitally signed by STEPHEN
HENRY
Date: 2021.12.01 14:09:19 -08'00'

Stephen P. Henry
Field Office Supervisor

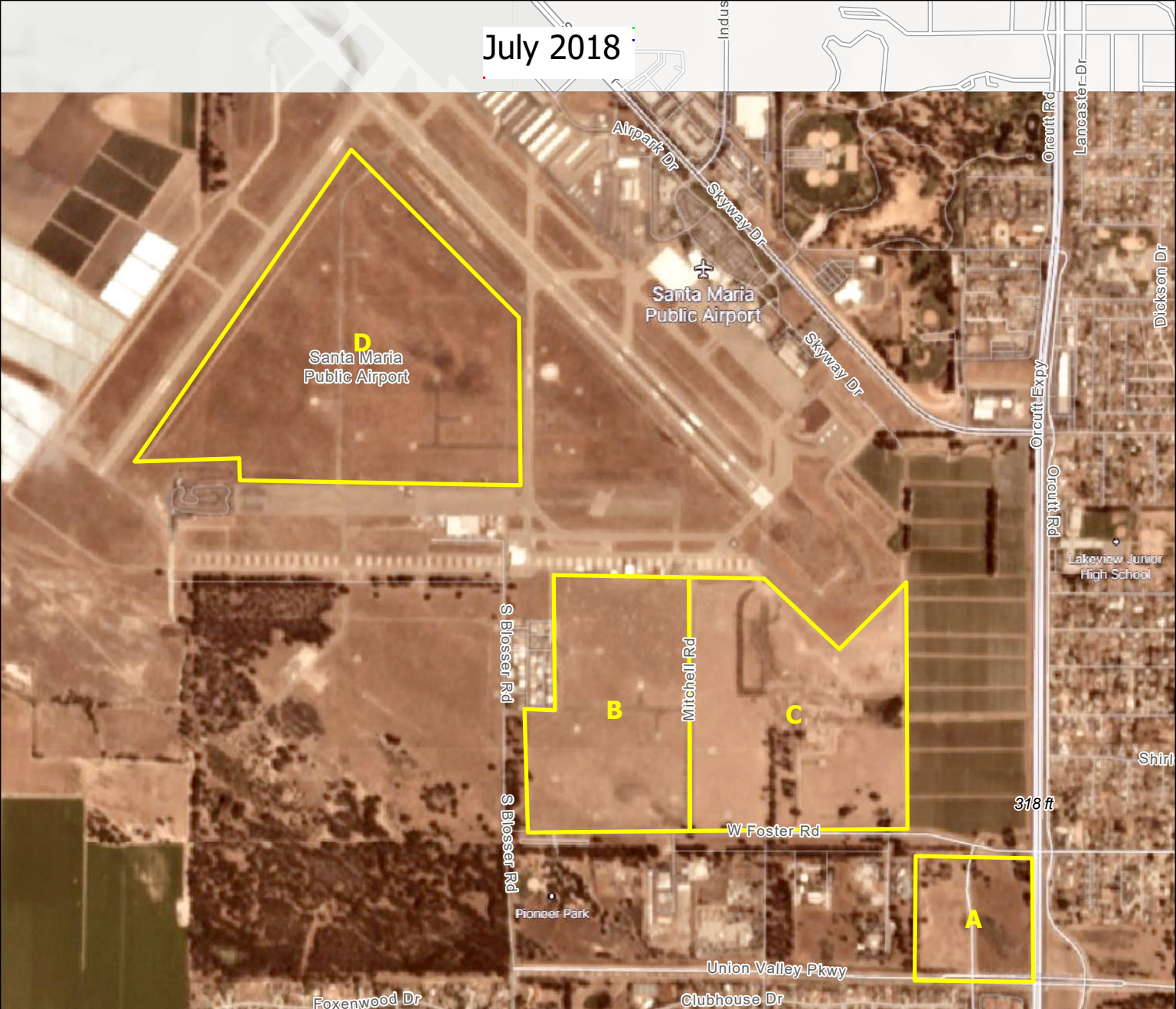
cc:

Ed Pert, Regional Manager, California Department of Fish and Wildlife
Erinn Wilson, Program Manager, California Department of Fish and Wildlife
Kory Collins, Captain, California Department of Fish and Wildlife Law Enforcement Division
Kerry O'Hara, Assistant Regional Solicitor, Department of the Interior
Daniel Crum, Special Agent, Fish and Wildlife Service
Ed Newcomer, Special Agent, Fish and Wildlife Service
Frank Albro, Jr., Principal Planner, City of Santa Maria

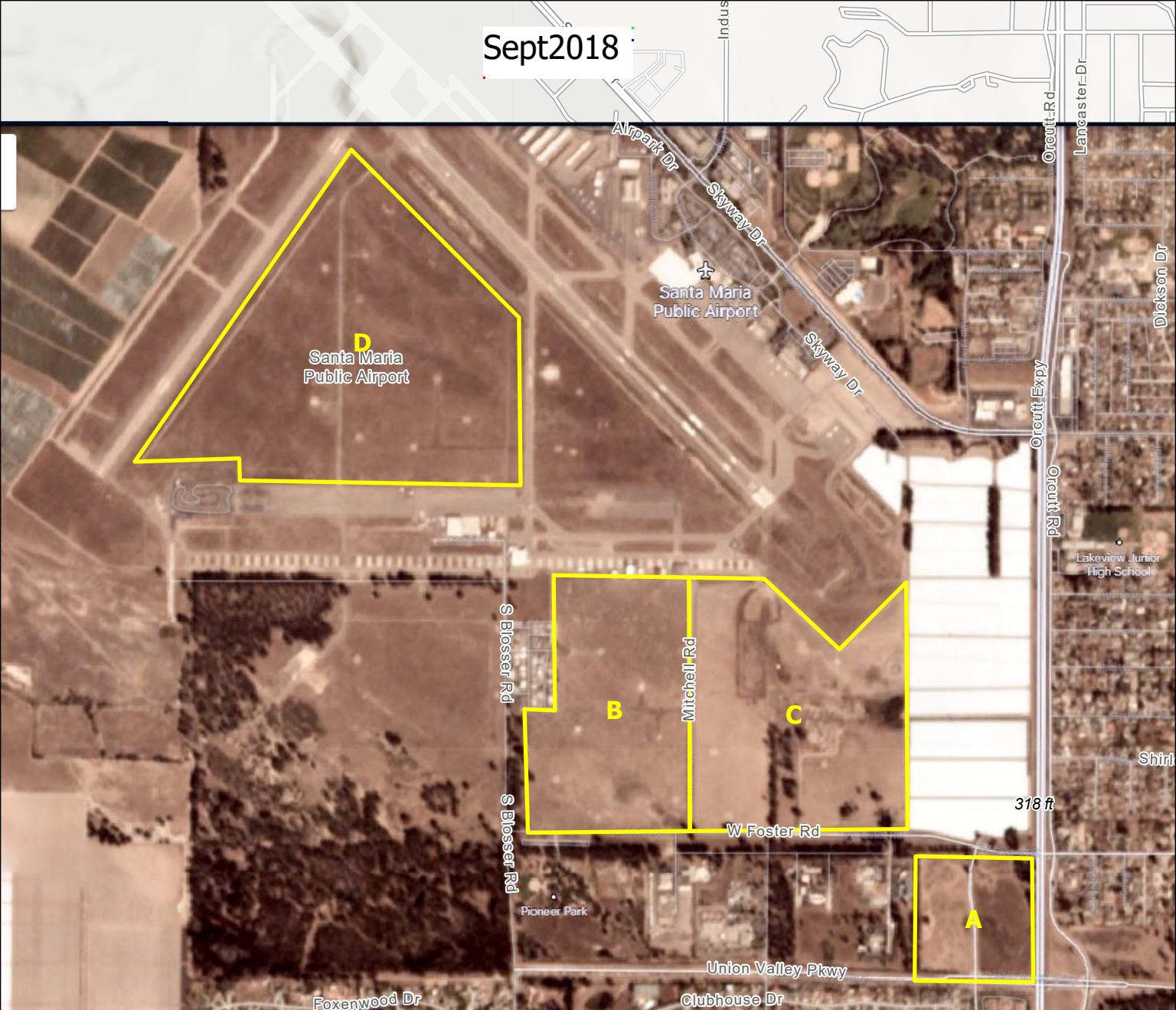
Exhibit 5

Parcel A

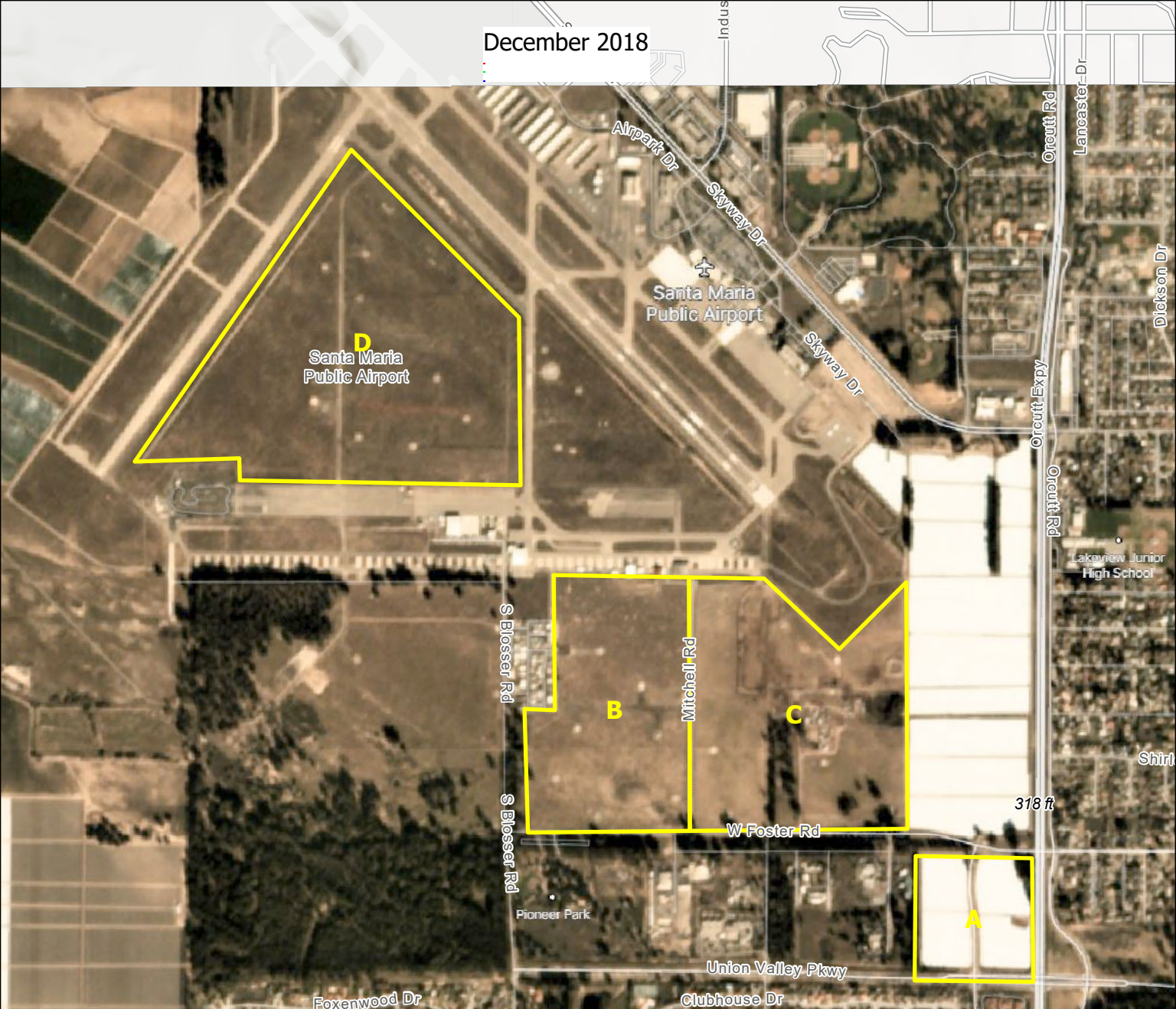
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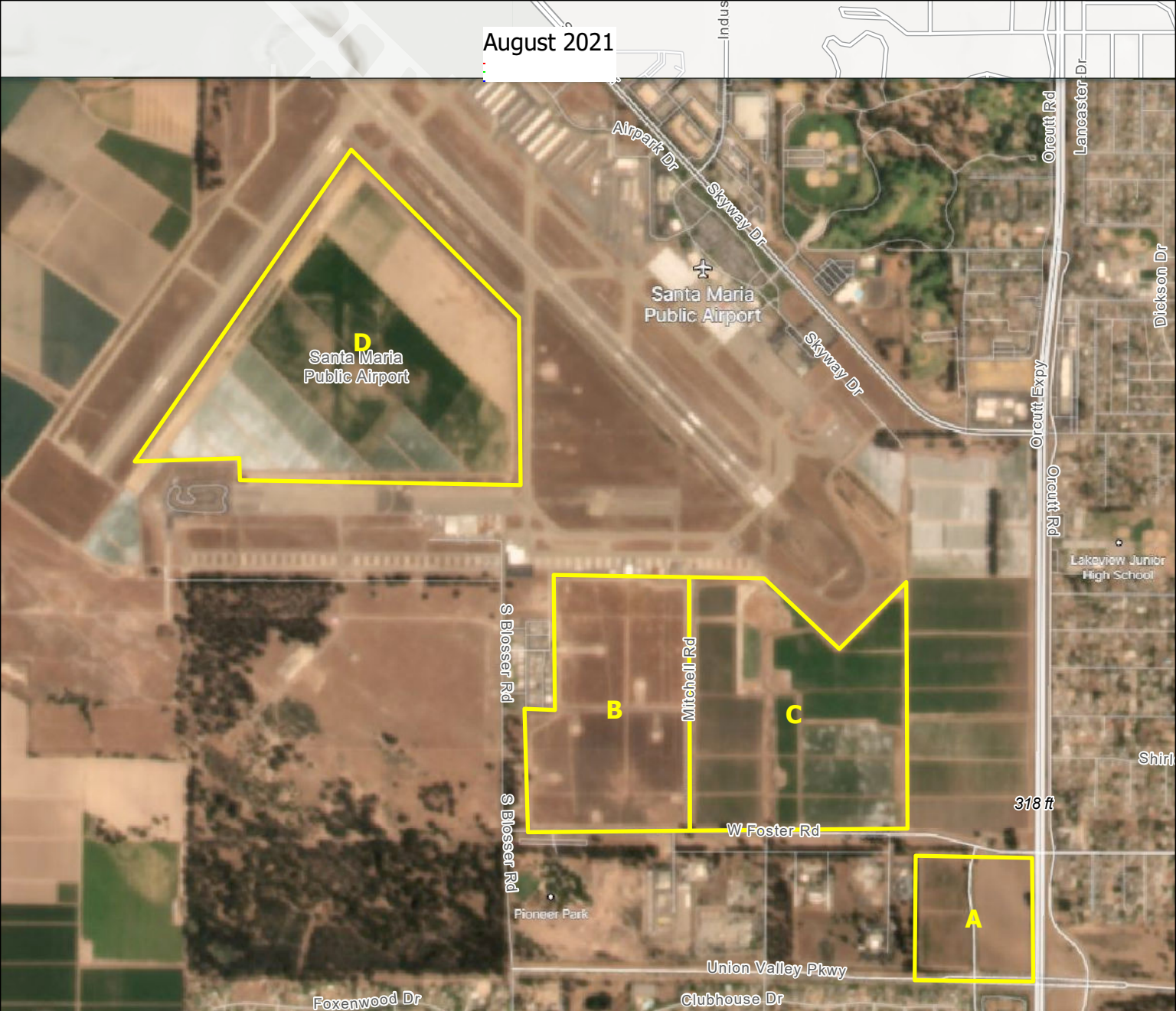


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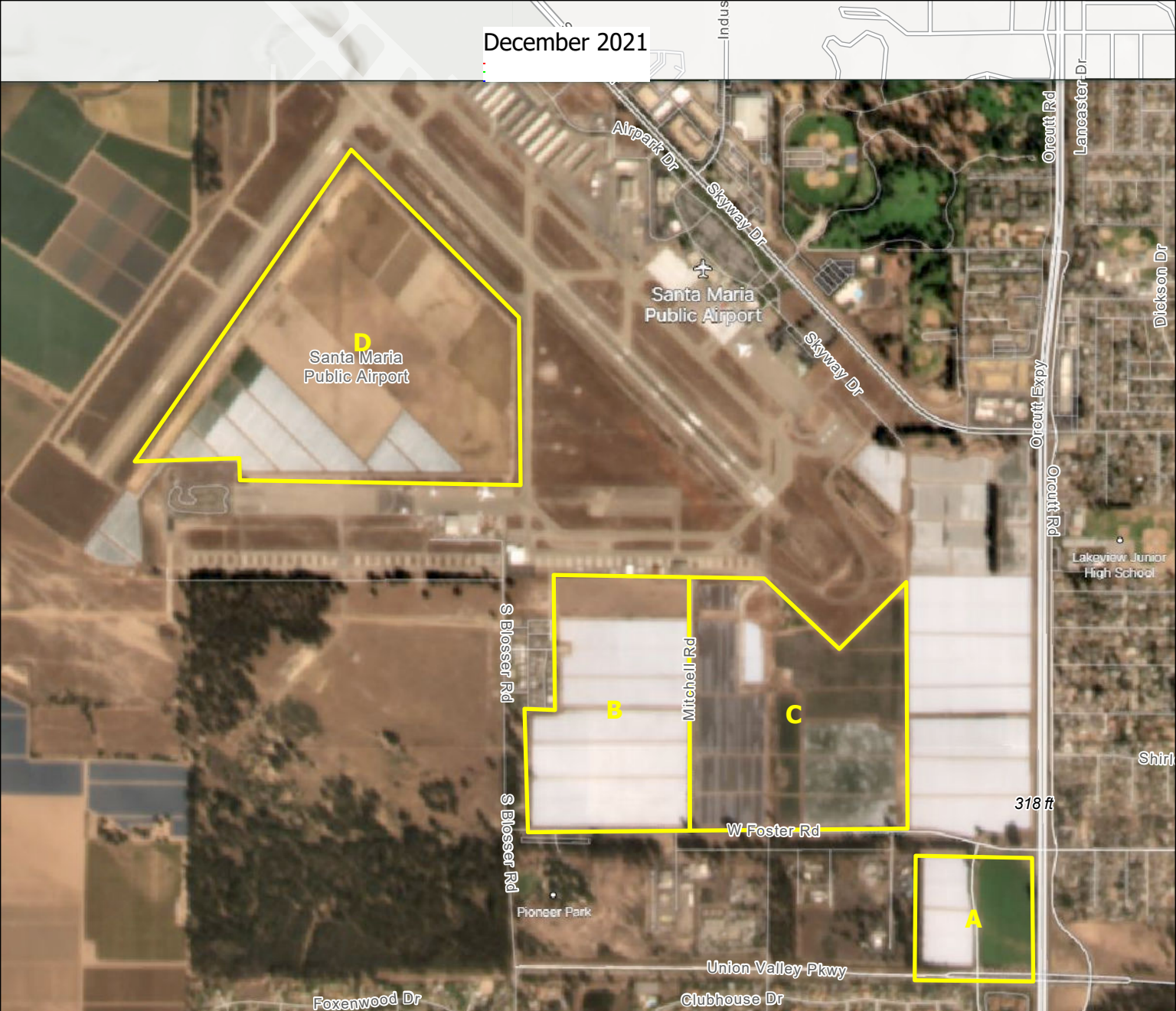


Parcel B

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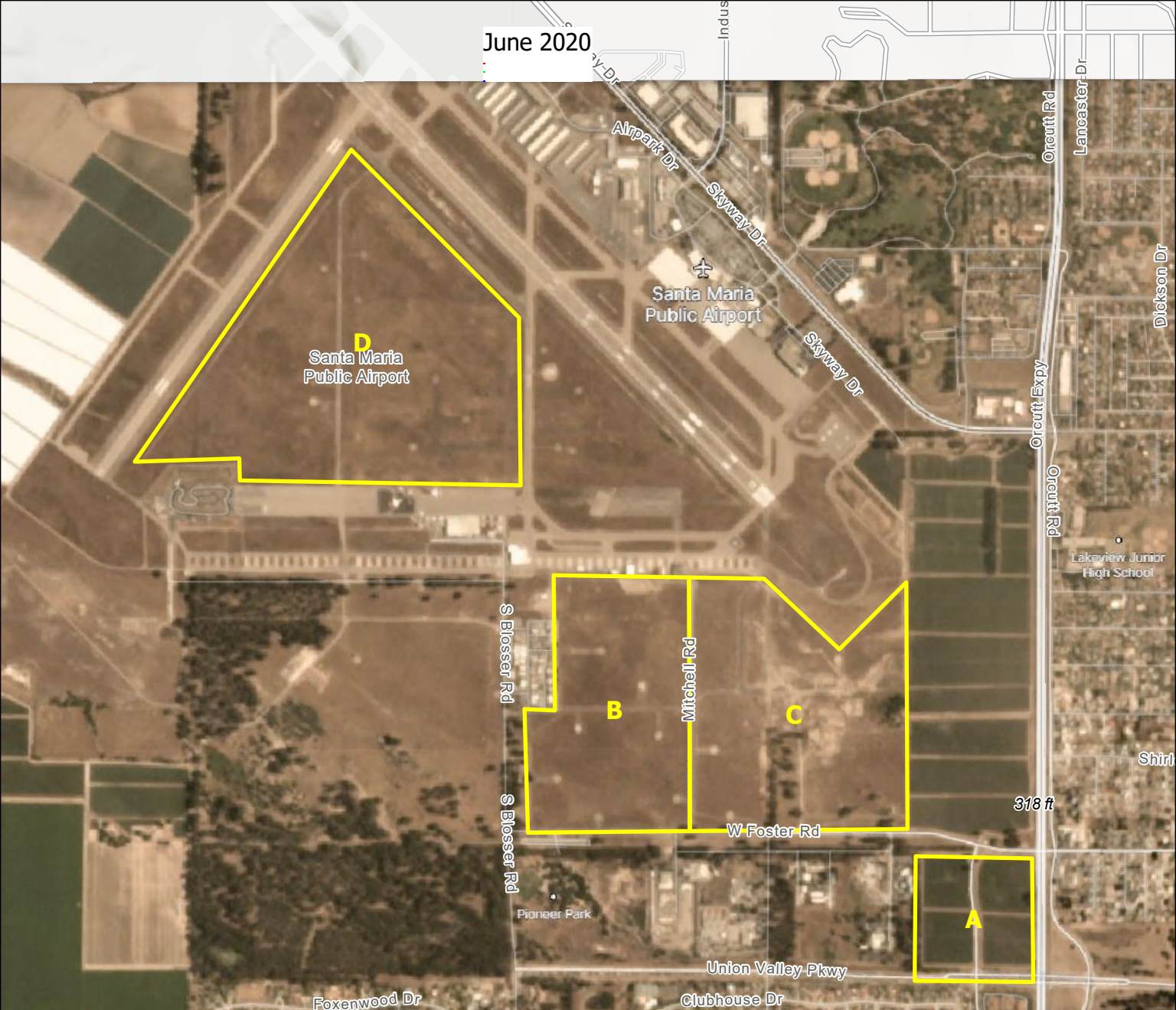


December 2021

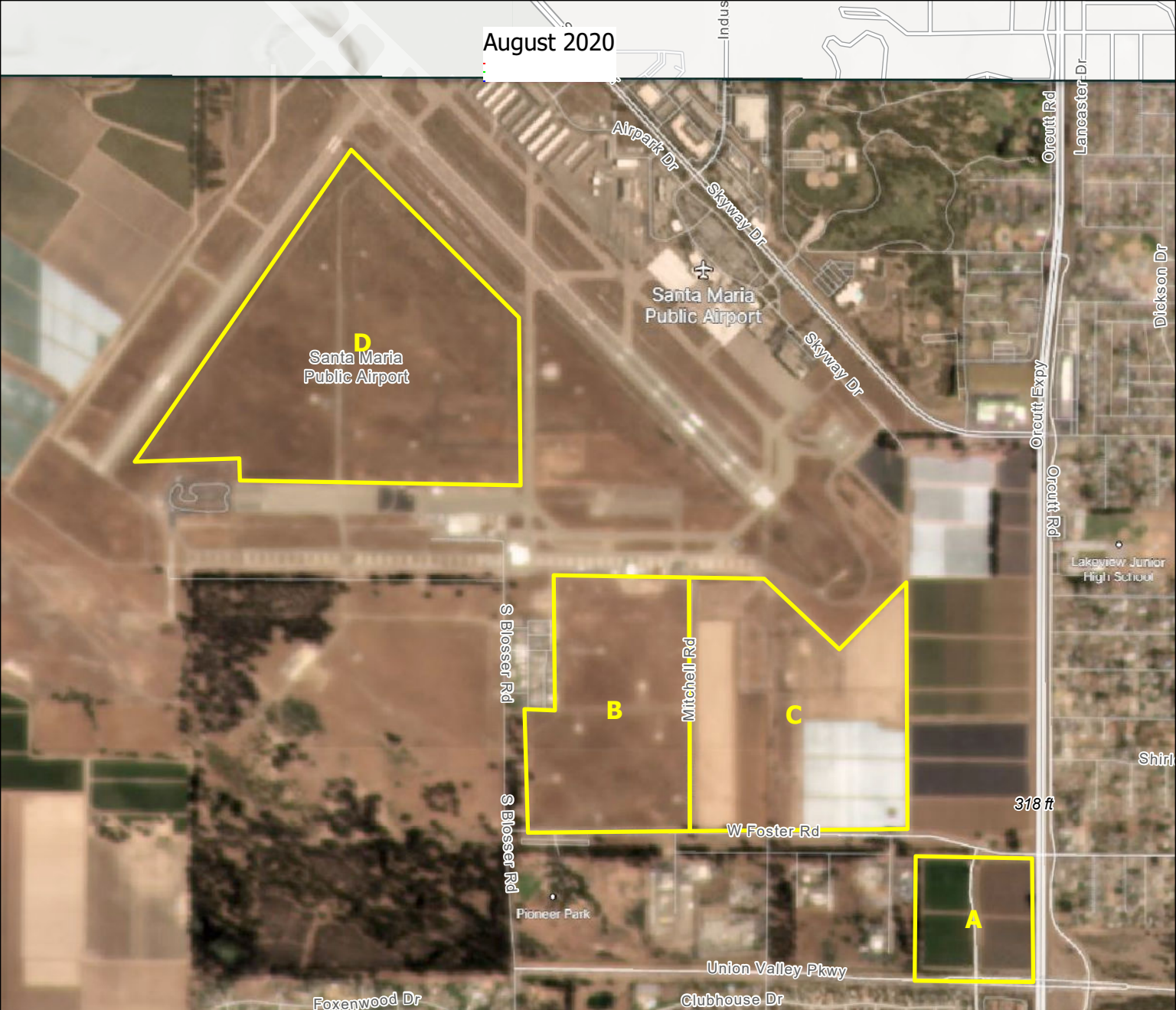


Parcel C

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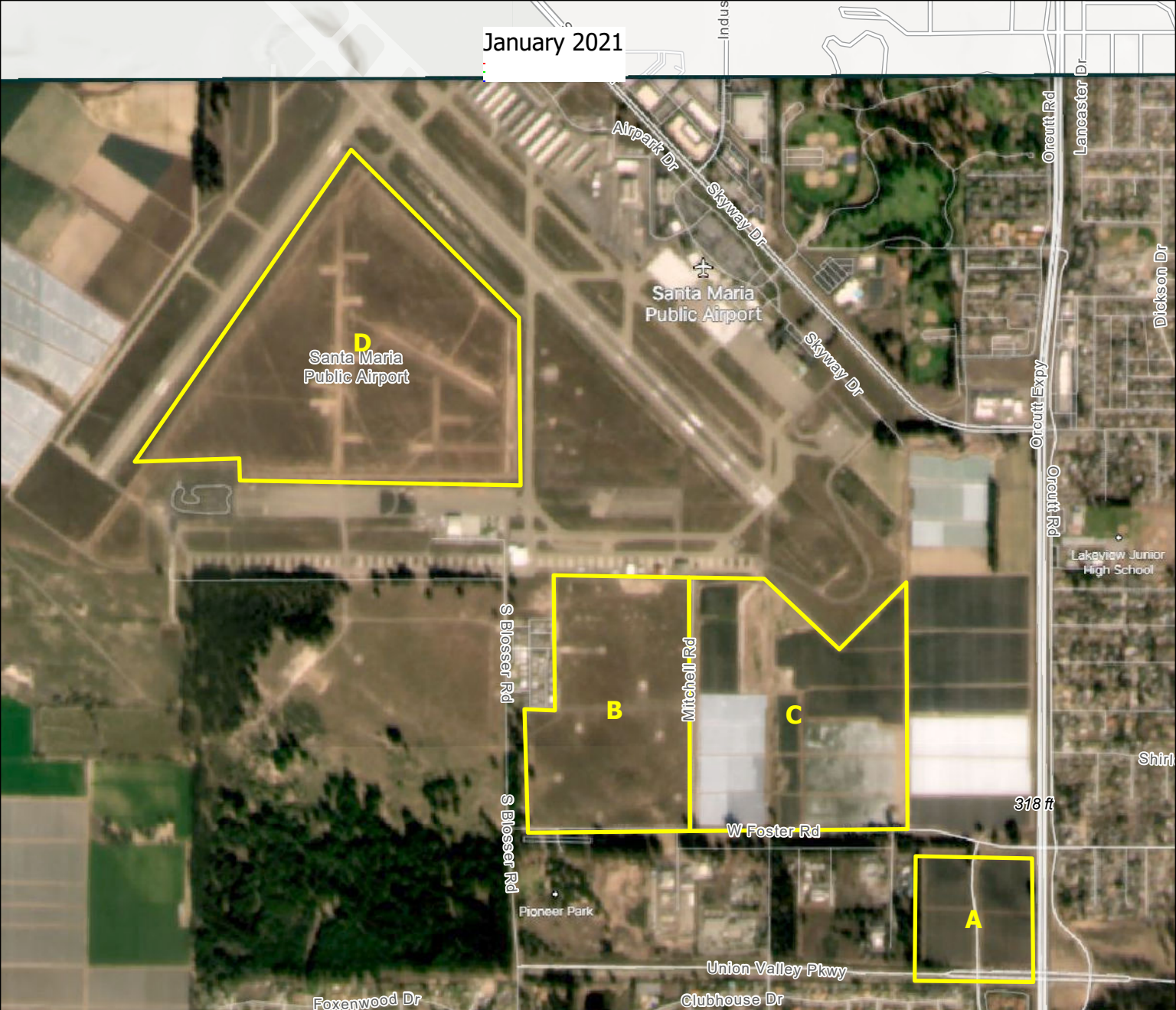


August 2020

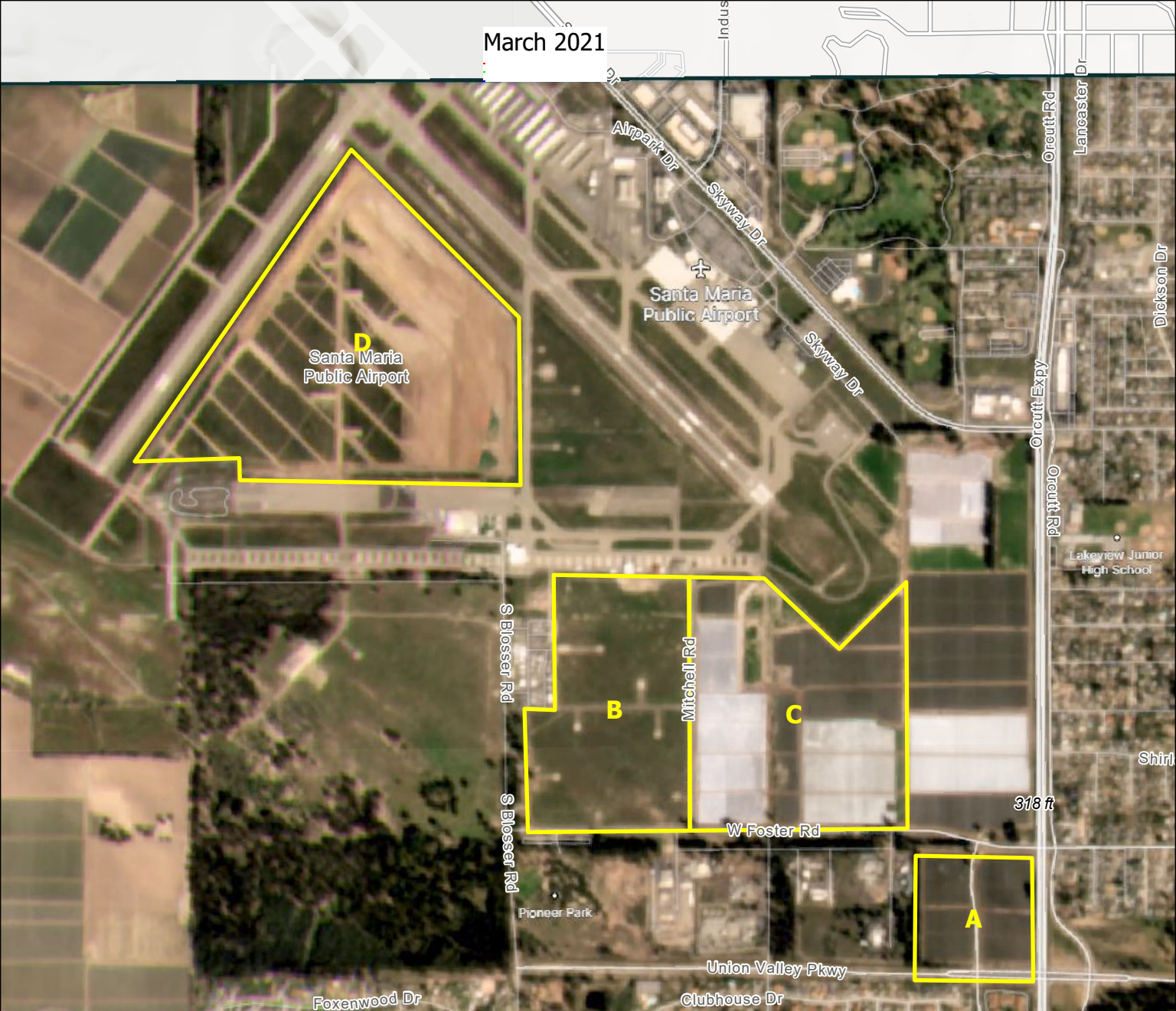


Parcel D

January 2021



March 2021



April 2021

