



PASO ROBLES
CALIFORNIA

City of Paso Robles
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Lease Agreement Between the City of El Paso De Robles and Loyd's Aviation

Paso Robles Municipal Airport

City of El Paso De Robles



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FIXED BASE OPERATOR LEASE AGREEMENT

This Lease Agreement (“Agreement”) is made and entered into as of September 30, 2024 (Commencement Date”) by and between the City of El Paso De Robles (“City” or “Lessor”), a general law city in the State of California (“State”) and Loyd’s Aviation PRB, LLC dba Loyd’s Aviation, a California limited liability company (“Loyd’s Aviation” or “Lessee”). Lessor and Lessee may herein be referred to individually as a “Party” or collectively as the “Parties”.

1. RECITALS

This Agreement is made with respect to the following facts:

- 1.1. WHEREAS, Loyd’s Aviation is duly organized and validly exists under the laws of the State of California with the power to conduct business under the statutes of the State of California and the City of El Paso De Robles, a general law city;
- 1.2. WHEREAS, the City is the owner and operator of the Paso Robles Municipal Airport (“Airport”) located in San Luis Obispo County, State of California;
- 1.3. WHEREAS, the City is the owner of certain real property described herein as the “Leased Premises”;
- 1.4. WHEREAS, Loyd’s Aviation desires to lease the Leased Premises from the City and use the Leased Premises to engage in authorized Fixed Base Operator (“FBO”) commercial aeronautical activities (“Activities”) at the Airport;
- 1.5. WHEREAS, the City desires to lease the Leased Premises to Loyd’s Aviation to use the Leased Premises to conduct a full-service FBO business at the Airport;
- 1.6. WHEREAS, the City has adopted Primary Management Compliance Documents (“PMCDs”) for the Airport; and
- 1.7. WHEREAS, the terms identified by use of a capital letter in this Agreement are defined in *Appendix B – Definitions* and *Appendix C – Acronyms*, attached hereto and by this reference made a part hereof.

NOW, THEREFORE, for and in consideration of the mutual representations, warranties, covenants, obligations, privileges, conditions, and agreements set forth in this Agreement (“terms and conditions of this Agreement”), the Parties, intending to incorporate the foregoing Recitals into this Agreement and to be legally bound, hereby agree as follows:

2. LEASED PREMISES

- 2.1. General Description. Lessor hereby leases to Lessee, certain real property and facilities or portions of said properties and facilities located at the Airport (“Leased Premises”) and identified as follows:
 - FBO and Development Area – Terminal Concourse, Aircraft Storage Hangar, dedicated ramp space, Airport Terminal expansion area.
 - Additional Leased Area – Executive Air Center Offices.

The Leased Premises are more particularly shown in *Exhibit A – Leased Premises*, attached hereto and by this reference made a part hereof.

- 2.2. Elements and Improvement Descriptions. The Leased Premises consists of the following elements and Improvements:

Elements / Improvements	Square Feet	Notes
FBO Office	546 SF	Improved Office Space
FBO Dedicated Ramp Space	25,000 SF	Improved Ramp Area



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FBO Aircraft Storage Hangar	10,000 SF	Improved Hangar
Terminal Expansion	3,000 SF	Unimproved Lease Area
Hangar Development Area	139,827 SF	Unimproved Lease Area
Executive Air Center Offices	1,000 SF	Improved Office Space
TOTAL	179,373 SF	Gross Leased Premises

2.3. Other Elements or Improvements. At the time this Agreement was executed by the Parties, there were no other elements or Improvements located or situated on the Leased Premises.

2.4. Inspection. Lessee warrants and represents that it has carefully and completely examined and inspected the Leased Premises and fully understands Lessee's responsibilities and obligations with respect to the Leased Premises and this Agreement. Lessee accepts the Leased Premises in an "as is, where is" condition without representation or warranties from Lessor as to the condition, suitability, or sufficiency of the Leased Premises.

3. USE OF LEASED PREMISES

3.1. Permitted Uses and Activities (General). In addition to Lessor leasing the Leased Premises to Lessee, this Agreement grants Lessee the right and privilege to use the Leased Premises to engage (on a non-exclusive basis) in the operation of a full-service FBO business as more fully described herein. The Leased Premises may not be used for any other purpose or use without the prior written consent of Lessor, which consent may be withheld in the sole and absolute discretion of Lessor.

3.1.1. Lessee may use the Leased Premises to provide additional Commercial Aeronautical Activities not listed in Section 3.2 upon prior written consent of Lessor, which consent shall not be unreasonably withheld.

3.1.2. The Commercial Aeronautical Activities identified in Section 3.2. of this Agreement shall be provided in accordance with the Airport's Minimum Standards adopted by the City in effect on the Commencement Date of this Agreement.

3.1.3. Lessee's right and privilege to use the Leased Premises for engaging in Commercial Aeronautical Activities may be suspended or permanently revoked if Lessee does not comply with the terms and conditions of this Agreement, the PMCDs, and Lessee's Commercial Operator Permit ("Permit") as required by the City's Request for Proposals.

3.2. Required Products and Services.

3.2.1. Minimum Services. During the term of this Agreement and any extensions thereof, Loyd's Aviation will continuously provide services as described in the Minimum Standards for Aeronautical Service for a Full Service FBO in effect on the Commencement Date of this Agreement including but not limited to the following products and services ("Commercial Aeronautical Activities"):

- Retail aircraft fueling services (Aviation gasoline (Avgas) and Jet A) and self-service fueling (Avgas only);
- Operation and maintenance the existing fuel farm including the self-serve fuel island and the installation and maintenance of a new spring retractable hose reel system;
- Fuel discount programs for aircraft based at the Airport;
- Aircraft ground handling services (including parking guidance, towing, etc.);
- Crew and passenger services (including baggage handling, ground transportation arrangements, etc.);
- Monitor the Unicom/CTAF frequencies as appropriate, and share necessary public information (Airport shall remain responsible for issuing Notice to Air Mission's (NOTAMs)) as necessary;



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- Transient Tie-down and apron parking rental management, as necessary;
 - Crew and passenger amenities and facilities;
 - Emergency service to disabled general aviation aircraft (i.e., towing/transporting disabled aircraft), as necessary and as equipment safely allows;
 - Sale of miscellaneous retail pilot supplies, as necessary;
 - Aircraft maintenance, piston and turbine;
 - Aircraft charter services (may be provided through a subcontractor); and
 - On-site car rental services through a formalized agreement.
- 3.2.2. Avgas Self-Service Fuel Pricing. Lessee agrees to sell Avgas self-service fuel at the Airport at a price per gallon that is no higher than 105% of the average respective Avgas self-service fuel price available from authorized commercial operators at Airports located within 150 nautical miles from the Airport.
- 3.2.3. Government Aircraft Services. Loyd's Aviation shall provide services to federal government and other military/government operators and its contractors. Until Loyd's Aviation secures Defense Logistics Agency (DLA) fuel contact at the Airport, Loyd's Aviation shall offer contract fuel prices no greater than five percent (5%) higher than current DLA contract pricing being offered at the Airport. Loyd's Aviation shall secure a DLA contract at the Airport no later than March 31, 2026.
- 3.2.4. Pilots' Lounge. Lessee shall maintain and service the current pilots' lounge located on the first floor of the Airport Terminal until such time Lessee constructs a replacement pilots lounge as part of its required Terminal Expansion Improvements. At that time, Lessee shall have no further obligation to maintain this area and Lessor may repurpose the area as it sees fit.
- 3.2.5. Lessee shall not create, cause, maintain, or permit any nuisance or waste in, on, or about the Leased Premises, or permit or allow the Leased Premises to be used or occupied for any unlawful or immoral purpose.
- 3.2.6. Lessee shall not do or permit to be done anything in any manner which unreasonably disturbs the users of neighboring properties. Specifically, and without limiting the above, Lessee agrees not to cause any unreasonable odor, noise, vibration, emission, or other item to emanate from the Leased Premises, outside of its normal commercial aviation operations.
- 3.2.7. Unless otherwise approved in advance by the City or provided herein, materials or articles of any nature shall not be stored outside upon any portion of the Leased Premises. Exceptions are made for items related to the normal operations of Lessee's business operations.
- 3.2.8. Reserved.
- 3.2.9. Reserved.
- 3.2.10. Unless otherwise directed by the Lessor, the use of the Leased Premises shall conform with 14 CFR Chapter I [Docket No. Federal Aviation Administration (FAA) 2014-0463] FAA Policy on the Non-Aeronautical Use of Airport Hangars, as maybe amended from time-to-time
- 3.2.11. Failure to perform or provide any of the required products or services under this Section 3.2 shall be considered a default except in the case of an emergency, pre-planned outage, or with prior approval of the City.



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- 3.3. Condition, Use of Leased Premises. Lessor makes no warranty or representation of any kind concerning the condition of the Leased Premises, or the fitness of the Leased Premises for the uses and Activities intended by Lessee and/or permitted by Lessor, and hereby disclaims any personal knowledge with respect thereto, it being expressly understood by the Parties that Lessee has personally inspected the Leased Premises, knows its condition, finds it fit for Lessee's intended use and Activities, accepts it as is, and has ascertained that it can be used exclusively for the limited purposes specified in Section 3.2. of this Agreement.
- 3.4. Compliance. Lessee's use of the Leased Premises and the Airport is subject to the following requirements:
- 3.4.1. As may be promulgated or amended from time to time, Lessee shall comply with all: (a) Legal Requirements; (b) PMCDs; (c) Airport policies, standards, rules, and directives; and (d) zoning, building, fire, safety, and other codes, ordinances, statues, and other directives of any Agencies having jurisdiction.
- 3.4.2. If any provision of this Agreement is found to be in conflict with other sections of this Agreement, the provision that establishes the higher or stricter standard shall prevail. Additionally, Lessor may modify this Agreement to resolve identified conflicts.
- 3.4.3. In the event of an alleged violation of Section 3.4.1. of this Agreement (or initiation of an investigation relating to same), Lessee shall describe the action(s) being taken to resolve it.
- 3.4.4. Any violation of (or failure to comply with) Section 3.4.1. of this Agreement shall be construed as a default or breach of this Agreement.
- 3.4.5. Lessor may deny access, consistent with Legal Requirements, to the Airport or the Leased Premises to Lessee or its representatives, officers, agents, employees, guests, patrons, suppliers, vendors, invitees, contractors, subcontractors, sublessees, or any other entity for any violation of (or failure to comply with) Section 3.4.1. of this Agreement.
- 3.4.6. Lessee shall pay any penalties, fines, costs, and expenses for any violation of (or failure to comply with) Section 3.4.1. of this Agreement.
- 3.4.7. If penalties or fines are levied against Lessor or costs or expenses are incurred by Lessor relating to Lessee's violation of (or failure to comply with) Section 3.4.1. of this Agreement, Lessee shall pay Lessor one hundred twenty-five percent (125%) of the penalty, fine, cost, or expense.
- 3.4.8. Lessee's employee vehicles and rental vehicles shall be parked in designated areas depicted in Exhibit A.
- 3.5. Reserved.
- 3.6. Spaceport. Lessee understands that Lessor has begun the application process with the FAA for licensing the Paso Robles Spaceport ("Spaceport"), which will be located at the Airport. Lessee agrees to cooperate to the extent necessary with Lessor in Lessor's efforts to obtain a Spaceport designation.

4. MINIMUM HOURS OF OPERATION

The minimum hours of operation shall be as follows:

- For Fueling, Ground Handling, and Crew/Passenger Services: 10 hours a day, 7 days a week; Holidays and afterhours – on call with one hour response time; and
- For Aircraft Maintenance Services: Eight hours a day for five days a week; Lessee shall provide for drop-off of aircraft for maintenance during normal FBO operating hours.; Holidays and afterhours – on call with two-hour response time.



5. TERM

- 5.1. FBO and Development Area. The term for the FBO and Development Area shall be a maximum total term of forty (40) years (an initial five (5) year term ("Initial Term"), followed by a thirty (30) year extension upon the completion of improvements as noted below ("Base Term"), and a final five (5) year option ("Term Extension") contingent upon compliance with the terms of this Agreement, including but not limited to the development timelines, provision of aircraft maintenance services, and conditions related to the maintenance and state of the Leased Premises.

5.1.1. Initial Term. The Initial Term of this Agreement shall be five (5) years commencing at 7:30 p.m. on September 30, 2024 and shall terminate at 7:29 p.m. on September 30, 2029.

5.1.2. Base Term. Upon completion of the required Airport Terminal Expansion improvements, this Agreement shall automatically extend for an additional thirty (30) year term, unless sooner terminated in accordance with this Agreement. The commencement date of the Base Term shall be the expiration of the Initial Term.

Unless otherwise provided herein, if Lessee fails to receive a Certificate of Occupancy within the Initial Term, or in compliance with the timeline set forth in paragraph 7.2, this Agreement shall be subject to termination by Lessor and, if Lessor so chooses, Lessee shall immediately vacate the Premises in accordance with the terms of this Agreement.

5.1.3. Term Extension. Notwithstanding any provision of this Agreement to the contrary, upon the expiration of the Base Term of this Agreement, Lessee may extend the term for an additional five (5) year term at an improved fair market rent. The improved fair market rent shall apply to the entire Leased Premises including all land, existing improvements, and improvements constructed by lessee, provided that Lessee, in the opinion of Lessor, has been and is Current, has been and is in Good Standing, and the Leased Premises have been maintained in compliance with this Agreement.

- 5.2. Additional Leased Area. The term for the Additional Leased Area (commonly known as the "Executive Air Center Offices" shall be five (5) years commencing at 12:00 a.m. on October 1, 2024 and terminating at 11:59 p.m. on September 30, 2029, contingent upon compliance with the terms of this Agreement. At the sole and complete discretion of Lessor, the term for the Additional Leased Area may be extended based on mutually agreed upon terms.

- 5.3. Expiration or Termination of Term. Lessee shall, at the expiration or upon termination of this Agreement, return the Leased Premises in first-class order, repair, and condition and in a safe, clean, orderly, and sanitary condition to the complete satisfaction of Lessor as it is now at the date of this Agreement, ordinary and reasonable wear and tear expected; vacate the Leased Premises; and remove any and all of Lessee's personal property, including equipment, furniture, furnishings, and fixtures.

5.3.1. Lessee shall allow Lessor to inspect the Leased Premises and complete a walk-through to verify the condition of the Leased Premises upon twenty-four hours' notice to Lessee.

5.3.2. At the expiration of the term of this Agreement, or upon its earlier termination, if another entity enters into an agreement with Lessor to use and/or occupy the Leased Premises, Lessee shall work with the parties in a cooperative and responsive manner to complete the transition while also ensuring that there is no interruption in the provision of Activities during the transition.

5.3.3. In the event this Agreement terminates prior to its natural expiration, the City has the first right to purchase FBO equipment at fair market value. If fair market value cannot be mutually agreed upon, the parties will agree to binding arbitration through a



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recognized provider of arbitration services such as the American Arbitration Association or JAMS.

6. **RENTS, FEES, AND OTHER CHARGES**

- 6.1. **Initial Annual Rent.** The annual rent for the use and occupancy of the Leased Premises for year one of the Initial Term shall be one hundred and eighty thousand three hundred and ninety dollars (\$180,390). The annual rent is based on the following:

Elements / Improvements	Square Feet	Rate Per Month	Initial Annual Rent
FBO Office*	546 SF	\$819	\$9,828
FBO Dedicate Ramp*	25,000 SF	\$2,000	\$24,000
Aircraft Hangar*	10,000 SF	\$7,500	\$90,000
Terminal Expansion**	3,000 SF	\$67.50	\$810
Hangar Development**	139,827 SF	\$3,146	\$37,752
Executive Air Center offices*	1,000 SF	\$1,500	\$18,000
TOTAL	179,373 SF	\$15,032.50	\$180,390

*Improved Leased Space

**Unimproved lease Area

- 6.2. **Annual Adjustments.** Throughout the Initial Term, Base Term, and Term Extension, the annual rent shall be increased by the same percentage increase as defined by the Consumer Price Index for the previous 12-month period with the base month set as April 2025. The standard to be used shall be the Consumer Price Index for all Urban Consumers San Francisco-Oakland Metropolitan area, Bureau of Labor Statistics, United States Department of Labor, 1982 = 100 ("Index"). The index which is published most immediately before the Adjustment Date shall be used. If the Index shall no longer be published, another Index generally recognized as authoritative for the purposes of this paragraph shall be substituted.

The annual increase in monthly rent shall increase no more than eight percent (8%) in any given year or twenty percent (20%) in any five-year period. In no event shall the rent adjustment be less than two percent (2%) per year. The first CPI Adjustment shall occur on July 1st immediately following the first anniversary of the commencement date and continue annually thereafter. In no event shall rent be adjusted less than the rent paid during the immediately preceding year.

- 6.3. **Base Term Rent Adjustment.** At the commencement of the Base Term, or the issuance of a Certificate of Occupancy (whichever is sooner), the annual rent for the use and occupancy of the Terminal Expansion and the Hangar Development shall double from the rate at the start of the Initial Term such that the rates for the following elements/improvements shall be as follows:

Elements / Improvements	Square Feet	Rate Per Month	Initial Annual Rent
Terminal Expansion**	3,000 SF	\$135.00	\$1,620.00
Hangar Development**	139,827 SF	\$6,292.22	\$75,506.64

- 6.4. **Rent Study Adjustments.** Commencing at the start of the Base Term, the annual rent shall be adjusted every fifth (5th) year and every five (5) years thereafter to Market Rent. Adjustments shall be made based on the findings of a Rent Study. The Market Rent shall be determined based upon the analysis of aeronautical rents charged for similar facilities at competitive airports within 100 (one hundred) miles of the Airport at 10 (ten) mutually agreed upon comparable airports located within the continental United States. The Rent Study shall be conducted by a mutually agreeable firm with aeronautical real estate expertise.



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- 6.5. Fees and Other Charges. If Lessor requires Lessee to collect fees on its behalf, Lessee shall pay the fees and other charges identified in the Airport's adopted Fees Schedule to Lessor when due and owing, which are subject to change from time. Lessee shall remit 85% of all aircraft parking fees, ramp fees, and other fees collected from aircraft operators.
- 6.6. Payments. Payment of rents, fees, and other charges shall be made promptly without notice or demand, in legal tender of the United States of America.
- 6.6.1. Payment of rent shall be made by Lessee to Lessor monthly (in installments equal to 1/12 of the annual rent) in advance on or before the 1st day of each month. The rent for any partial month shall be prorated.
- 6.6.2. Payment of fees and other charges shall be made by Lessee to Lessor monthly on or before the 10th day of each month for the previous month.
- 6.6.3. Payments of rents, fees, and other charges shall be made by check or money order, payable to Lessor. Payments shall be delivered or mailed to City of Paso Robles Airport, 1000 Spring Street, Paso Robles, California, 93446 or to such other location as may be directed in writing by Lessor. Payments shall be made without any abatement, deductions, reductions, offsets, or counterclaims of any kind.
- 6.7. Late Charges. A late charge of 10% shall be automatically added to any rents, fees, or other charges not received by Lessor by the close of business five (5) calendar days after due and owing. Additional late charges shall be imposed for each thirty (30) calendar day period payment remains due and owing. Late charges shall become part of the rents, fees, and other charges due and owing to Lessor.
- 6.7.1. In addition to late charges, Lessor shall be entitled to interest at the State judgment rate plus all costs and expenses incurred by Lessor to collect (or attempt to collect) amounts past due, including without limitation, attorney and court fees, costs, and expenses
7. IMPROVEMENTS
- 7.1. Required Improvements. Immediately upon the execution of this Agreement, Lessee shall commence the development of plans and specifications (including detailed architectural renderings) for the Airport Terminal Expansion improvements to be constructed on the Leased Premises consistent with Lessee's proposal submitted to the City on June 29, 2023 and supplemental information submitted on January 17, 2024. The design of all improvements shall be subject to approval by the City. The proposal along with supplemental information are attached hereto and incorporated herein as *Exhibit C – Proposals*.
- 7.2. Airport Terminal Expansion. Lessee shall diligently and continuously pursue the construction of Airport Terminal Expansion Improvements upon the execution of this Agreement. Lessee shall have 36 months to finalize plans and specifications and obtain City approvals for the Airport Terminal Expansion improvements. City shall review plans expeditiously upon submission of a completed application. Following City approvals of plans and specifications, construction is to be completed and Certificate of Occupancy obtained within 24 months. Failure to meet this development timeline is considered a default of the Agreement.
- 7.3. Hangar Development Improvements. Lessee shall diligently and continuously pursue the development and construction of hangar improvements as soon as reasonably possible following the execution of the lease agreement. In any event, improvements shall be completed in no more than four (4) phases as detailed herein.
- Phase 1 – Design and Facility Site Plan: Lessee shall work collaboratively with the City on the site plan and the design of the hangars to ensure the architectural standards are mutually agreed upon by both parties. Lessee shall ensure site plan and structural design is



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compatible and cohesive with the rest of the Airport, particularly the terminal building, and ensure the design is attractive from both the airside and landside of the Airport. Phase 1 shall take no longer than 18 months unless delayed by mutual agreement of the parties due to the possibility of relocation in connection with changes to the Airport Master Plan.

- Phase 2 – Infrastructure, Hangar Pads: Lessee shall complete all site preparation, earth work, grading, utilities, asphalt paving, lighting, concrete hangar pads, ramps, and security fencing for the entire site during this phase. Lessee shall also reconfigure gate access at Taxiway Delta to eliminate existing gates and provide one entrance gate to that area of the Airport. Phase 2 shall take no longer than 36 months to complete following completion of Phase 1.
- Phase 3 – Construction of Initial Hangars: Lessee shall immediately commence the construction of no less than four (4) 60' X 60' box hangars and four (4) nested T-hangars. Phase 3 shall take no longer than 5 years to complete following the completion of Phase 1.
- Phase 4 – Construction of Remaining Hangars: Lessee shall endeavor to complete the hangar development improvements during this phase of the project. No fewer than eleven (11) 60' X 60" box hangars and eight (8) T-hangars shall be constructed based on market demand for hangars. Lessee shall complete Phase 4 within ten (10) years following the completion of Phase 1 unless Lessee is unable to due to lack of market demand for hangars. In such case, the remaining undeveloped hangar pads and related infrastructure shall revert at no cost to the City at the conclusion of the 10-year period and the Leased Premises shall be adjusted accordingly. Lessee shall retain the rights to the hangars developed prior to the expiration of Phase 4.

Lessee shall be in default of this Agreement if it fails to complete the construction of hangar development improvements to the Leased Premises within the specified time periods detailed above.

- 7.4. Application to Make Improvements. Prior to making any Improvements (including any alterations to existing Improvements, removal of existing Improvements, or construction of new Improvements) to the Leased Premises, Lessee shall submit to Lessor for its review and approval detailed plans, designs, and specifications, which shall be prepared by a registered architect and approved by a registered engineer, both licensed in the State of California. Said plans shall include cost estimates, a project schedule, and a list of the contractors selected by Lessee. If applicable, Lessee shall also complete and include *FAA Form 7460-1 Notice of Proposed Construction Alterations*.
- 7.5. Written Consent. Lessee shall not make any Improvements to the Leased Premises without the prior written consent of Lessor.
- 7.5.1. Lessor may require Lessee to remove any unpermitted Improvements made to the Leased Premises and return the Leased Premises to its original condition at Lessee's sole cost and expense, or Lessor may, at its sole discretion, require Lessee to modify the unpermitted Improvements to Lessor's satisfaction. If Lessee fails to comply with such notice within thirty (30) calendar days, Lessor may affect the removal or modification of said Improvements and Lessee shall pay 125% of the costs and expenses thereof within thirty (30) calendar days upon receipt of an invoice from Lessor.
- 7.6. Compatibility and Compliance. Any Improvements made to the Leased Premises shall be: (1) compatible with the Airport and associated airspace; (2) consistent with the Airport's Master Plan, Airport Layout Plan, and the Land Use Plan; (3) in compliance with 14 CFR Part 77 Safe, Efficient Use, and Preservation of the Navigable Airspace; and (4) in compliance with Section 3.4.1 of this Agreement.



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- 7.7. Permits. Lessee shall procure all required building, fire, safety, and other permits from federal, State, and local Agencies having jurisdiction.
- 7.8. Insurance. No Improvements shall be made to the Leased Premises until evidence of required insurance satisfactory to Lessor has been provided. Lessee shall be fully liable for any damages related to making any Improvements.
- 7.9. Liens. Lessee shall pay all claims lawfully made against it by its contractors, subcontractors, material men, and workmen, and all claims lawfully made against Lessee by other third persons resulting from, caused by, arising out of, or associated with the Improvements being made to the Leased Premises, and shall cause its contractors, subcontractors, material men, and workmen to pay all such claims lawfully made against them. Lessee shall also pay all liens held by contractors, subcontractors, material men, and workmen and provide proof of payment to Lessor.
- 7.9.1. Notwithstanding circumstances beyond Lessee's control, all Improvements made to the Leased Premises shall be free and clear of liens, claims, or liability for labor or material.
- 7.9.2. Nothing in this Agreement shall be construed, in any way, to constitute consent to the creation of any lien or claim against the Leased Premises or Lessor.
- 7.10. Indemnity for Claims. Lessee shall defend and indemnify Lessor against all claims, liabilities, and losses of any type arising out of making Improvements on the Leased Premises by Lessee, together with reasonable attorneys' fees and all costs and expenses reasonably incurred by Lessor in negotiating, settling, defending, or otherwise protecting against such claims.
- 7.11. Assurance of Completion. Prior to commencement of any alteration or construction expected to cost more than twenty-five thousand dollars (\$25,000), (including the Airport Terminal Expansion and Hangars) Lessee shall furnish Lessor the following bonds in the amount of one-hundred and ten percent (110%) of the total estimated cost of Improvements:
- a Performance Bond in a form provided or approved by the City; and
 - a Payment Bond in a form provided or approved by the City.
- Should, in City's sole opinion, any bond become insufficient or any surety be found to be unsatisfactory, Lessee shall renew or replace the affected bond within 10 days of receiving notice from City. In the event the surety or Lessee intends to reduce or cancel any required bond, at least thirty (30) days prior written notice shall be given to the City, and Lessee shall post acceptable replacement bonds at least ten (10) days prior to expiration of the original bonds. To the extent, if any, that the total cost of Improvements is increased in accordance with the Agreement, the Lessee shall, upon request of the City, cause the amount of the bonds to be increased accordingly and shall promptly deliver satisfactory evidence of such increase to the City.
- Only bonds executed by an admitted surety insurer, as defined in Code of Civil Procedure Section 995.120, shall be accepted. The surety must be a California-admitted surety with a current A.M. Best's rating no less than A:VIII and satisfactory to the City. If a California-admitted surety insurer issuing bonds does not meet these requirements, the insurer will be considered qualified if it is in conformance with Section 995.660 of the California Code of Civil Procedure, and proof of such is provided to the City.
- 7.12. Certificate of Inspection. Upon completion of the Improvements being made to the Leased Premises, Lessee shall submit to Lessor a Certificate of Inspection, verifying that the Improvements were completed in conformance with Title 24 of the California Code of Regulations for non-residential construction.
- 7.13. As-Built Plans. Upon completion of the Improvements being made to the Leased Premises, Lessee shall provide to Lessor a complete set of reproducible as-built plans and specifications in digital (CAD) format reflecting actual alterations or construction within or upon the leased Premises.



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- 7.14. Reversion of Improvements. Subject to the terms of this Agreement, Lessee retains the ownership of all Improvements made to the Leased Premises, including, but not limited to, those stated in paragraphs 7.2 and 7.3. Furthermore, Lessee retains all rights and privileges pertaining to the owned Improvements. Unless otherwise stated in this Agreement, upon expiration or earlier termination of this Agreement, at Lessor's option, the ownership of Improvements made to the Leased Premises shall revert (transfer) to Lessor or Lessee shall remove and/or demolish any and/or all Improvements (as designated by Lessor) and return the Leased Premises to its original condition and character, ordinary and reasonable wear and tear excepted. If Improvements revert to Lessor by any means other than expiration of this Agreement or termination of this Agreement pursuant to Section 12 (Defaults and Remedies), Lessor shall compensate Lessee for the Improvements at fair market value.

8. LESSEE'S RIGHTS AND PRIVILEGES

- 8.1. Use of the Airport. Lessee is allowed to use the Airport and its appurtenances together with all Public Areas and facilities, in common with Lessor and others, on a non-exclusive basis and subject to the terms and conditions of this Agreement, except such land and Improvements specifically leased herein and as may be leased by Lessor to others.

- 8.1.1. Lessee shall be liable and shall reimburse Lessor for all costs and expenses incurred by Lessor for the repair of any damage caused by Lessee to the Airport and its appurtenances and/or Public Areas or facilities at the Airport, excluding ordinary and reasonable wear and tear.

- 8.2. Ingress and Egress. Lessee, its representatives, officers, agents, employees, guests, patrons, suppliers, vendors, invitees, contractors, subcontractors, and Sublessees, shall have the right of ingress and egress to and from the Leased Premises. However, if the privileges granted by this provision adversely affect or conflict with others, Lessor shall have the right to restrict and/or limit the manner in which such ingress and/or egress may be exercised.

- 8.3. Quiet Enjoyment. Subject to the terms and conditions of this Agreement, Lessee shall peacefully and quietly have, hold, and enjoy the Leased Premises free from hindrance or interruption by Lessor. Lessee agrees temporary inconveniences such as noise, disturbances, traffic detours, and the like resulting from, caused by, arising out of, or associated with Lessor's construction, maintenance, and/or repair of Airport improvements or special events shall not constitute a breach of this section.

- 8.4. New Locks. Lessee may install new locks on all exterior doors. Lessee shall advise Lessor of such action and shall provide Lessor with keys to said locks. Lessee shall also deliver to Lessor the old locks with keys. Upon termination, all locks shall become the property of Lessor.

- 8.5. Fixtures and Equipment. Lessee may install equipment, furniture, furnishings, and fixtures on the Leased Premises and use equipment, tools, machinery, or other items of personal property in connection with the permitted uses of the Leased Premises authorized in this Agreement.

- 8.5.1. Title to all equipment, furniture, furnishings, and trade fixtures placed by Lessee upon the Leased Premises shall remain in Lessee, and replacements, substitutions, and modifications thereof may be made by Lessee throughout the term of this Agreement. However, In the event this Agreement is terminated prior to its natural expiration, the City retains the first right to purchase Lessee's equipment of its choosing at fair market value. If fair market value cannot be mutually agreed upon, the parties will agree to binding arbitration.

- 8.5.2. Lessor shall have no liability or responsibility for any theft, misappropriation, or damage to any equipment, furniture, furnishings, and trade fixtures placed by Lessee upon the Leased Premises or personal property belonging to Lessee or others.



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- 8.5.3. Lessee may remove such equipment, furniture, furnishings, and trade fixtures upon termination of this Agreement if Lessee is not then in default or breach under this Agreement, provided that Lessee shall repair to the satisfaction of Lessor any damage to the Leased Premises and Improvements caused by such removal and provided that usual and customary lighting, plumbing, and heating fixtures shall remain upon the Leased Premises upon termination of this Agreement.

8.6. Other.

- 8.6.1. Unless otherwise stated in this Agreement, Lessee's rights and privileges are limited strictly to the Leased Premises, no other rights or privileges are being granted by Lessor to Lessee for any other premises at the Airport or any other properties owned or leased by Lessee.
- 8.6.2. Unless otherwise stated, this Agreement does not: (a) modify any other agreements between the Parties or (b) extend any rights or privileges to Lessee in any other agreements between the Parties.

9. LESSOR'S RIGHTS AND PRIVILEGES

9.1. Lessor's Rights. Lessor reserves the following rights:

- 9.1.1. Nothing contained in this Agreement shall be construed, in any way, to limit the use of the Airport by Lessor, its Police Department, Fire Department, FAA, or other Agencies performing official duties at the Airport, or others, including the Airport's use as a Spaceport.
- 9.1.2. With the exception of the areas designated within the Agreement for Lessee's purposes, Lessor reserves the right to designate specific areas of the Airport to be used for specific purposes and/or engage in specific activities, including for example as a Spaceport.
- 9.1.3. Lessor reserves the right to develop and make any improvements, repairs, restoration, or replacement on, at, or to the Airport it deems necessary. Lessor will provide advance notice of the date and time of such projects. Lessor shall not be obligated or required to reimburse or compensate Lessee, Sublessee, or any other entities for any cost and/or expense incurred, for any revenue lost, or for any inconvenience that may result from, arise out of, or be associated in any way with such projects.
- 9.1.4. Lessor (and its representatives, officers, officials, employees, agents, and volunteers) shall not be responsible for loss, injury, or damage to persons or property at the Airport resulting from, caused by, arising out of, or associated in any way with any acts of nature, natural disasters, or illegal activity.
- 9.1.5. During time of war or national emergency, Lessor shall have the right to enter into an agreement with the United States Government for military use of part or all of the Airport and its facilities. If any such agreement is executed, this Agreement or any other agreement between the Parties, insofar as the agreements may be inconsistent with the agreement between Lessor and the United States Government, shall be suspended, without any liability to Lessor.
- 9.1.6. Lessor will not relinquish the right to take any action Lessor considers necessary to protect the aerial approaches of the Airport against obstruction or to prevent any person from erecting or permitting to be erected any facility or structure which might limit the usefulness of the Airport or constitute a hazard to Aircraft.
- 9.1.7. Lessor will not waive any sovereign, governmental, or other immunity to which Lessor may be entitled nor shall any provision of this Agreement or any other agreement between the Parties be so construed.



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- 9.1.8. Lessor will not submit to the laws of any state other than those of the State of California.
 - 9.1.9. Lessor is under no obligation to obtain or provide financing or funding, make any improvements to the Airport, and/or facilitate any development proposed by Lessee or others.
 - 9.1.10. Lessor reserves the right to take such actions as it may deem necessary to protect the safety and security of the public and the integrity of the PMCDs.
 - 9.1.11. Lessor shall have no responsibility or liability to furnish any services to Lessee, however Lessee may request the provision of services and if agreed upon, shall pay Lessor the amount of compensation agreed upon by the Parties.
 - 9.1.12. Nothing contained in this Agreement shall be construed, in any way, as restricting or limiting the powers of Lessor to fully exercise its governmental functions and/or authority or fulfill its obligations under the Airport Sponsor Assurances (or any bond covenants) or comply with applicable Legal Requirements or perform any duties associated with Spaceport licensing or operation.
- 9.2. **Lessor's Privileges.** Lessor shall have the following privileges:
- 9.2.1. **Normal Access to the Leased Premises.** Lessor shall have the right to enter in, upon, or under the Leased Premises at reasonable times, upon not less than twenty-four (24) hours prior notice to Lessee, for reasonable purposes (e.g., to ensure Lessee's compliance with the terms and conditions of this Agreement including, but not limited to, Section 3 of this Agreement).
 - 9.2.2. **Emergency Access to the Leased Premises.** Lessor shall have the right to enter the Leased Premises at any time in the event of an apparent or actual emergency (e.g., fire, flood, or failure of an Improvement or utility, etc.).
 - 9.2.3. **Security Measures.** Lessor shall have the right to require a reasonable security system, device, operation, or plan be installed and implemented to protect the Leased Premises, Improvements, and the Airport. Should Lessor, in its sole discretion, require Lessee to install such a security system, Lessee agrees to bear the sole cost and expense of any security system, device, operation, or plan and the installation and implementation thereof. Lessee shall obtain Lessor's prior written consent before installing, implementing, or changing any Lessor approved security system, device, operation, or plan.
 - 9.2.4. **Performance of Acts.** All acts performable under this Agreement by Lessor may, at the option of Lessor and without right of objection by Lessee, be performed by a representative of Lessor.
 - 9.2.5. **Exercising Rights.** No exercise of any rights reserved by Lessor shall be deemed or construed, in any way, as grounds for any abatement of rents, fees, or other charges nor serve as the basis for any claim or demand for damages of any nature whatsoever.

10. LESSEE'S OBLIGATIONS

- 10.1. **Conduct.** Lessee shall be responsible for the conduct, demeanor, and appearance of its representatives, officers, agents, employees, guests, patrons, suppliers, vendors, invitees, contractors, subcontractors, sublessees, or any other entity on the Leased Premises. Lessee's personnel shall: (a) be neat, clean, and courteous, (b) not conduct operations in an objectionable manner, and (c) shall wear suitable attire. Upon receipt of a complaint, Lessee shall act to immediately resolve the complaint. Lessee's personnel shall cooperate with Lessor, its representative's or Agencies in dealing with emergencies on the Leased Premises and at the Airport.



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- 10.2. Disturbance. Lessee shall conduct its authorized uses and Activities in an orderly and proper manner so as to not annoy, disturb, or interfere with others. Lessee agrees that it will not in any manner interfere with Aircraft operations or create a hazard to Aircraft, other lessees, or the public. Except for those customary for its operation in the normal course of business, Lessee shall prevent escape of hazardous fumes, odors, smoke, gas, or other hazardous substances from the Leased Premises (or cause or permit to be caused any act that would adversely affect the environment).
- 10.3. Taxes, Assessments, Levies, Fees, and Other Charges. Lessee shall pay and discharge all taxes, assessments, levies, and other fees, without offset or abatement, whether general or special, ordinary or extraordinary, charged by any government or quasi-governmental entity during the term of this Agreement.
- 10.3.1. Real Property Taxes Defined. The term “real property taxes” as used herein shall mean all taxes, assessments, levies, fees, and other charges, general and special, foreseen and unforeseen, now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against or with respect to: (a) value, occupancy, use, or possession of the Leased Premises and/or the Improvements; (b) any improvements, furniture, fixtures, equipment, and other real or personal property of Lessee that are an integral part of the Leased Premises; or (c) use of and Activities on the Leased Premises, Improvements, public utilities, or energy within the Leased Premises. The term “real property taxes” shall also mean all taxes, assessments, levies, fees, or other charges imposed by reason of environmental regulation or other governmental control of the Leased Premises and/or the Improvements, new or altered excise, transaction, sales, privilege, assessment, or other taxes or charges now or hereafter imposed upon Lessor as a result of this Agreement, and all costs and fees (including attorneys’ fees) incurred by Lessor in contesting any real property taxes and in negotiating with public authorities as to any real property taxes affecting the Leased Premises. If any real property taxes are based upon property or rents unrelated to the Leased Premises and/or the Improvements, then only that part of such tax that is fairly allocable to the Leased Premises and/or the Improvements, as determined by Lessor, on the basis of the assessor’s worksheets or other available information, shall be included within the meaning of the term “real property taxes.”
- 10.3.2. Payment of Real Property Taxes. Lessee shall pay Lessee’s share of all real property taxes (as defined in Section 10.3.1. of this Agreement) which become due and payable to Lessor on or before the later of ten (10) business days prior to the delinquency thereof or fifteen (15) business days after the date on which Lessee receives a copy of the tax bill and notice of Lessor’s determination hereunder. Lessee’s liability to pay real property taxes shall be prorated on the basis of a three hundred sixty-five (365) calendar day year to account for any fraction or portion of a tax year included in the Agreement term at the commencement or expiration of this Agreement.
- 10.3.3. Revenue and Taxation Code. Lessee specifically acknowledges it is familiar with section 107.6 of the California Revenue and Taxation Code. Lessee realizes that a possessory interest subject to property taxes may be created, agrees to pay any such tax, and hereby waives any rights Lessee may have under said California Revenue and Taxation Code section 107.6.
- 10.3.4. Personal Property Taxes. Lessee shall pay, before delinquent, or if requested by Lessor, reimburse Lessor for, any and all taxes, assessments, levies, fees, and other charges associated with the personal property contained in the Leased Premises. Lessee recognizes and understands in accepting this Agreement that its interest therein may be subject to a possible possessory interest tax that Lessor may impose on such interest and



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that such tax payment shall not reduce any rents, fees, or other charges due Lessor hereunder and any such tax shall be the liability of and be paid by Lessee.

- 10.4. Maintenance and Repair. Lessee shall, at its sole risk, cost, and expense, diligently keep and properly maintain and repair the Leased Premises, the Improvements thereto (or located thereon) including painting, maintenance of landscape areas, pavements, utilities, and its personal property, in first-class order, repair, and condition and in a safe, clean, orderly, and sanitary condition to the complete satisfaction of Lessor, and in compliance with all applicable Legal Requirements, throughout the term of this Agreement.
- 10.4.1. Lessee shall be responsible for the maintenance, repair, and replacement, at Lessee's sole risk, cost, and expense, of the Improvements and all the main support systems exclusively serving the Improvements, including plumbing (but excluding the portions of the same that are underground), electrical, HVAC, foundation, framing, exterior walls of the Leased Premises, and structural support systems. Lessee will be responsible for the maintenance and repair of the roof for non-shared Improvements at Leased Premises. Notwithstanding the foregoing, except to the extent any maintenance, repair, or replacement is made necessary by the negligence of Lessee, Lessor shall be responsible for the replacement of the roof related to its Leased Premises improvements.
- 10.4.2. Liens. Lessee further agrees that if and when any repairs, alterations, additions, or betterments shall be made by Lessee as required by this Section, Lessee shall promptly pay for all labor done or materials furnished and shall keep the Leased Premises free and clear of any lien or encumbrance of any kind whatsoever related to the repair.
- 10.4.3. Waiver of Civil Code. Lessee expressly waives the benefit of any statute now or hereinafter in effect, including the provisions of sections 1941 and 1942 of the Civil Code of California, which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Agreement because of Lessor's failure to keep Leased Premises in good order, condition, and repair.
- 10.4.4. In the event Lessee fails to comply with the entirety of Section 10.4. of this Agreement, Lessor may notify Lessee and if Lessee fails to correct the condition within fourteen (14) calendar days of Lessor's written notice, Lessor may enter the Leased Premises and perform any necessary maintenance, repair, restoration, replacement, or cleaning and Lessee shall pay one hundred twenty-five percent (125%) of the costs and expenses thereof to Lessor within fourteen (14) calendar days upon receipt of an invoice from Lessor. The making of such maintenance, repair, restoration, replacement, or cleaning by Lessor shall in no event be construed as a waiver of the duty of Lessee to perform any necessary maintenance, repair, restoration, replacement, or cleaning as provided in this Section.
- 10.5. Utilities. Lessee shall pay all fees and charges due and owing for all utilities (including connections) serving the Leased Premises. Such services shall include, but not be limited to: water, gas, electricity, sewer, telephone, cable, trash collection, etc.
- 10.6. Costs, Expenses, and Other Charges. Lessee shall pay all other costs, expenses, and other charges of every kind and nature whatsoever relating to the Leased Premises and/or Lessee's Activities during the term of this Agreement.
- 10.7. Licenses, Certificates, And Permits. Lessee, at its sole risk, cost, and expense, shall obtain any and all required licenses, certificates, permits, or other authorizations from any and all Agencies having jurisdiction necessary for the uses and Activities authorized in this Agreement. Lessee shall not engage in or permit others to engage in activities on the Leased Premises in violation of any license, certificate, permit, or other authorization. If the attention of Lessee is called to any such violation, Lessee will immediately notify Lessor and cease and desist from and immediately cause to be



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corrected such violation. Lessee shall pay all penalties, fines, costs, or expenses associated with any such violation or correction.

- 10.8. Based Aircraft Report. Beginning October 1, 2025, Lessee shall maintain and furnish on or before anniversary date of this Agreement (or upon request of Lessor) a report identifying all Based Aircraft on the Leased Premises. The report shall identify the aircraft owner, contact information, registration number, year, make, and model of the Aircraft.
- 10.9. Business Status. Lessee shall notify Lessor immediately of any changes to Lessee's business or corporate structure or status or if Lessee's authorization to conduct business at the Airport, in the State, or in the United States will be (or has been) suspended or revoked.
- 10.10. Signage and Lighting. All signage must be approved in writing by Lessor and shall conform to Section 3.4.1 of this Agreement.
- 10.11. Special Events. Lessee shall not conduct or hold special events without obtaining (a) appropriate permits and approval from the Agencies having jurisdiction and (b) the prior written consent of Lessor.

11. REQUIRED FAA CLAUSES

11.1. Non-Exclusive Use.

- 11.1.1. This Agreement and all of the provisions hereof shall be subject to whatever right the United States Government has now or may have in the future or may acquire affecting the control, operation, regulation, and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States Government during the time of war or national emergency. If any such agreement is executed, the terms and conditions of this Agreement shall be subordinate to the provisions of any agreement between Lessor and the United States relative to the Airport.
- 11.1.2. It is clearly understood by Lessee that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating Aircraft at the Airport from performing any services on its own Aircraft with its own Employees (including but not limited to, fueling, maintenance, and repair) that it may choose to perform.
- 11.1.3. Nothing in this Agreement shall be construed, in any way, as Lessor granting Lessee an Exclusive Right to engage in any Aeronautical Activity at the Airport.

11.2. Non-Discrimination.

- 11.2.1. Lessee, for itself, its heirs, successors, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event Improvements are constructed, maintained, or otherwise operated on the Leased Premises described in this Agreement for a purpose for which a Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such Improvements in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the DOT, and as said Legal Requirements may be promulgated or amended from time to time.
- 11.2.2. Notwithstanding any other provision of this Agreement, during the performance of this Agreement, Lessee, for itself, its heirs, successors, and assigns, as part of the consideration of this Agreement does hereby agree, as a covenant running with the land, that: (a) no person on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability shall be excluded from participating in any activity conducted with or benefiting from Federal assistance. ; (b) in the construction of any Improvements on,



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over, or under the Leased Premises, and the furnishing of services therein or thereon, no person on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability shall be excluded from participating in any activity conducted with or benefiting from Federal assistance.; (c) in the breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate this Agreement and to reenter and repossess the Leased Premises and hold the same as if this Agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 have been followed and completed, including expiration of appeal rights; (d) Lessee, for itself, its heirs, successors, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with the land that in the event Improvements are constructed, maintained, or otherwise operated on the Leased Premises for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such improvements and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the DOT, and as said Regulations may be amended.

- 11.2.3. Lessee will comply with pertinent statutes, Executive Orders, and such rules as are promulgated or amended from time to time to assure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates Lessee or its transferee for the period during which federal assistance is provided, or is in the form of personal property or real property or interest therein or structures or Improvements thereon.

In these cases, this provision obligates Lessee or any transferee for the longer of the following periods: (a) the period during which the Leased Premises is used by the sponsor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits, or (b) the period during which Lessor or any transferee retains ownership or possession of the Leased Premises.

- 11.2.4. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract.
- 11.2.5. Lessee agrees it will practice non-discrimination in its activities and will provide Disadvantaged Business Enterprise (DBE) participation as required by the sponsor, in order to meet Lessor's goals, or required by the FAA.
- 11.2.6. Lessee shall not discriminate in any manner against any employee or employee applicant for employment because of political or religious opinion or affiliation, race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability and further, Lessee shall include a similar clause in all subcontracts. Lessee agrees Lessor has the right to take such action against Lessee as the government may direct to enforce this provision of this Agreement.
- 11.2.7. Lessee shall insert Section 11.2.1. through Section 11.2.6. in any Sublease through which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations to the public on the Leased Premises.

12. **DEFAULTS AND REMEDIES**

- 12.1. **Defaults.** In addition to the defaults and breaches identified in this Agreement, the occurrence of any one (1) or more of the following events shall constitute a material default or breach of this Agreement by Lessee:



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- 12.1.1. The filing by Lessee of a voluntary petition in bankruptcy.
- 12.1.2. The making by Lessee of any general arrangement or assignment for the benefit of creditors; Lessee's becoming a "debtor" as defined in 11 USC §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) calendar days); the appointment of a bankruptcy trustee or receiver to take possession of all or substantially all of Lessee's assets located at or on the Leased Premises or of Lessee's interest in this Agreement where possession is not restored to Lessee within thirty (30) calendar days; or the attachment, execution, or other judicial seizure of all or substantially all of Lessee's assets located at or on the Leased Premises or of Lessee's interest in this Agreement, where such seizure is not discharged within thirty (30) calendar days.
- 12.1.3. The filing of any lien against the Leased Premises resulting from any act, error, omission, or negligence of Lessee which is not discharged or contested in good faith as determined by Lessor by proper legal proceedings within fourteen (14) calendar days of receipt of actual notice by Lessee, unless Lessee posts a bond within this time period equal to the amount of the lien.
- 12.1.4. The abandonment by Lessee of the Leased Premises (as defined by California Civil Code section 1951.3), the Lessee's absence from the Leased Premises for fourteen (14) consecutive calendar days, or Lessee's failure to an on-going business on the Leased Premises or at the Airport for a period of fourteen (14) calendar days or more, notwithstanding circumstances beyond Lessee's control.
- 12.1.5. The transfer of Lessee's interest herein by other operation of law.
- 12.1.6. Lessee becomes in arrears in the payment of rent, fees, or other charges required to be made by Lessee hereunder, as provided in this Agreement, where such failure shall continue for a period of ten (10) business days after written notice thereof from Lessor to Lessee. In the event Lessor serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.
- 12.1.7. The falsification by Lessee of any of its records so as to deprive Lessor of any of its rights, privileges, rents, fees, or other charges under this Agreement or any other agreement between the Parties.
- 12.1.8. The failure by Lessee to observe or perform any of the terms and conditions of this Agreement where such failure continues for a period of thirty (30) calendar days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) calendar days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) calendar day period and thereafter diligently prosecutes such cure to completion.
- 12.1.9. A sale of stock in Lessee's business entity which divests the present members of controlling interest (i.e., should current members cease to have decision-making powers for the business entity) absent written consent from Lessor, which shall not be unreasonably withheld.
- 12.1.10. The sale, assignment, or transfer or the attempted sale, assignment, or transfer of this Agreement by Lessee. Negotiations by Lessee for the sale, assignment, or transfer of this Agreement shall not be construed as an "attempted transfer".
- 12.1.11. Any default or breach of this Agreement by Lessee shall constitute a default or breach by Lessee of all other agreements between the Parties.



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- 12.1.12. The failure by Lessee to complete any required Improvements within the time frames provided in this Agreement. Such default shall not be subject to any right to cure by Lessee.
- 12.2. Remedies. In the event of any material default or breach by Lessee, Lessor may at any time thereafter, following any notice required by statute, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:
- 12.2.1. Terminate Lessee's right to possession of the Leased Premises by any lawful means, in which case this Agreement shall terminate and Lessee shall immediately and peacefully surrender possession of the Leased Premises and Improvements to Lessor in the same condition as when received, with the exception of ordinary and reasonable wear and tear.
- 12.2.2. In the event of termination, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's material default or breach including but not limited to: (a) the cost of recovering possession of the Leased Premises and Improvements; (b) expenses of re-letting including necessary renovation and alteration of the Leased Premises and Improvements; (c) reasonable attorneys' and court fees, costs, and expenses; (d) the worth at the time of the award of the unpaid rent, fees, or other charges that had been earned at the time of termination of this Agreement; (e) the fees, costs, and expenses associated with the removal, storage, and/or disposal of personal property from the Leased Premises at Lessee's sole risk, cost, and expense and without any liability to Lessor for resulting damage; and (f) the amount of unpaid rent, fees, and other charges for the balance of the term.
- 12.2.3. Maintain Lessee's right to possession, in which case this Agreement shall continue in effect whether or not Lessee shall have abandoned the Leased Premises. In such event, Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Agreement, including the right to recover rent, fees, and other charges as they become due hereunder.
- 12.2.4. Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State. Lessor shall have all remedies provided by law and equity.
- 12.3. Non-Performance or Delay Default. No failure to perform or delay in performance which is caused by any war, national emergency, act of nature, or natural disaster shall be deemed an event of default or breach.
- 12.4. Continuing Obligations. No termination shall relieve Lessee of the obligation to deliver and perform any outstanding requirements and agreements prior to the effective date of the termination and/or continue to be liable under this Agreement.
- 12.5. No Relief from Forfeiture After Default. Lessee waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present or future law, in the event Lessee is evicted or Lessee otherwise lawfully takes possession of the Leased Premises by reason of any default or breach of this Agreement by Lessee.

13. TERMINATION BY LESSEE

- 13.1. If Current, in Good Standing, and if the Leased Premises and Improvements are in good condition and subject to providing written notice to Lessor, Lessee may terminate this Agreement after the occurrence of one (1) or more of the following events:
- 13.1.1. permanent abandonment or closure of the Airport;
- 13.1.2. the lawful assumption by the United States Government, or any authorized Agency of the operation, control, use, or occupancy of the Airport, or any substantial part or parts



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thereof, in such manner as to substantially restrict Lessee from conducting the uses or Activities authorized in this Agreement for a period of at least ninety (90) calendar days;

- 13.1.3. the default or breach by Lessor of any of the terms and conditions of this Agreement required to be performed by Lessor and the failure of Lessor to remedy such default or breach for a period of thirty (30) calendar days, or a reasonable period of time to cure so long as the cure is commenced within thirty (30) calendar days, after receipt from Lessee of written notice; and
- 13.1.4. in the event of substantial Condemnation or eminent domain which prevents or substantially impairs the conduct of Lessee's Activities or equates to fifty percent (50%) or more of the total Leased Premises. If terminating this Agreement, Lessee shall notify Lessor of termination within thirty (30) calendar days of receiving notice of Condemnation or eminent domain. If Lessee does not notify Lessor of termination, the Condemnation or eminent domain shall be considered a partial acquisition.

14. CONDEMNATION OR EMINENT DOMAIN

- 14.1. General. In the event of the acquisition by Condemnation or the exercise of the power of eminent domain (by any governmental or other permitted Agency to take property for public use) of interest in all or a portion of the Leased Premises, Lessee shall not institute any action or proceeding or assert any claim against Lessor for Compensation or consideration of any nature whatsoever and any provision contained herein contrary to the provisions of this Section shall have no force or effect.
 - 14.1.1. All Compensation or consideration awarded or paid upon a total or partial acquisition of the Leased Premises (which for these purposes shall not include Compensation or consideration from Lessor) shall belong to and be the Property of Lessor without any participation by Lessee.
 - 14.1.2. Nothing contained herein shall be construed or preclude Lessee from recovering directly from the condemning Agency the value of any claim, that may exist, for loss of business, or depreciation, damage, or costs or expenses of removal, or for the value of Lessee's personal Property; provided, however, that no such claim shall diminish or otherwise adversely affect Lessor's award.
- 14.2. Total. In the event of the acquisition by Condemnation or eminent domain of all interest in the Leased Premises, Lessee's obligation to pay rents, fees, or other charges and the leasehold estate created shall cease and terminate as of the date title of the Leased Premises is transferred to the governmental or other permitted Agency taking the Leased Premises for public use.
- 14.3. Substantial and Partial. In the event of the acquisition by Condemnation or eminent domain of a portion of interest in the Leased Premises, Lessee's obligation to pay rents, fees, or other charges shall cease and terminate as it pertains to the specific portion of the Leased Premises taken as of the date title of the Leased Premises is transferred to the governmental or other permitted Agency taking the Leased Premises for public use. In the event of partial Condemnation or eminent domain, rent shall be adjusted accordingly.

15. FORCE MAJEURE

- 15.1. General. If either Party shall be delayed, hindered in, or prevented from, the performance of the terms and conditions of this Agreement by reason of strikes, lockouts, labor disputes, acts of nature, inability to obtain labor, inability to obtain materials or reasonable substitutes, governmental restrictions, governmental regulation, governmental controls, judicial orders, enemy or hostile governmental actions, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the Party ("Permitted Delay"), such Party shall be excused for the period of time equivalent to the delay caused by such Permitted Delay.



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- 15.1.1. Notwithstanding the foregoing, any extension of time sought by Lessee for a Permitted Delay shall be conditioned upon it providing written notice of such Permitted Delay to Lessor within fourteen (14) calendar days of the event causing the Permitted Delay.
- 15.1.2. In the event any work performed by Lessee or Lessee's contractors results in a strike, lockout, and/or labor dispute, the strike, lockout, and/or labor dispute shall not excuse the performance by Lessee of the terms and conditions of this Agreement.
- 15.1.3. In no event shall Lessee be relieved of its obligations to pay Lessor the rents, fees, or other charges due and owing, as set forth in this Agreement.

16. WAIVER

- 16.1. Waiver by Lessor of one (1) or more term or condition of this Agreement or any default or breach of a term or condition of this Agreement shall not be construed as a waiver of any other term or condition of this agreement or subsequent default or breach. The subsequent acceptance by a Party of the performance of any term or condition of this Agreement by another Party shall not be deemed to be a waiver of any term or condition of this Agreement.
- 16.2. The exercise of any remedy, right, option, or privilege hereunder by Lessor shall not preclude Lessor from exercising the same or any and all other remedies, rights, options, and privileges hereunder and Lessor's failure to exercise any remedy, right, option, or privilege at law or equity, or otherwise which Lessor may have, shall not be construed as a waiver.
- 16.3. Failure on the part of Lessor to enforce any of the terms and conditions of this Agreement shall not be construed as or deemed to be a waiver or a relinquishment of the right to enforce such terms and conditions.
- 16.4. The acceptance by Lessor of any payment of rents, fees, or other charges shall not be construed as or deemed to be a waiver by Lessor of any default or breach by Lessee of any condition, obligation, privileges, or agreement contained herein and shall not be construed as or deemed to be a waiver of Lessor's right to terminate this Agreement.

17. HAZARDOUS MATERIALS

- 17.1. Hazardous Materials Defined. The term "Hazardous Materials" shall mean any toxic or hazardous substance, material, or waste; pollutant or contaminant; or infectious or radioactive material, including but not limited to, those substances, materials, or wastes regulated now or in the future under any of the following Legal Requirements and any and all of those substances included within the definitions of "hazardous substances", "hazardous waste", "hazardous chemical substance or mixture", "imminently hazardous chemical substance or mixture", "toxic substances", "hazardous air pollutant", "toxic pollutant", or "solid waste" in the (a) CERCLA or Superfund as amended by SARA, 42 U.S.C. Sec. 9601 et seq., (b) RCRA, 42 U.S.C. Sec. 6901 et seq., (c) CWA., 33 U.S.C. Sec. 1251 et seq., (d) CAA, 42 U.S.C. 78401 et seq., (e) TSCA, 15 U.S.C. Sec. 2601 et seq., (f) The Refuse Act of 1899, 33 U.S.C. Sec. 407, (g) OSHA, 29 U.S.C. 651 et seq. (h) Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801 et seq., (i) USDOT Table (40 CFR Part 302 and amendments) or the EPA Table (40 CFR Part 302 and amendments), (j) California Superfund, Cal. Health & Safety Code Sec. 25300 et seq., (k) Cal. Hazardous Waste Control Act, Cal. Health & Safety Code Section 25100 et seq., (l) Porter-Cologne Act, Cal. Water Code Sec. 13000 et seq., (m) Hazardous Waste Disposal Land Use Law, Cal. Health & Safety Code Sec. 25220 et seq., (n) Proposition 65, Cal. Health and Safety Code Sec. 25249.5 et seq., (o) Hazardous Substances Underground Storage Tank Law, Cal. Health & Safety Code Sec. 25280 et seq., (p) California Hazardous Substance Act, Cal. Health & Safety Code Sec. 28740 et seq., (q) Air Resources Law, Cal. Health & Safety Code Sec. 39000 et seq., (r) Hazardous Materials Release Response Plans and Inventory, Cal. Health & Safety Code Secs. 25500-25541, (s) TCPA, Cal. Health and Safety Code Secs. 25208 et seq., and (t) regulations promulgated pursuant to said Legal Requirements or any



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replacement thereof, or as similar terms are defined in the federal, state, and local Legal Requirements. Hazardous Materials shall also mean any and all other substances, materials, and wastes which are, or in the future become, regulated under applicable federal, state, or local Legal Requirements for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined, listed or regulated by any federal, state, or local Legal Requirement or by common law decision, including without limitation: (a) trichloroethylene, tetrachloroethylene, perchloroethylene, and other chlorinated solvents; (b) any petroleum products or fractions thereof; (c) asbestos, (d) polychlorinated biphenyls; (e) flammable explosives; (f) urea formaldehyde; and (g) radioactive materials and waste.

- 17.2. Compliance with Legal Requirements. Lessee shall use and store Hazardous Materials in compliance applicable rules, laws and regulations.
- 17.3. Termination of Agreement. Lessor shall have the right to terminate the Agreement in Lessor's sole and absolute discretion in the event that: (a) any anticipated use of the Leased Premises involves the generation or storage, use, treatment, disposal, or release of Hazardous Materials in a manner, or for a purpose, prohibited or regulated by any Agency, authority, or Hazardous Materials Legal Requirements; (b) Lessee has been required by any lender or Agency to take remedial action in connection with Hazardous Materials contaminating the Leased Premises, if the contamination resulted from use of the Leased Premises; or (c) Lessee is subject to an enforcement order issued by any Agency in connection with the release, use, disposal, or storage of a Hazardous Materials on the Leased Premises, if the contamination resulted from use of the Leased Premises. However, Lessee shall not bear any environmental responsibility for the use, misuse, contamination or improper disposal of Hazardous Materials on the Leased Premises prior to the commencement of this Agreement. Neither shall Lessee bear any financial responsibility for any remediation or environmental or disposal of Hazardous Materials on the Leased Premises resulting from operations outside of its control or prior to the commencement of this Agreement.
- 17.4. Assignment and Subleasing. It shall not be unreasonable for Lessor to withhold its consent to an assignment or subleasing to such proposed assignee or sublessee if the proposed assignee or sublessee is subject to an enforcement order issued by any Agency in connection with the release, use, disposal, or storage of Hazardous Materials.
- 17.5. Hazardous Materials Indemnity. Lessee shall indemnify, defend (by counsel reasonably acceptable to Lessor), protect, and hold Lessor harmless from and against any and all claims, liabilities, penalties, forfeitures, losses, and/or expenses, including without limitation, diminution in value of the Leased Premises or Improvements, damages for the loss or restriction on use of the rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact or marketing of the Leased Premises and sums paid in settlement of claims, response costs, cleanup costs, site assessment costs, attorneys' fees, consultant and expert fees, judgments, administrative rulings or orders, fines, costs of death of or injury to any person, or damage to any property whatsoever (including, without limitation, groundwater, sewer systems, and atmosphere), arising from, caused, or resulting, during the Agreement term, in whole or in part, directly or indirectly, by the presence or discharge in, on, under, or about the Leased Premises by Lessee, Lessee's agents, employees, licensees, or invitees or at Lessee's direction, of Hazardous Materials, or by Lessee's failure to comply with any Hazardous Materials Legal Requirements, whether knowingly or by strict liability. For purposes of the indemnity provided herein, any acts or omissions of Lessee or its employees, agents, customers, sublessees, assignees, contractors, or subcontractors of Lessee shall be strictly attributable to Lessee. Lessee's indemnification obligations shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary Hazardous Materials management plan, investigation, repairs, cleanup, or detoxification or decontamination of the Leased Premises, and the presence and implementation of any closure, remedial action or other required plans, and shall survive the expiration of or early termination of



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the Agreement term. This indemnification shall not apply to liability arising from the presence of Hazardous Materials at the Leased Premises prior to the Commencement Date and not associated with the Lessee.

- 17.6. Right to Perform Tests. At any time prior to the termination of the Agreement, Lessor shall have the right to enter upon the Leased Premises in order to conduct tests of water and soil.

18. RESERVATION OF AVIGATIONAL EASEMENT

- 18.1. Avigation Easement. Lessor hereby reserves to itself and its successors and assignees, for the use and benefits of the public, a right of avigation over the Leased Premises for the passage of aircraft landing at, taking off, or operating from the Airport. This public right of flight shall include the right to cause in the 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 operating on the Airport. This easement shall include any rights of flight necessary for Spaceport operations.
- 18.2. For the purpose of this Agreement, all rights reserved pursuant to this Section 18 are referred to collectively herein as the "Avigation Easement." This Avigation Easement shall not operate to deprive Lessee, its agents, contractors, directors, employees, officers, and representatives, of any rights which Lessee, its agents, contractors, directors, employees, officers, and representatives, may from time to time have against any operator of aircraft or third parties responsible for any act or omission respecting the operation of aircraft.
- 18.3. Lessee's Assumption of Risk. As between Lessee and Lessor, Lessee agrees to voluntarily assume all risk of loss, damage, or injury to the person and property of Lessee (including the right of Lessee to occupy the Leased Premises), its agents, contractors, directors, employees, officers, and representatives, in or about the Airport or the Leased Premises which may be caused by or arise or occur in any manner:
- 18.3.1. from the flight of any aircraft of any and all kinds now or hereafter flown in, through, across, or about any portion of the air space over the Airport or the Leased Premises or
- 18.3.2. from noise, vibration, currents, and other effects of air, illumination, and fuel consumption, or fear thereof, arising or occurring from or during such flight, or from or during the use by aircraft of the Airport, including but not limited to, landing, storage, repair, maintenance, operation, run-up, and take-off of such aircraft, and the approach and departure of aircraft to or from the Airport.

This provision does not waive Lessee's right against third parties arising from such third parties' action or inaction.

- 18.4. Waiver and Release. Lessee hereby waives and releases Lessor, its agents, contractors, directors, employees, officers, and representatives, from any and all claims or causes of action which it may now or hereafter have against Lessor, its agents, contractors, directors, employees, officers, and representatives, for any such loss, damage, or injury as it pertains to this reservation of Avigation Easement.

19. AMERICANS WITH DISABILITIES ACT

- 19.1. Lessee shall be solely and fully responsible for complying with the Americans with Disabilities Act of 1990 (ADA), as amended from time to time, with respect to the Improvements, the use of the Leased Premises, and its Activities at the Airport. Lessee shall develop a workplan to correct or avoid any violations or non-compliance with the ADA. Lessee shall deliver to Lessor, upon Lessor's request, a copy of each such workplan. Lessor's approval of or acceptance of any aspect of Lessee's Activities under this Agreement shall not be deemed or construed in any way as a representation that such item, activity, or practice complies with the ADA. Pursuant to Section 22 of this Agreement, Lessee agrees to indemnify, defend, and hold Lessor harmless from any and all



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costs incurred by Lessor with respect to Lessee's failure to comply with the ADA as it applies to Lessee's uses of the Leased Premises and Activities at the Airport.

20. INSURANCE

20.1. Procurement. Lessee shall procure, maintain, and pay, at Lessee's sole cost and expense, all premiums throughout the term of this Agreement for the applicable insurance coverages and limits required by this Agreement, the PMCDs, and Legal Requirements.

20.1.1. Lessee's responsibility for the Leased Premises and associated uses and Activities begins immediately upon the commencement date of this Agreement and delivery of the Leased Premises to Lessee.

20.1.2. The procuring of such insurance coverages and limits shall not be construed to limit Lessee's liability hereunder nor to fulfill the indemnification terms and conditions of this Agreement. Notwithstanding the policy or policies of insurance, Lessee shall be obligated for the full and total amount of any damage, injury, or loss caused by or connected with this Agreement or with use or occupancy of the Leased Premises, except to the extent caused by the active negligence or willful misconduct of Lessor or Lessor's representatives, officers, officials, employees, agents, and volunteers.

20.1.3. The insurance company(ies) underwriting the required policies shall be authorized to write such insurance in the State (with a Best rating of A or above) or be approved in writing by the Lessor.

20.1.4. When coverages or limits are not commercially available, appropriate replacement coverages or limits must be approved in writing by the City at least thirty (30) calendar days before commencing Activities at the Airport.

20.2. Coverages. Insurance coverages shall be kept in full force and effect at all times during the term of this Agreement in limits and in a form acceptable to Lessor as set forth in Exhibit B, attached hereto and incorporated herein by reference, as may be amended from time to time. The policies shall include the required endorsements, certificates of insurance, and coverage verifications as described in Exhibit B.

20.2.1. Lessor retains the right at any time to review the coverage, form, and limits of the insurance required hereby. If, in the opinion of Lessor's Risk Manager (or comparable official), the insurance terms and conditions in this Agreement do not provide adequate protection for Lessor and for members of the public using the Leased Premises, Lessor may require Lessee to obtain insurance sufficient in coverage, form, and limits to provide adequate protection as determined by Lessor's Risk Manager. Lessor's requirements shall be reasonable and shall be designed to assure protection from and against the kind and extent of risk that exists at the time a change in insurance is required.

20.2.2. Lessor shall notify Lessee in writing of changes in the insurance requirements. If Lessee does not deposit copies of acceptable insurance policies with Lessor incorporating such changes within sixty (60) calendar days of receipt of such notice, or in the event Lessee fails to maintain in effect any required insurance coverage, Lessee shall be in default under this Agreement without further notice to Lessee. Such failure shall constitute a material breach and shall be grounds for immediate termination of this Agreement at the option of Lessor.

20.3. Certificates of Insurance. Lessee shall deposit with Lessor, on or before the effective date of this Agreement, certificates of insurance necessary to satisfy Lessor that the insurance provisions of this Agreement have been complied with, and to keep such insurance in effect and the certificates therefore on deposit with Lessor during the entire term of this Agreement. Should Lessee not provide evidence of such required coverage at least three (3) calendar days prior to the expiration



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of any existing insurance coverage, Lessor may purchase such insurance, on behalf of and at the expense of Lessee to provide six (6) months of coverage.

- 20.4. Recourse. Companies issuing the insurance policies shall have no recourse against Lessor for payment of premiums or assessments for any deductibles that are the responsibility of Lessee.
- 20.5. Waiver. Lessee and Lessor each waives any and all rights of recovery against the other, or against the representatives, officers, officials, employees, agents, and volunteers of the other, for the loss of or damage to such waiving party or the Property of others under its control, where such loss or damage is insured against under any Property insurance policy in force at the time of such loss or damage. Lessee and Lessor shall give notice to respective insurance carriers that the foregoing mutual waiver of subrogation is contained in the Agreement.

21. DAMAGE, DESTRUCTION, AND TERMINATION

- 21.1. Nontermination and Nonabatement. Except as provided herein, no destruction or damage to the Leased Premises by fire, windstorm, earthquake, or other casualty, whether insured or uninsured, shall entitle Lessee to terminate this Agreement. Lessor and Lessee waive the provisions of any statutes which relate to termination of an Agreement when leased property is destroyed and agree that such event shall be governed by the terms of this Agreement.
- 21.2. Damage or Destruction by Lessee. If any part of the Leased Premises, the Airport, or associated Improvements is damaged or destroyed by Lessee, its representatives, officers, agents, employees, guests, patrons, suppliers, vendors, invitees, contractors, subcontractors, or Sublessees, Lessee shall diligently, properly, and promptly repair, restore, or replace to the condition and character of the Leased Premises, the Airport, or associated Improvements immediately prior to damage.
- 21.2.1. If Lessee fails to comply with Section 21.2 of this Agreement Lessor may, at its own discretion, repair, restore, or replace the Leased Premises, the Airport, or associated Improvements. Lessee shall pay Lessor, upon demand, one hundred twenty-five (125%) of the amount that Lessor expended to repair, restore, or replace the damaged or destroyed part of the Leased Premises, the Airport, or associated Improvements.
- 21.3. Lessor Responsibility. If at any time during the term of this Agreement, any part of the Leased Premises is damaged or destroyed, Lessor shall be under no obligation to repair, restore, or replace the damaged or destroyed portion of the Leased Premises unless Lessor is responsible for such damage or destruction.
- 21.4. Destruction Due to Risk Covered by Insurance. If, during the term of this Agreement, the Leased Premises are totally or partially destroyed from a risk covered by the insurance described in Section 20 (Insurance) of this Agreement, rendering the Leased Premises totally or partially inaccessible or unusable, Lessee shall restore the Leased Premises to substantially the same condition as it was in immediately before destruction, but only to the extent of insurance proceeds actually received. Such destruction shall not terminate this Agreement. If the laws existing at that time do not permit the restoration, either Party can terminate this Agreement immediately by giving notice to the other Party.
- 21.4.1. Minor Loss. If, during the term of this Agreement, the Leased Premises are damaged from a risk covered by the insurance described in Section 20 (Insurance) of this Agreement, and the total amount of loss does not exceed one hundred thousand dollars (\$100,000) or fifty percent (50%) of the replacement cost, Lessee shall make the loss adjustment with the insurance company insuring the loss. The proceeds shall be paid directly to Lessee for the sole purpose of making the restoration of the Leased Premises in accordance with this Agreement.
- 21.4.2. Major Loss-Insurance Trustee. If, during the term of this Agreement, the Leased Premises are damage from a risk covered by the insurance described in Section 20



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(Insurance) of this Agreement, and the total amount of loss exceeds the amount set forth in Section 21.4.1 of this Agreement, Lessee shall make the loss adjustment with the insurance company insuring the loss and on receipt of the proceeds shall immediately pay them to an institutional lender or title company as may be jointly selected by the Parties ("Insurance Trustee"), and funds shall be disbursed by the Insurance Trustee pursuant to the procedures set forth in Section 21.5 of this Agreement.

- 21.5. Destruction Due to Risk Not Covered by Insurance. If, during the term of this Agreement, the Leased Premises are totally or partially destroyed from a risk not covered by the insurance described in Section 20 (Insurance) of this Agreement, rendering the Leased Premises totally or partially inaccessible or unusable, Lessee shall restore the Leased Premises to substantially the same condition as it was in immediately before destruction, whether or not the insurance proceeds are sufficient to cover the actual cost of restoration. Such destruction shall not terminate this Agreement. If the laws existing at that time do not permit the restoration, either party can terminate this Agreement immediately by giving notice to the other party.
- 21.5.1. If the cost of restoration exceeds ten percent (10%) of the then replacement value of the Leased Premises totally or partially destroyed, Lessee can elect to terminate this Agreement by giving notice to Lessor within sixty (60) calendar days after determining the restoration cost and replacement value. If Lessee elects to terminate this Agreement, Lessor, within thirty (30) calendar days after receiving Lessee's notice to terminate, can elect to pay to Lessee, at the time Lessor notifies Lessee of its election, the difference between ten percent (10%) of the replacement value of the Leased Premises and the actual cost of restoration, in which case Lessee shall restore the Leased Premises. On Lessor's making its election to contribute, each Party shall deposit immediately the amount of its contribution with an Insurance Trustee. If the Destruction does not exceed ten percent (10%) of the then replacement value of the Leased Premises but does exceed one hundred thousand dollars (\$100,000), Lessee shall immediately deposit the cost of restoration with the Insurance Trustee. This Agreement shall terminate if Lessee elects to terminate this Agreement and Lessor does not elect to contribute toward the cost of restoration as provided in this section.
- 21.5.2. If the Leased Premises are destroyed from a risk not covered by the insurance described in Section 20 (Insurance) of this Agreement, and Lessee has the obligation to restore the Leased Premises as provided in Section 21.4.2 of this Agreement, both Parties shall deposit with the Insurance Trustee their respective contributions toward the cost of restoration. All sums deposited with the Insurance Trustee shall be held for the following purposes and the Insurance Trustee shall have the following powers and duties:
- The sums shall be paid in installments by the Insurance Trustee to the contractor retained by Lessee as construction progresses, for payment of the cost of Restoration. A ten percent (10%) retention fund shall be established that will be paid to the contractor on completion of restoration, payment of all costs, expiration of all applicable lien periods, and proof that the Leased Premises are free of all mechanics' liens and lienable claims.
 - Payments shall be made on presentation of certificates or vouchers from the architect or engineer retained by Lessee showing the amount due. If the Insurance Trustee, in its reasonable discretion, determines that the certificates or vouchers are being improperly approved by the architect or engineer retained by Lessee, the Insurance Trustee shall have the right to appoint an architect or an engineer to supervise construction and to make payments on certificates or vouchers approved by the architect or engineer retained by the Insurance Trustee. The reasonable expenses and charges of the architect or engineer retained by the Insurance Trustee shall be paid



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by the insurance trustee out of the trust fund. The Parties shall promptly execute all documents and perform all acts reasonably required by the Insurance Trustee to perform its obligations under this section.

- If the sums held by the Insurance Trustee are not sufficient to pay the actual cost of restoration Lessee shall deposit the amount of the deficiency with the Insurance Trustee within fifteen (15) calendar days after request by the Insurance Trustee indicating the amount of the deficiency. Any undisbursed funds after compliance with the provisions of this section shall be delivered to Lessor to the extent of Lessor's contribution to the fund, and the balance, if any, shall be paid to Lessee. All actual costs and charges of the Insurance Trustee shall be paid by Lessee.
- If the Insurance Trustee resigns or for any reason is unwilling to act or continue to act, a new trustee shall be jointly selected by the Parties and shall be substituted in the place of the designated Insurance Trustee. The new trustee must be an institutional lender or title company.

21.6. Procedure for Restoring Leased Premises. When Lessee is obligated to restore the Leased Premises, within ninety (90) days Lessee at its cost shall prepare final plans, specifications, and working drawings complying with applicable Legal Requirements that will be necessary for restoration of the Leased Premises and shall deliver the same to Lessor for approval. The plans, specifications, and working drawings must be approved by Lessor, such approval not to be unreasonably withheld, conditioned, or delayed. Lessor shall have thirty (30) days after receipt of the plans, specifications, and working drawings to either approve or disapprove the plans, specifications, and working drawings and return them to Lessee. If Lessor disapproves the plans, specifications, and working drawings, Lessor shall notify Lessee of its objections and Lessor's proposed solution to each objection. Lessee acknowledges that the plans, specifications, and working drawings shall be subject to approval of the appropriate Agencies and that they will be prepared in such a manner as to obtain that approval. The restoration shall be accomplished as follows:

- 21.6.1. Lessee shall make commercially reasonable efforts to complete the restoration within one hundred eighty (180) calendar days after final plans, specifications, and working drawings have been approved by the appropriate Agencies and all required permits have been obtained (subject to a reasonable extension for delays resulting from causes beyond Lessee's reasonable control).
- 21.6.2. Lessee shall retain a licensed contractor that is bondable. The contractor shall be required to carry public liability and property damage insurance, standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, during the period of construction in accordance with Section 20 (Insurance) of this Agreement. Such insurance shall contain waiver of subrogation clauses in favor of Lessor and Lessee in accordance with the provisions of Exhibit B.
- 21.6.3. Lessee shall notify Lessor of the date of commencement of the restoration at least ten (10) business days before commencement of the restoration to enable Lessor to post and record notices of non-responsibility. The contractor retained by Lessee shall not commence construction until a completion bond and a labor and materials bond have been delivered to Lessor to insure completion of the construction.
- 21.6.4. Lessee shall accomplish the restoration in a manner that will cause the least inconvenience, annoyance, and disruption on the Leased Premises and at the Airport.
- 21.6.5. On completion of the restoration Lessee shall immediately record a notice of completion in the county in which the Leased Premises are located.



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- 21.6.6. If funds are required to be deposited with an Insurance Trustee as required by this Section 21 of this Agreement, the restoration shall not be commenced until sums sufficient to cover the cost of restoration are placed with the Insurance Trustee as provided in this section.

22. HOLD HARMLESS AND INDEMNIFICATION

- 22.1. Lessor's Non-liability. Lessor shall not be liable for any loss, damage or injury of any kind to any person or property arising from any use of the Leased Premises, or any part thereof, or caused by any defect in any building, structure or other improvement thereon or in any equipment or other facility therein, or caused by or arising from any act or omission of Lessee or any of its agents, employees, licensees or invitees, or by or from any accident on the Leased Premises or any fire or other casualty thereon, or occasioned by the failure of Lessee to maintain the Leased Premises and all improvements thereto in a safe condition, or arising from any other cause except where caused by the sole negligence or willful misconduct of Lessor, its agents or employees.
- 22.2. Indemnification. To the fullest extent permitted by law, Lessee shall, at Lessee's sole expense and with counsel reasonably acceptable to Lessor, defend, indemnify, and hold harmless Lessor and Lessor's officers, officials, employees and agents from and against all claims, (including demands, losses, actions, causes of action, damages, liabilities, expenses, charges, assessments, fines or penalties of any kind, and costs including consultant and expert fees, costs of investigation, court costs and attorney's fees) from any cause, arising out of or relating (directly or indirectly) to this Agreement, the tenancy created under this Agreement, or the Leased Premises, including without limitation:
- 22.2.1. The use or occupancy, or manner of use or occupancy, of the Leased Premises or buildings by Lessee;
- 22.2.2. Any act, error or omission, or negligence of Lessee or of any subtenant, invitee, guest, contractor or licensee or Lessee or any sublessee in, on, or about the Leased Premises;
- 22.2.3. Lessee's conducting or managing of its business;
- 22.2.4. Any alterations, activities, work, or things done, omitted, permitted, allowed, or suffered by Lessee in, at, or about the Leased Premises or buildings, including the violation of or failure to comply with any insurance requirements or any applicable laws, statutes, ordinances, standards, rules, regulations, orders, decrees, or judgments in existence on the Commencement Date or enacted, promulgated, or issued after the date of this Agreement, and;
- 22.2.5. Any breach or default in performance of any obligation on Lessee's part to be performed under this Agreement, whether before or during the term of this Agreement or after its expiration or earliest termination.
- 22.3. This indemnification extends to and includes, without limitation, claims for:
- 22.3.1. Injury to any persons (including death at any time resulting from that injury);
- 22.3.2. Loss of, injury or damage to, or destruction of property (including loss of use at any time resulting from that loss, injury, damage, or destruction); and
- 22.3.3. All economic losses and consequential or resulting damage of any kind.
- 22.4. Tenant's indemnification obligation hereunder shall survive the expiration or earlier termination of this Agreement until all claims against Authority involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.
- 22.5. Non-Waiver of Protections. Nothing herein shall constitute a waiver of any protection available to Lessor, individually and collectively, and its representatives, officers, officials, employees, agent,



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and volunteers under the State's sovereign, governmental, or other immunity acts or similar statutory provisions.

23. NON-LIABILITY OF OFFICIALS AND EMPLOYEES OF LESSOR

- 23.1. No official or employee of Lessor shall be personally liable for any default or liability under this Agreement.

24. SUBLEASING

- 24.1. Lessee shall not sublease any portion of the Leased Premises without the prior written consent of Lessor.
- 24.1.1. Lessee shall submit the written agreement between Lessee and the sublessee to Lessor for review and evaluation. Lessor may require that an application be completed and all relevant and applicable information relating to the requested sublease be provided to Lessor for review and evaluation.
- 24.1.2. A sublease made contrary to the requirements of this Section 24 shall be null and void. Unless otherwise stated in the written consent, a sublease is subordinate (subject) to all of the terms and conditions of this Agreement.
- 24.1.3. Sublessee may not occupy the Leased Premises before Lessor consents to the sublease in writing.
- 24.1.4. Lessee shall have the right to Sublease a portion of the Leased Premises, with City's written consent which shall not be unreasonably withheld; provided however, that the term of any Sublease shall not extend beyond the term of this Agreement; any and all Subleases shall be expressly made subject to all of the terms, covenants, and conditions of this Agreement, and any sublessee shall be required to comply with the Airport Rules and Regulations, or any subsequent rules and regulations duly adopted by the City.
- 24.1.5. Lessor may grant Lessee consent to sublease in advance through the use of a mutually agreeable sublease template (e.g., for hangar leasing).

25. SALE, ASSIGNMENT, OR TRANSFER

- 25.1. Lessor Consent. Lessee retains its right, and Lessor affirms said right, to sell, assign, transfer or hypothecate its interest in the Leased Premises in whole or in part. However, Lessee shall not sell, assign, transfer, or hypothecate its interest in the Leased Premises or this Agreement, in whole or in part, without the prior written consent of Lessor, nor may Lessor may unreasonably withhold its consent.
- 25.1.1. Consent by Lessor to one sale, assignment, transfer, or hypothecation shall not be deemed to be consent to any subsequent sale, assignment, transfer, or hypothecation.
- 25.1.2. Any such sale, assignment, transfer, or hypothecation without Lessor's prior written consent shall be null and void and, at Lessor's option, shall constitute a default or breach of this Agreement.
- 25.1.3. Dissolution of Lessee or the transfer of thirty-three percent (33%) or more of its outstanding stock, equity, or certificates of membership or interest to any single entity or party shall be deemed a sale, assignment, or transfer under this Agreement.

Consent required by this Section 25.1 shall not be unreasonably withheld.

- 25.2. Reserved.

- 25.3. Assignee Restrictions. The assignee shall not sell, assign, transfer, or hypothecate its interest in the Leased Premises or this Agreement without the prior written consent of Lessor and any sale,



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assignment, transfer, or hypothecation by Lessee shall contain a provision to this effect. Any assignee of Lessee shall be bound by the terms and conditions of this Agreement.

26. ENCUMBRANCES

- 26.1. Lessee shall have no authority, express or implied, to create (or consent to the creation of) any lien, charge, or encumbrance upon the Leased Premises or mortgage, pledge, assign as collateral, voluntarily or otherwise, its interest in the Leased Premises or this Agreement and Lessee shall not permit the Leased Premises to be or become subject to any lien (including mechanic's liens), charge, or encumbrance whatsoever without the prior written consent of Lessor.

27. RELOCATION

- 27.1. Lessee understands Lessor has the right to replace the Leased Premises, in whole or in part, with equivalent premises similarly situated at the Airport. If the change is solely for the benefit of Lessor, Lessor agrees to pay all reasonable relocation costs and expenses associated with relocating Lessee, including the satisfaction of any Lessor-approved encumbrances, and provide or construct like-kind facilities for the benefit of Lessee's operation(s). If, a mutually agreeable location cannot be located, Lessee may terminate this Agreement without penalty, and Lessor shall compensate Lessee for the Improvements made at fair market value.

28. BOOKS AND RECORDS

- 28.1. Lessee's Obligations. Lessee shall maintain complete books and records containing the accounting and other financial records of Lessee's Activities including rents, fees, and other charges paid by Lessee for the current year and previous five (5) years.
- 28.1.1. All books and records shall be kept by Lessee in accordance with generally accepted accounting principles and shall reflect all amounts due and owing to Lessor.
- 28.1.2. In the event Lessor undergoes an audit of its finances, Lessor shall give notice to Lessee of the audit and a designated representative. Lessee shall provide the designated representative access to and shall furnish information, records, reports, or other documentation regarding financial transactions related to the Lessor's receipts designated in this Agreement, conduct of Activities on the Leased Premises and at the Airport or any other information, records, reports, or other documentation that relates to the Activities governed by this Agreement being conducted by Lessee on the Leased Premises and at the Airport. Lessee shall also provide escorted access for the auditor to inspect all Improvements and facilities, used by Lessee on the Leased Premises and at the Airport. Lessee maintains its rights as a privately held business and has no obligation to share financial data to auditor, City, or any other agency beyond that which is required to satisfy this Agreement.
- 28.2. Lessor's Rights. Lessor may, at all reasonable times, audit records to enable verification and/or confirmation of the amount of rents, fees, and other charges due and owing to Lessor under the Agreement.
- 28.2.1. Any discrepancies found in an audit shall be remedied within ten (10) business days of the findings, or by a mutually agreeable deadline.
- 28.2.2. If either party disagrees with Lessor's audit findings, the disagreeing Party may, at their own expense, conduct an independent audit of the discrepancy(ies) in question by an independent CPA mutually agreeable to both Parties. The prevailing Party shall be reimbursed by the other Party for the cost of the independent audit, if applicable.
- 28.2.3. Reserved.



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- 28.2.4. The final audit of the independent CPA made under this Section shall be conclusive upon the Parties and Lessee shall pay to Lessor, within fourteen (14) calendar days, unless otherwise agreed upon, after a copy of the independent CPA's final report has been delivered to Lessee, one hundred ten percent (110%) of the amount, if any, identified as due and owing to Lessor. The failure of Lessee to make payment within fourteen (14) calendar days shall constitute a default under this Agreement and shall give cause to Lessor for immediate termination of this Agreement.

29. SURRENDER LEASED PREMISES

- 29.1. Upon expiration of the term of this Agreement or earlier termination of this Agreement, Lessee shall vacate and surrender possession of the Leased Premises to Lessor. Improvements shall revert as noted in Section 7.14. If Lessee fails to vacate and surrender premises, Lessor may immediately commence eviction proceedings at its sole discretion.
- 29.2. Lessee shall return the Leased Premises to Lessor in as good condition as when Lessee took possession, ordinary and reasonable wear and tear excepted. Any deterioration or damage caused by abuse, carelessness, negligence, or misconduct shall not be considered ordinary and reasonable wear and tear. In the event that Lessee fails to return the Leased Premises to Lessor in good condition, Lessor may perform any work necessary to return the Leased Premises to good condition including maintenance, repair, restoration, replacement, and cleaning and Lessee shall be obliged to pay the balance to Lessor.
- 29.3. Provided Lessee is not in default or breach of this Agreement, Lessee shall also remove all personal property from the Leased Premises upon expiration of the term of this Agreement or earlier termination of this Agreement. If Lessee fails to do so, Lessor may remove or caused to be removed, at Lessee's sole risk, cost, and expense and without any liability to Lessor, all personal property. Lessor may dispose of any personal property removed from the Leased Premises in accordance with the PMCDs, other directives of Lessor, and Legal Requirements and Lessee shall be obliged to pay the balance to Lessor.
- 29.4. Reserved.
- 29.5. Surrender of Agreement or Leased Premises. The voluntary or other surrender of this Agreement or the Leased Premises by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subleases or subtenancies, or may, at the option of Lessor, operate as an assignment of any and all such subleases or subtenancies.

30. REPRESENTATIONS AND WARRANTIES OF LESSEE

- 30.1. Lessee represents and warrants to Lessor that:
- 30.1.1. Lessee is duly organized and validly existing under the laws of its jurisdiction, incorporation, or establishment;
- 30.1.2. Lessee has the power and the authority to enter into and perform the terms and conditions of this Agreement and to pay the rents, fees, or other charges required under this Agreement;
- 30.1.3. this Agreement has been duly authorized, executed, and delivered by Lessee and assuming the due authorization, execution, and delivery hereof by the Parties hereto, constitutes a legal, valid, and binding obligation of it enforceable against it in accordance with the terms and conditions of this Agreement, subject to applicable bankruptcy, insolvency, and similar laws affecting creditor's rights generally, and subject, as to enforceability, to general principles of equity regardless of whether enforcement is sought in a proceeding in equity or at law;



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- 30.1.4. Lessee's execution and delivery of this Agreement and its performance of the terms and conditions of this Agreement do not and will not constitute or result in a default, breach, or violation of, or the creation of any lien or encumbrance on the Leased Premises under, its charter or bylaws (or equivalent organizational documents), or any other agreement, instrument, law, ordinance, regulation, judgment, injunction, or order applicable to Lessee or the Leased Premises;
- 30.1.5. all consents, authorizations, and approvals requisite for Lessee's execution, delivery, and performance of this Agreement have been obtained and remain in full force and effect and all conditions, obligations, privileges, and agreements thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or Agency is required for such execution, delivery, or performance; and
- 30.1.6. there is no proceeding pending or threatened against Lessee at law or in equity, or before any governmental instrumentality or in any arbitration, which would materially impair Lessee's ability to perform the terms and conditions of this Agreement and there is no such proceeding pending against Lessee which purports or is likely to affect the legality, validity, or enforceability of this Agreement.

31. MISCELLANEOUS PROVISIONS

- 31.1. Independent Entities. Nothing in this Agreement is intended to nor shall it be construed, in any way, as creating or establishing a relationship of partners between the Parties or as constituting Lessee as a representative, officer, official, employee, agent, or volunteer of Lessor for any purpose or in any manner whatsoever.
- 31.2. Binding Effect. This Agreement shall be binding on and inure to the benefit of the heirs, successors, and assigns of the Parties. Whenever a reference is made to either Party, such reference shall be deemed to include, wherever applicable, a reference to the heirs, successors, and assigns of such Party, as if in every case so expressed.
- 31.3. Conflict of Interest. Lessee shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement. Lessee warrants and covenants that no official or employee of Lessor nor any business entity in which any official or employee of Lessor is interested: (a) has been employed or retained to solicit or aid in the procuring of this Agreement or (b) will be employed in the performance of this Agreement without the divulgence of such fact to Lessor. In the event that Lessor determines that the employment of any such official, employee, or business entity is not compatible with such official's or employee's duties as an official or employee of Lessor, Lessee upon request of Lessor shall immediately terminate such relationship or employment. Violation of this provision constitutes a serious breach of this Agreement and Lessor may terminate this Agreement as a result of such violation.
- 31.4. Memorandum of Agreement. Following execution of this Agreement, either Party, at its sole expense, shall be entitled to record a Memorandum of Agreement in the official records of San Luis Obispo County. Upon termination or expiration of this Agreement, Lessee shall execute and record a quitclaim deed as to Lessee's leasehold interest.
- 31.5. Estoppel Certificate. The Parties shall, from time to time, upon at least thirty (30) calendar days prior written notice from a Party, execute, acknowledge, and deliver to the other Party a statement in writing: (a) certifying this Agreement is unmodified and in full force and effect or, if modified, stating the nature of the modification and certifying that the Agreement, as modified, is in full force and effect, and the date to which the rents, fees, and other charges, if any, have been paid and (b) acknowledging that there are not to Party's knowledge, any defaults or breaches, or stating if any defaults or breaches are claimed, any statement may be relied upon by any prospective purchaser or encumbrance of the Leased Premises.



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- 31.6. Subordination. This Agreement is subject and subordinate to the provisions of any existing or future agreements between Lessor and the United States, the State, or any other entity pertaining to the planning, development, operation (including maintenance and repair), and management of the Airport.
- 31.7. Dispute Resolution. Unless otherwise mutually agreed to, any controversies between Lessee and Lessor regarding the construction or application of this Agreement, and claims arising out of this Agreement or its defaults or breaches shall be submitted to mediation within thirty (30) calendar days of the written request of one (1) Party after the service of that request on the other Party.
- 31.7.1. The Parties may agree on one (1) mediator. If they cannot agree on one (1) mediator, the Party demanding mediation shall request the Superior Court of San Luis Obispo County to appoint a mediator. The mediation meeting shall not exceed one (1) day (eight (8) hours). The Parties may agree to extend the time allowed for mediation under this Agreement.
- 31.7.2. The costs of mediation shall be borne by the Parties equally.
- 31.7.3. Mediation under this Section is a condition precedent to filing an action in any court. In the event of litigation arising out of any dispute related to this Agreement, the prevailing party shall be entitled to recover their reasonable attorney's fees, expert witness costs, and cost of suit.
- 31.8. Governing Law and Venue. This Agreement shall be deemed to have been made in, and shall be construed in, accordance with the statutes and laws of the State of California without regard to conflicts of law principles.
- 31.8.1. The San Luis Obispo Superior Court (Court) shall have exclusive jurisdiction and venue with respect to all disputes, actions, and proceedings arising from or under this Agreement, regardless of the nature or basis of the dispute.
- 31.8.2. Lessee consents to the jurisdiction and venue of the Court and waives personal service of any and all process upon Lessee in all such actions or proceedings, and consents that all such service or process shall be made by certified mail, return receipt requested, directed to Lessee at the address herein stated, and service so made shall be completed two (2) calendar days after the same shall have been posted.
- 31.8.3. If any legal action is brought about by either Party to enforce this Agreement or any part thereof, the prevailing Party shall be entitled to recover attorney and court fees, costs, and expenses.
- 31.9. Holding Over. If Lessee, upon expiration of the term of this Agreement remains in possession of the Leased Premises, such holding over shall be regarded as a month-to-month tenancy (not as a renewal or extension of this Agreement) which may be terminated at any time by Lessor or Lessee by providing not less than thirty (30) calendar days written notice. The rents, fees, and other charges that shall be paid during the holding over period shall be equal to one hundred fifty percent (150%) of the monthly rents, fees, and other charges that were being charged by Lessor at the time the term of this Agreement expired. The holdover period shall be subject to all of the terms and conditions of this Agreement. This provision shall not be construed as Lessor's permission for Lessee to hold over. Acceptance of rents, fees, and other charges shall not constitute a renewal or extension of this Agreement.
- 31.10. Compliance with Legal Requirements. The Parties hereto shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state and local governments ("Legal Requirements") in the performance of their rights, duties, and obligations under this Agreement.



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- 31.11. Interpretations. In construing or interpreting this Agreement, the word "or" shall not be construed as exclusive and the word "including" shall not be limiting. The Parties agree that this Agreement shall be fairly interpreted in accordance with its terms without any strict construction in favor of or against any other Party.
- 31.12. Captions. The captions of the various sections, paragraphs, and subparagraphs of this Agreement are inserted only as a matter of convenience or reference only, and are not intended to define, limit, or describe the scope of this Agreement or any provision contained herein.
- 31.13. Severability. If any provision in this Agreement is held to be illegal, invalid, or unenforceable in full or in part, for any reason, by any court of competent jurisdiction, then such provision shall be modified to the minimum extent necessary to make the provision legal, valid, and enforceable. The illegality, invalidity, or unenforceability of any such provision shall in no way affect any other provisions in this Agreement, provided that the illegality, invalidity, or unenforceability of any such provision does not materially prejudice either Party with regard to the respective rights and obligations of each Party contained in the valid terms and conditions of this Agreement.
- 31.14. Brokers. Each Party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this Agreement in any manner. Each Party shall hold harmless the other Party from all damages resulting from any claims that may be asserted against the other Party by any broker, finder, or other person with whom the Indemnifying Party has or purportedly has dealt.
- 31.15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 31.16. Amendments. The Parties acknowledge no oral agreements regarding this Agreement have been entered into by and between the Parties and that no alteration or variation of the terms and conditions of this Agreement shall be valid unless made in writing, agreed to, and signed by the Parties.
- 31.17. Time of Essence. It is mutually agreed by the Parties that time is of the essence in the performance of the terms and conditions to be kept and performed under this Agreement.
- 31.18. Entire Agreement. This Agreement, including any exhibits attached hereto, contains and embodies the entire understanding and agreement between the Parties and supersedes and replaces any and all prior understandings and agreements, written or oral, expressed or implied, relating to this Agreement.
- 31.19. Notices. Whenever any notice or communication is required by this Agreement to be made, given or transmitted to the Parties, such notice shall be hand delivered or sent by certified mail (postage prepaid), courier, or overnight carrier, and addressed to:

Lessor:

With Copies to:

City of El Paso De Robles	Best Best & Krieger LLP
City Manager	City Attorney, City of El Paso De Robles
1000 Spring Street	3390 University Ave, 5 th Floor
Paso Robles, California 93446	Riverside, CA 92501

Lessee:

Lloyd's Aviation PRB, LLC dba Lloyd's Aviation
1601 Skyway Drive, Suite 100
Bakersfield, CA 93308



- 31.19.1. The date of service of notice shall be the date such notice is actually delivered to the intended Party or the date delivery is refused by the intended Party.
- 31.19.2. The Parties may, from time to time, designate to each other in writing a different address or different entity or entities to which all such notices, communications, or payments shall be given or made.
- 31.20. Signing Authority. If this Agreement is not signed by all Lessees named herein, the person actually signing warrants that he/she has the authority to sign for the others.
- 31.21. Appendices & Exhibits. The following Appendices and Exhibits are attached hereto and made a part of this Agreement:
- Appendix A – Fuel Farm and Refueling Operations
 - Appendix B – Definitions
 - Appendix C – Acronyms
 - Exhibit A – Leased Premises
 - Exhibit B – Insurance Requirements
 - Exhibit C – Proposals



FIXED BASE OPERATOR LEASE AGREEMENT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year set forth herein. This Agreement is effective as of the last date signed by either party.

City of El Paso De Robles:

ATTEST:

City Manager

City Clerk

Approved as to form and legality by:

Best Best & Krieger LLP
Attorney for the City of El Paso De Robles

Loyd's Aviation PRB, LLC dba Loyd's Aviation

ATTEST:



Managing Manager

Secretary



APPENDIX A – FUEL FARM AND REFUELING OPERATIONS

APPENDIX A - FUEL FARM AND REFUELING OPERATIONS

The following applies to Lessee's aircraft fueling activities at the Airport including storage and dispensing of aviation gasoline and jet fuel.

The City assumes no liability or responsibility for any violation of any aircraft, refueling vehicle, or refueling requirement or procedure; any error, omission, or negligence; or any violation of any Legal Requirement relating to fuel handling. Lessee shall be solely, fully, and completely responsible for any such violation, error, omission, or negligence incident to or in connection with the fuel storage facility, refueling vehicles, fuel handling, and training during the term of the Agreement. Lessee bears no responsibility for any such incident, including its ramifications that may extend into the term of the Agreement, occurring prior to the Commencement Date. Lessee shall fully reimburse the City for any fines, legal or court costs, incurred by the City for any such violation, error, omission, or negligence.

General

Legal Requirements – Fuel handling, refueling vehicles, and fuel storage facility operations and maintenance shall conform to the Legal Requirements including without limitation, those prescribed by the State and City and appropriate provisions of 14 CFR; NFPA recommendations; A4A 103; Applicable ACs including AC 150/5230-4 (Series) "Aircraft Fuel Storage, Handling, Training, and Dispensing on Airports", AC 00-34 (Series) "Aircraft Ground Handling and Servicing", and AC 150/5210-5 (Series) "Painting, Marking and Lighting of Vehicles Used on an Airport" as may be amended; the City's SWPPP; Legal Requirements established by the Environmental Protection Agency, and any other Agency having jurisdiction.

Fuel Quality Control – Fuel shall comply with the quality specifications outlined in American Society for Testing and Materials (ASTM) D1655 (Jet Fuel), ASTM D910 (Avgas), ASTM D7547 (UL94), ASTM D4814 (Mogas without ethanol). Ensuring the quality of the fuel is the sole responsibility of Lessee engaged in Fuel Handling.

Diesel Exhaust Fluid (DEF) Contamination – Personnel are to be trained in the proper storage and handling of DEF to prevent the contamination of fuel system icing inhibitor (FSII) or jet fuel. If used in refueling vehicles or other ground service equipment, DEF must be stored in a separate cabinet or facility from FSII storage and handling areas should be clearly labeled. All DEF transfers between containers must be handled by trained personnel and logged appropriately.

Standard Operating Procedure (SOP) – SOP shall be developed and maintained for fuel handling to include compliance with standards set forth in AC 00-34 (Series) "Aircraft Ground Handling and Servicing." The SOP shall include a training plan, fuel quality assurance procedures, record keeping, and emergency response procedures related to fuel spills and fires. The SOP shall also address regular safety and security inspections, bonding and fire protection, public protection, marking and labeling of (and controlling access to) refueling vehicles and fuel storage facility. The SOP shall be made available to the City for review upon request no later than 30 calendar days before any fuel handling is scheduled to commence and it shall be made available for review upon request any time changes are planned.

Fuel Handling – Lessee shall comply with any SOPs developed in accordance with the provision above for the handling of fuel. Notwithstanding the foregoing, to the extent no SOP exists, Lessee shall comply with the foregoing fuel handling rules:

Aircraft shall not be fueled or de-fueled in an area where aircraft engines are operating, aircraft or engines are being warmed by application of heat, or while the aircraft is in a congested area.



APPENDIX A – FUEL FARM AND REFUELING OPERATIONS

All fuel handling shall be treated with due caution and circumspection regarding the rights, safety, and security of others so as not to endanger, or be likely to endanger, persons or property. If any malfunction or irregularity is detected on or within the aircraft, fuel handling shall cease immediately, and the malfunction or irregularity shall be brought to the attention of the aircraft owner or aircraft operator immediately.

Persons engaged in fuel handling shall exercise care and extreme caution to prevent overflow or spills of fuel or oils. A spill is defined as a quantity in excess of five (5) gallons outside of an approved storage, containment, or dispensing unit. Should a fuel or oil spill occur, Lessee shall responsible shall immediately contact the Airport Manager, dial 911, and immediately commence spill containment, remediation, and cleanup in accordance with industry standards and Legal Requirements.

Fuel handling shall be conducted in accordance with the procedures stipulated in the aircraft operator's manual. Fuel handling shall not occur if an electrical storm is in progress in the immediate vicinity of the Airport and may resume 15 minutes following any reported or observed lightning flash within 5 miles of the Airport.

Unless engaging in rapid refueling, fuel handling shall not occur while passengers are on board the aircraft unless a passenger-loading ramp is in place at the aircraft's cabin door, the door is in the open position, and a qualified attendant is present at the door. No person shall operate any mobile phone, radio transmitter, or receiver or switch the transmitter or receiver on or off during fuel handling unless said radio transmitter or receiver is designed specifically for such environment.

No person shall operate aircraft electrical systems or switch aircraft electrical appliances on or off during fuel handling. Smoking, vaping, matches, lighters, and open flames (e.g., candles, fixtures, or fires) are prohibited within 50 feet of any aircraft, refueling vehicle, fuel storage facility.

Fire extinguishers shall be immediately available during fuel handling to comply with practices recommended by the NFPA and all fire codes, regulations, or directives issued by the Fire Department and the City. All extinguishers shall be inspected and certified, as required by law, and all personnel involved with fueling or defueling operations shall be qualified and trained to use all fire extinguishers.

Prior to engaging in fuel handling, Lessee shall provide the City with a written SPCC Plan that meets all applicable Legal Requirements. An updated copy of the SPCC Plan shall be filed with the City at least 30 calendar days prior to any planned change in operations. A trained person shall be present and responsive while fuel is being transferred into or out of the fuel storage facility or any refueling vehicle. The person shall remain within the immediate vicinity, in close proximity to, and in direct view of all operating controls and refueling vehicles. The person shall not leave the discharge end of any hose(s) unattended at any time while the transfer of fuel is in progress. The person shall not block open, bypass, disengage, or deactivate the "deadman" or any related controls while fuel handling.

Refueling vehicles shall be positioned so the vehicle can be safely driven away in the event of spill or fire. Fuel handling shall be conducted outdoors and at least 25 feet from any hangar or building and 50 feet from any combustion and ventilation air-intake to any boiler, heater, or incinerator room or as approved by the Fire Department and the City.

Refueling vehicles shall be refueled only at refueling stations approved by the Fire Department and the City. In the absence of suitable ground support equipment, a turbine-powered APU mounted at the rear of the aircraft or on the wing on the side opposite from the fueling point may be operated during fuel handling.



APPENDIX A – FUEL FARM AND REFUELING OPERATIONS

A turbine-powered APU may be operated during fuel handling provided its design, installation, location, and combustion air source do not constitute a fuel vapor ignition source.

The refueling vehicle shall be bonded to the aircraft or fuel storage facility to equalize the voltage potential. All hoses, nozzles, spouts, funnels, and appurtenances used in fuel handling shall be factory mutual (FM) or Underwriters Laboratories (UL) approved and shall be equipped with a bonding device to prevent ignition of volatile liquids.

Hold-down or hold open devices on refueling vehicle nozzles are prohibited. For single point fueling, “deadman” controls or mechanisms shall be utilized and shall remain in safe operating condition and good working order. No person shall deactivate or bypass a “deadman” control or mechanism at any time. During fuel handling, no person shall use any material or equipment which is likely to cause a spark or ignition within 50 feet.

Refueling vehicles (including fuel tankers) shall only use the entrance, exit, and route designated by the City during the transportation and delivery of fuel. Refueling Vehicles (including fuel tankers) shall be subject to inspection at any time to determine compliance with this Agreement.

Appropriate and proper absorbent material(s) and fuel spill containment capable of damming/diking a fuel spill shall be immediately available or as required in the Lessee’s approved SPCC Plan.

Refueling Vehicles – refueling vehicles shall be equipped and maintained to comply with all applicable Legal Requirements including, without limitation, those prescribed by:

- NFPA Codes;
- 14 CFR Part 139.321 “Handling/Storing of Hazardous Substances and Materials”; and
- Applicable ACs including AC 00-34 (Series) "Aircraft Ground Handling and Servicing" and AC 150/5210-5 (Series) "Painting, Marking and Lighting of vehicles Used on an Airport".

Refueling vehicles shall be equipped with metering devices that meet all applicable Legal Requirements and shall be bottom loaded.

Each refueling vehicle shall have two listed fire extinguishers, each having a rating of at least 40-B:C and a minimum capacity of 9.0kg (20 lbs.) of dry chemical agent, with one extinguisher mounted on each side of the refueling vehicle.

Only the fuel storage facility and refueling vehicles approved by the City and the Fire Department shall be used for fuel handling. Refueling vehicles, pumps, meters, hoses, nozzles, funnels, fire extinguishers, and bonding devices used during fuel handling shall be maintained in a safe operating condition. All hoses, funnels, and appurtenances used in fuel handling shall be equipped with a bonding device to prevent ignition of volatile liquids.

- When refueling vehicles are found in a state of disrepair, malfunction, or their use constitutes an undue fire or safety hazard, or the operation of Refueling Vehicles would violate these provisions, Lessee shall immediately discontinue the use of such Refueling Vehicles until repairs, replacements, or changes are made to render the Refueling Vehicle safe for continued use.
- Hoses or piping connections shall be secured and capable of holding under the pump’s rated pound per square inch PSI discharge.
- Hoses or nozzles shall be FM or UL approved with self-closing valve and no hold-down or hold-open devices. All pumps shall be FM or UL approved.



APPENDIX A – FUEL FARM AND REFUELING OPERATIONS

- All storage tanks shall be rated in accordance with Universal Fire Code (UFC) Article 24, Division II and Article 79, Division XII.

Refueling vehicles shall not be operated in reverse unless another person is present to safely monitor and direct the movement of the refueling vehicle. Refueling vehicles and fuel storage facilities shall be placarded, marked, or color coded in accordance with NFPA Publication 407 and applicable FAA ACs.

- Lessee shall retain copies of all applicable permits, registrations, and certificates for each refueling vehicle.

Storage of Refueling Vehicles

Refueling vehicles shall be stored outdoors at a distance of at least 50 feet from a building or at the distance approved by the Fire Department unless the building is designed, constructed, and used exclusively, and approved by the Fire Department specifically for this purpose. Refueling vehicles shall be parked in a manner that provides a minimum of 10 feet of separation between refueling vehicles and any other vehicle or aircraft and a minimum of 20 feet from a storm water inlet.

Maintenance of Refueling Vehicles

Maintenance of refueling vehicles shall be performed outdoors or in a building which is approved by the Fire Department specifically for this purpose. Entities engaged in fuel handling shall document and maintain and keep on file refueling vehicle maintenance records. These records shall be made available to the City upon request.

Fuel Storage Facility – The fuel storage facility shall be operated and maintained in accordance with practices recommended by NFPA 407 and in full compliance with Legal Requirements and shall be approved by all Agencies having jurisdiction.



APPENDIX B - DEFINITIONS

Agency – Any federal, state, or local governmental entity, unit, organization, or authority.

Aeronautical Activity – Any activity or service that involves, makes possible, facilitates, is related to, assists in, or is required for the operation of aircraft. Any activity which contributes to, or is required for, the safety of such operations. Any activities which have a direct relationship to the operation of aircraft or the operation of the Airport.

Airport – All land, Improvements, and appurtenances within the legal boundaries as it now exists on the Paso Robles Municipal Airport Layout Plan (or exhibit of the most recent FAA grant) and as it may hereinafter be modified from time-to-time.

Airport Layout Plan, (or ALP) – The FAA approved, and City adopted drawing, as may be amended from time to time, which reflects an agreement between the FAA and City depicting the physical layout of the Airport and identifying the location and configuration of current and proposed Runways, Taxiways, buildings, roadways, utilities, nav aids, etc.

Airport Manager – That person (or designated representative thereof), appointed by the City, responsible for the administration and day-to-day operation and management of the Airport, all Airport owned Property, Vehicles, equipment, material, financial assets, and Employees at the Airport, and all employees assigned to the Airport.

Airport Sponsor Assurances – Those contractual obligations that are described by law in 49 U.S.C. 47107 and are undertaken by a public airport sponsor as a condition of receipt of federal airport development grants or federal surplus Property.

Airport Terminal – The existing terminal building located at the Airport currently housing the Airport administrative offices, restaurant, etc.

Airport Terminal Expansion – improvements to be constructed on the Leased Premises consistent with Lessee's proposal submitted to the City on June 29, 2023 and supplemental information submitted on January 17, 2024.

Based Aircraft – An aircraft identified in a written aircraft storage Agreement with the City, FBO, or SASO.

Certificates of Insurance – A certificate provided by and executed by an Operator's, Lessee's, or Sublessee's insurance company providing evidence of the insurance coverages and policy limits of the Operator, Lessee, or Sublessee.

Certificate of Occupancy – a document issued by the City that states that the Leasehold Improvements are ready for occupancy.

City of El Paso De Robles (or City) – the owner/operator of Paso Robles Municipal Airport and designated Sponsor of the Airport.



Code of Federal Regulation (or CFR) – The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government, divided into 50 titles that represent broad areas subject to federal regulation, updated once each calendar year and issued quarterly, as may be amended from time to time.

Commercial – For the purpose of securing earnings, income, Compensation (including exchange or barter of goods and services), and/or profit.

Commercial General Liability – For damages due to bodily injury, personal injury, Property damage, contractual liability, products and completed operations and, if applicable, use of unlicensed Vehicles that in any way arise from the use of the Leased Premises and operations or Activities of the entity. Unlicensed Vehicles operated on the Movement Area will require coverage in an amount not less than that identified for combined single limit per occurrence for bodily injury, personal injury, and Property damage.

Compensation – Any form of reimbursement for goods or services such as monetary, exchange, barter, favors, gratuity, etc.

Current – All rents, fees, and other charges required to be paid under any and all Agreements are paid in full.

Employee – Any individual employed by an entity whereby said entity collects and pays all associated taxes on behalf of Employee. The determination of status between an Employee and an independent contractor shall be made according to current IRS codes.

Environmental Protection Agency (or EPA) – The Agency within the United States Government having responsibility for enforcing the environmental regulations or laws enacted by Congress.

Exclusive Right – A power, privilege, or other right excluding or preventing another from enjoying or exercising a like power, privilege, or right. An Exclusive Right may be conferred either by express agreement, by imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties but excluding others from enjoying or exercising a similar right or rights, would be an Exclusive Right. An Exclusive Right to conduct an Aeronautical Activity, which is forbidden by federal regulation, is distinguished from an Exclusive Right to occupy real estate, which is permitted by federal regulation under certain conditions.

Federal Aviation Administration (or FAA) – The Agency within the Department of Transportation of the United States Government that has the responsibility of regulating Aeronautical Activities.

Federal Aviation Regulation (or FAR) – Regulations prescribed by the FAA governing all aviation activities in the United States, which are written, approved, and published by the FAA. Compliance with FARs is mandatory. In 1996, all references to the FARs were changed to Title 14 of the Code of Federal Regulations (14 CFR).

General Aviation – All aviation with exception of Air Carriers and the military.

General Aviation Leasing/Rents and Fees Policy – Sets forth the parameters for leasing the Airport' land and Improvements (for general aviation purposes) and outlines the process for establishing and adjusting General Aviation rents and fees at the Airport, as may be amended from time to time.

General Aviation Minimum Standards (or Minimum Standards) – Those qualifications, standards, and criteria set forth as the minimum requirements to be met as a condition for the right to engage in Activities at the Airport, as may be amended from time to time.



Good Standing – Full compliance with all applicable Legal Requirements and not in default of any Agreement with the Lessor.

Hangar – Any fully or partially enclosed storage facility for an aircraft.

Hangar Keeper's Legal Liability – To include Property damage for all non-owned aircraft under the care, custody, and control of the Operator.

Hazardous Materials – A substance, item, or agent (biological, chemical, physical) which has the potential to cause harm to humans, animals, or the environment, either by itself or through interaction with other factors.

Improvements – All buildings, structures, additions, and facilities including pavement, fencing, and landscaping constructed, installed, or placed on, under, or above any land on the Airport.

City of El Paso De Robles Fire Department (or Fire Department) – The Fire Department provides fire services as well as several community services for the City of El Paso De Robles.

Legal Requirements – All applicable federal, state, county, and local laws, codes, ordinances, policies, and regulations. Lessee – An entity (other than a Licensee) that has entered into an Agreement to occupy, use, and/or develop land and/or Improvements.

Rent and Fee Schedule – A listing of all rents, fees and other charges applicable to the Airport established by the City as may be amended from time-to-time.

Movement Area – The designated Runways, Taxiways, and other areas of the Airport which are utilized for taxiing, hover taxiing, takeoff, and landing of aircraft (exclusive of aircraft parking, loading, unloading, fueling, and servicing areas).

Non-Commercial – Not for the purpose of securing earnings, income, Compensation (including exchange or barter of goods and services), and/or profit.

Owner – The registered legal Owner of an aircraft according to FAA records or a Vehicle according to the applicable state Department of Motor Vehicle records.

Premises – Tiedown or T-Hangar Location

Primary Management and Compliance Documents (or PMCDs) – PMCDs are the following documents: (1) the City's Municipal Airport Rules and Regulations adopted by the City Council on June 6, 2017 as they may be amended from time-to-time; (2) the City's Municipal Airport Minimum Standard Requirements for Airport Aeronautical Services adopted by the City Council on September 20, 2022 as they may be amended from time-to-time; and (3) Title 13 of the City's Municipal Code pertaining to Municipal Airport Operations as it may be amended from time-to-time.

Property – Any tangible or intangible possession that is owned by an entity or a person.

Public Area – Those areas normally used by the general public. Such areas include concessionaire shops, restrooms, Airport Administration lobby, hallways, passage ways, viewing areas, roadways, walkways, sidewalks, and Vehicle parking lots. Public areas do not include the areas owned and/or leased by Commercial businesses unless such businesses so designate certain areas as public use areas. Public Areas do not include the AOA, Restricted Areas, and employee parking lots.

Ramp – Those Paved areas of the Airport within the AOA designated by the City for parking, loading, unloading, fueling, or servicing of aircraft.



Restricted Area – Areas of the Airport, other than Public Areas, wherein entry or use thereof is restricted to authorized personnel (pursuant to applicable Legal Requirements) including, but not limited to the fuel farm, Airport maintenance facilities/shop, mechanical rooms, electrical vaults, computer server room, and any other areas marked/posted as restricted with signage. or placards.

Rules and Regulations – The rules and regulations set forth by the City for the safe, secure, orderly, and efficient use of the Airport, as may be amended from time to time.

Runway – An area of the Airport developed and improved for the purpose of accommodating the landing and takeoff of aircraft.

Self-Fueling – The Non-Commercial Fueling of an aircraft by the aircraft Owner or the Owner's Employee(s) using the aircraft Owner's Vehicles, Equipment, and resources.

Self-Service – The servicing of an aircraft (i.e., maintaining, repairing, fueling, etc.) by the aircraft Owner or the aircraft Owner's Employees using the aircraft Owner's Vehicles, Equipment, and resources.

Spill Prevention, Control, and Countermeasures Plan (or SPCC Plan) – A contingency plan defined by the EPA that covers procedures for spill prevention, control, and countermeasures, points of contact, the chain of command, and individual responsibilities.

Storm Water Pollution Prevention Plan (or SWPPP) – A plan that identifies the controls that have been put in place to minimize the impact of storm water discharges on the environment.

Sublease – An agreement entered into by an entity with an Operator or Lessee that transfers rights or interests in the Operator's or Lessee's Leased Premises and for which, the City has given proper consent.

Sublessee – An entity that has entered into a Sublease with an Operator or Lessee who is authorized (by the City) to engage in Commercial Aeronautical Activities at the Airport.

Taxiway – A defined path, usually Paved, over which aircraft can taxi from one part of an airport to another (excluding the Runway).

Term – A fixed period for which the License Agreement lasts until terminated either by the Licensee or the Licensors as provided for in the License.

Tiedown – An area Paved or unpaved suitable for parking and mooring of aircraft wherein suitable anchoring points and related equipment are located.

Transient Aircraft – Any aircraft utilizing the Airport for occasional or temporary purposes which is not stationed at the Airport.

Transportation Security Administration (or TSA) – The Agency within the Department of Homeland Security of the United States Government responsible to safeguard United States transportation systems and ensure secure travel.

Unlawful Detainer – The act of retaining possession of property without legal right

Vehicle – Any device that is capable of moving itself, or being moved, from place to place upon wheels; but does not include any device designed to be moved by human muscular power or designed to move primarily through the air

Vehicle Operator – Any person who is in actual physical control of a Vehicle.



APPENDIX C - ACRONYMS

AC	Advisory Circular
ALP	Airport Layout Plan
CFR	Code of Federal Regulations
DHS	Department of Homeland Security
DOT	Department of Transportation
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FAR	Federal Aviation Regulation
FBO	Fixed Base Operator
NOTAM	Notice to Airmen
SASO	Specialized Aviation Service Provider
SPCC Plan	Spill Prevention, Control, and Countermeasures Plan
SWPPP	Storm Water Pollution Prevention Plan



EXHIBIT A – LEASED PREMISES

FBO and Development Areas

- FBO office on first floor Airport Terminal Concourse. 546 SF (Improved office)
 - A portion of APN 025-453-010
- FBO dedicated ramp space: ~25,000 SF (Improved ramp)
 - A portion of APN 025-453-007
- Aircraft Storage Hangar: ~10,000 SF + attached storage/office areas. (Improved hangar)
 - A portion of APN 025-453-008
- Airport Terminal Expansion: ~3000 SF (unimproved lease area)
 - Lease area to be approximately 3000 SF to be contained on portions of Lot 21 and 22 in the City of Paso Robles, County of San Luis Obispo, State of California according to the map recorded 10-18-2022 in book 025 page 453 in the office of the County Record office of said county. APN 025-453-010 and 025-453-021
*Final lease area size TBD based on final design plans as approved by the City at a later date. At that time an amendment to the lease agreement will be generated to reflect the lease area.
- Hangar Development Area: 139,827 SF (unimproved lease area)
 - ~3.21-acre parcel at 3035 Taxiway D. Contained on Lot 24 in the City of Paso Robles, County of San Luis Obispo, State of California according to the map recorded 10-18-2022 in book 025 page 453 in the office of the County Record office of said county. APN 025-453-022

Additional Lease Areas

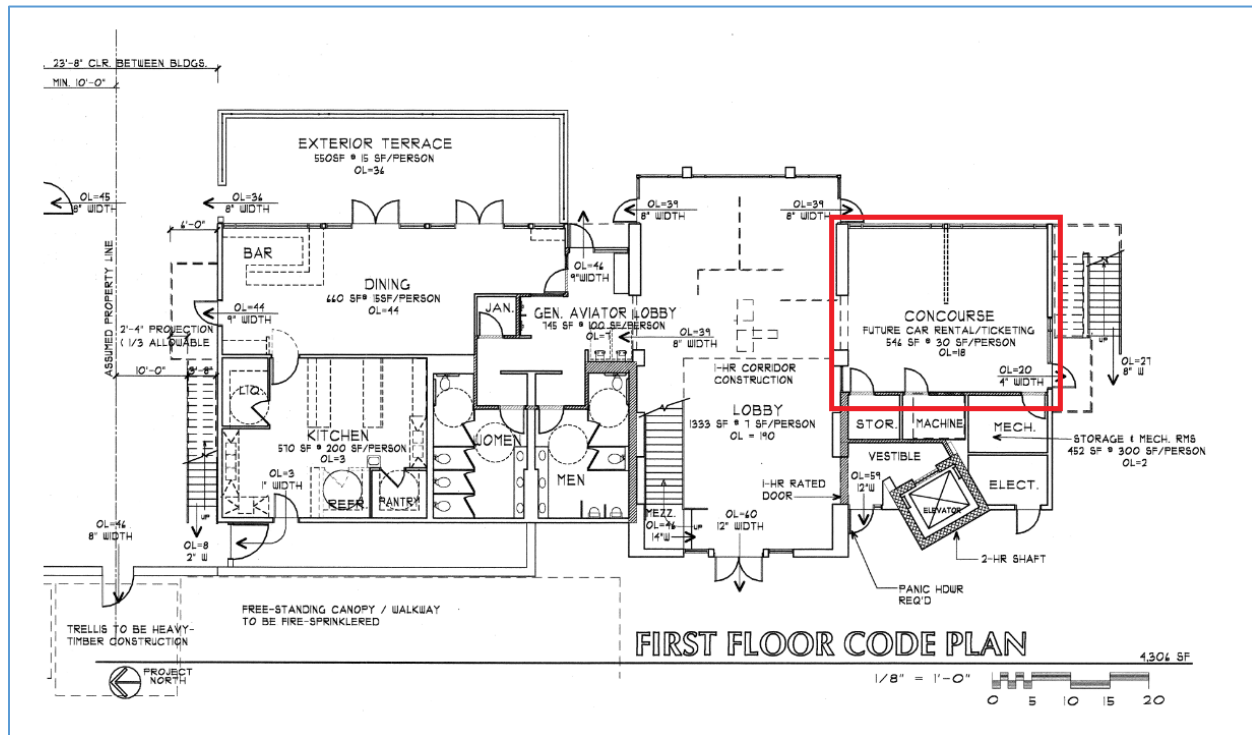
- Executive Air Center offices: ~1,000 SF (Improved office)
 - A portion of APN 025-453-008

Aviation Fuel Storage – (nonexclusive use right)

- 12,000 Gallon – Aboveground, Double-Walled Avgas Tank
- 20,000 Gallon – Aboveground, Double-Walled Jet A Tank
- QT-Pod Self-Service System

FBO AND DEVELOPMENT AREAS

FBO Office on first floor Airport Terminal Concourse





FBO Dedicated Ramp Space ~25,000 SF

A portion of APN 025-453-007 and 025-453-008, approximately 205' X 122' or 25,000 SF.

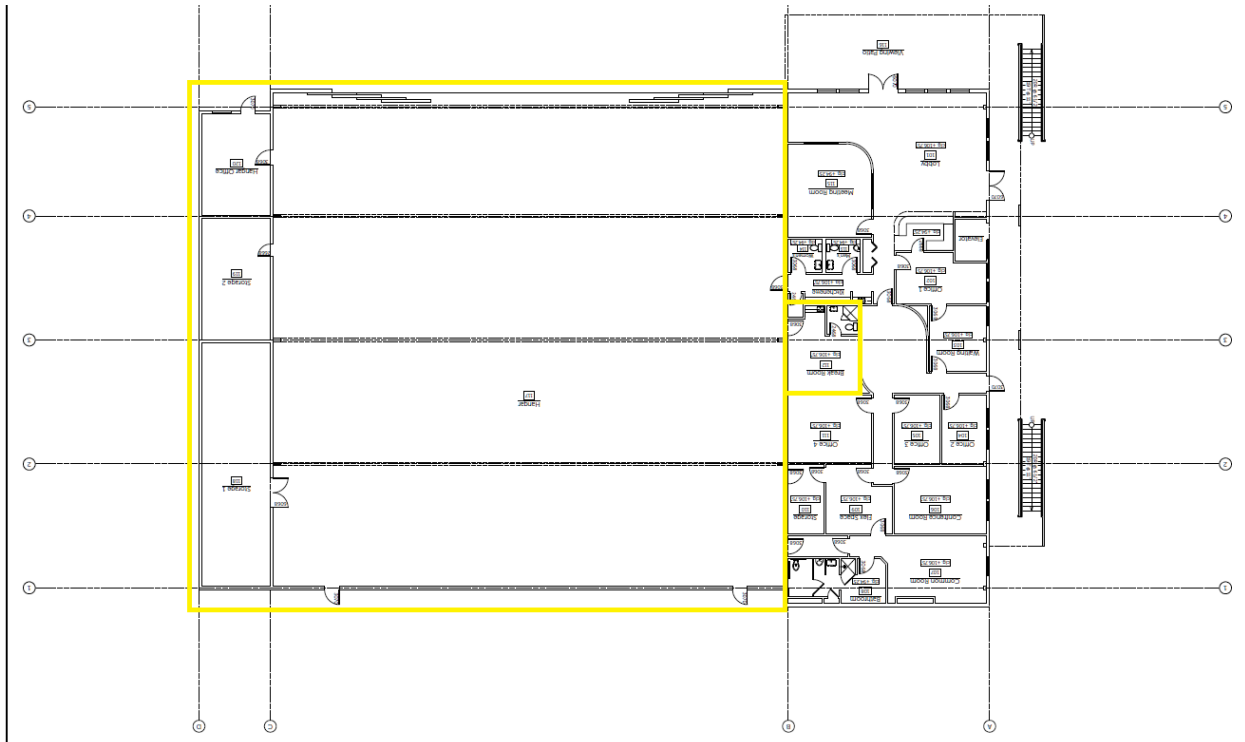




EXHIBIT A – LEASED PREMISES

Aircraft storage hangar and attached storage area/offices

A portion of APN 025-453-008





Airport Terminal Expansion ~3000 SF

Approximate Area, final lease area size TBD based on final design plans as approved by the City at a later date. At that time an amendment to the lease agreement will be generated to reflect the true lease area.





Hangar Development Area (APN 025-453-022)

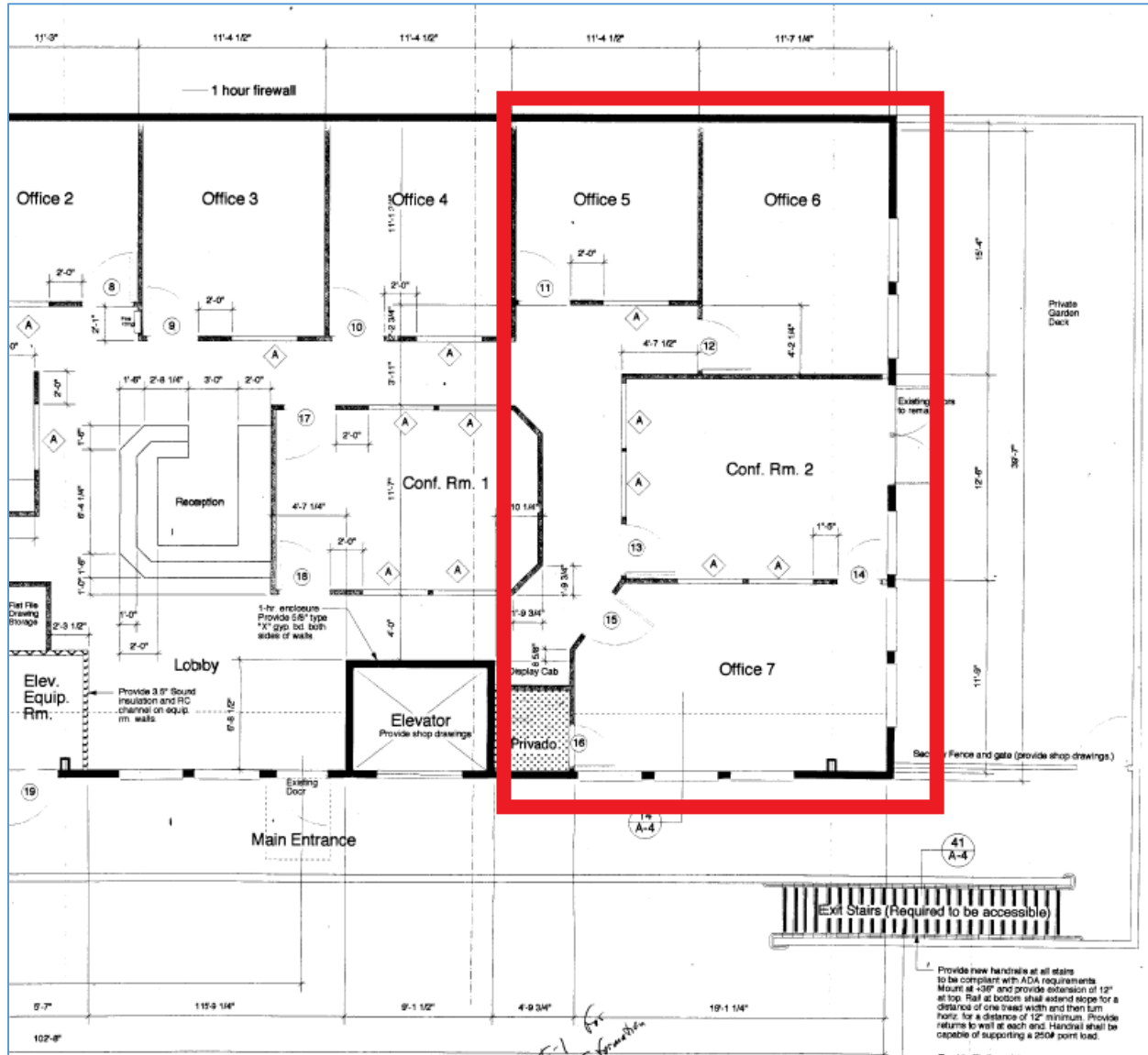
139,827 SF





ADDITIONAL LEASE AREAS

Executive Air Center Offices 5,6,7 and Conference Room 2





Aviation Fuel Storage (Non-Exclusive Right)

12,000 gal. AvGas Storage

20,000 Jet-A Storage

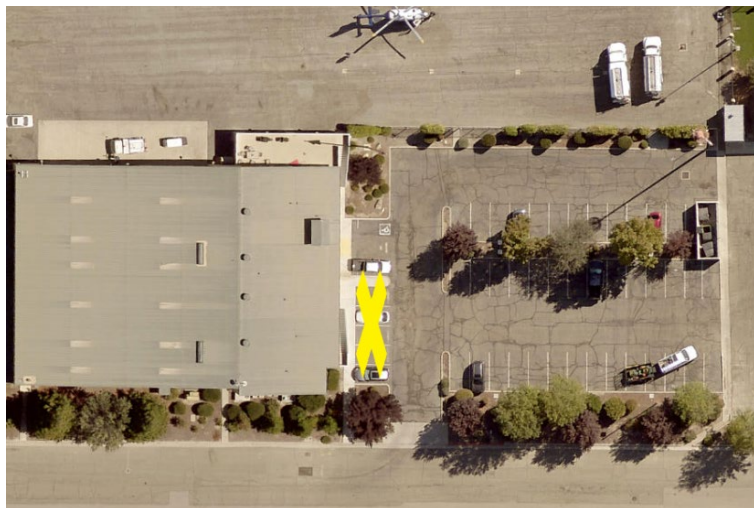
QT-Pod self-service system



Parking Areas

Staff Parking (Nonexclusive):

A total of fifteen (15) unassigned parking spaces in the parking lot of the Executive Air Center at 4990 Wing Way, not including the parking spaces depicted below within the yellow “X”



Rental Vehicle Parking (Nonexclusive):

A total of up to five (5) parking spaces in the long-term parking lot south of the Airport terminal (4900 Wing Way) including the three parking spaces depicted below in the red box. The remaining two (2) parking spaces are unassigned within the long-term parking lot.

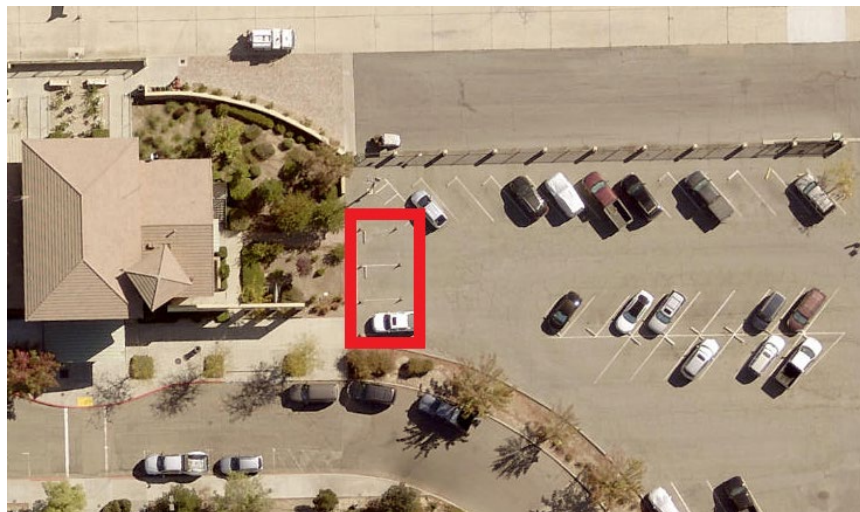




EXHIBIT B – INSURANCE REQUIREMENTS

EXHIBIT B – INSURANCE REQUIREMENTS

Lessee shall provide evidence satisfactory to the City it has secured all insurance required under this Exhibit. In addition, Lessee shall not allow any contractor to commence work until it has secured all insurance required under this Exhibit.

Commercial General Liability.

Lessee shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the City.

Coverage for Commercial General Liability insurance shall be at least as broad as the following:

- Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

Commercial General Liability Insurance must include coverage for the following:

- Bodily Injury and Property Damage
- Personal Injury/Advertising Injury
- Premises/Operations Liability
- Products/Completed Operations Liability
- Aggregate Limits that Apply per Project
- Explosion, Collapse and Underground (UCX) exclusion deleted
- Contractual Liability with respect to this Agreement
- Property Damage
- Independent Consultants Coverage

The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.

The policy shall give City, its elected and appointed officials, officers, employees, agents and City designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the City, and provided that such deductibles shall not apply to the City as an additional insured.

Automobile Liability.

At all times during the performance of the work under this Agreement, Lessee shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the City.

Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).



EXHIBIT B – INSURANCE REQUIREMENTS

The policy shall give City, its elected and appointed officials, officers, employees, agents and City designated volunteers additional insured status.

Subject to written approval by the City, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the City as an additional insured, but not a self-insured retention.

Workers' Compensation/Employer's Liability.

Lessee certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

To the extent Lessee has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement, Lessee shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Lessee shall require all contractors to obtain and maintain, for the period required by this Agreement, workers' compensation coverage of the same type and limits as specified in this Section.

Professional Liability (Errors and Omissions). At all times during the performance of the work under this Agreement, Lessee shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the City and in an amount indicated herein. This insurance shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of Lessee. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

Minimum Policy Limits Required.

The following insurance limits are required for the Agreement:

Combined Single Limit

Commercial General Liability	\$5,000,000 per occurrence/\$10,000,000 aggregate for bodily injury, personal injury, and property damage
Automobile Liability	\$1,000,000 combined single limit
Employer's Liability	\$1,000,000 per occurrence
Professional Liability	\$2,000,000 per claim and aggregate (errors and omissions)

Defense costs shall be payable in addition to the limits.

Requirements of specific coverage or limits contained in this Section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.



EXHIBIT B – INSURANCE REQUIREMENTS

Evidence Required. Prior to execution of the Agreement, Lessee shall file with the City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

Policy Provisions Required.

Lessee shall provide the City at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that Lessee shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, Lessee shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the City at least ten (10) days prior to the effective date of cancellation or expiration.

The Commercial General Liability Policy and Automobile Liability Policy shall each contain a provision stating that Lessee's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by the City or any named insureds shall not be called upon to contribute to any loss.

The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Lessee shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Lessee shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to waiver of subrogation in favor of the City, its officials, officers, employees, agents, and volunteers or shall specifically allow Lessee or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Lessee hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its contractors.

The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit Lessee's indemnification obligations to the City and shall not preclude the City from taking such other actions available to the City under other provisions of the Agreement or law.

Qualifying Insurers.

All policies required shall be issued by acceptable insurance companies, as determined by the City, which satisfy the following minimum requirements:

Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed



EXHIBIT B – INSURANCE REQUIREMENTS

to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

Additional Insurance Provisions.

The foregoing requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of said insurance by the City, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Lessee or City will withhold amounts sufficient to pay premium from Lessee payments. In the alternative, City may cancel this Agreement.

The City may require the Lessee to provide complete copies of all insurance policies in effect for the duration of the Agreement.

Neither the City nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

Contractor Insurance Requirements. Lessee shall not allow any contractors to commence work at the Airport until they have provided evidence satisfactory to the City that they have secured all insurance required under this Section. Policies of commercial general liability insurance provided by such contractor shall be endorsed to name the City as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Lessee, City may approve in writing different scopes or minimum limits of insurance for particular contractors.



EXHIBIT C – PROPOSALS

[***LOYD’S PROPOSAL AND SUPPLEMENTAL INFORMATION TO BE INSERTED ON
FOLLOWING PAGES***]



Proposal

Fixed Base Operation
Paso Robles Municipal Airport



Attention: City of El Paso de Robles

The following represents Loyd's Aviation's formal response to the City of El Paso De Robles' Request for Proposals for Fixed Base Operation at the Paso Robles Municipal Airport.

Loyd's Aviation is a California corporation also doing business as Bakersfield Jet Center, and operates Loyd's Aircraft Maintenance as a wholly owned subsidiary. Mailing address for the primary office is:

PO Box 80958
Bakersfield, CA 93380

And a physical address of:

1601 Skyway Drive, Suite 100
Bakersfield, CA 93308

Primary Contact Person is Ryan Crowl, President and can be reached at (661) 393-1334.

This proposal has been reviewed and authorized on behalf of Loyd's Aviation this 29th day of June, 2023.

Ryan Crowl
President

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1 Executive Summary

Loyd's Aviation is pleased to offer its proposal to the City of El Paso De Robles (City) for the Fixed Base Operation at the Paso Robles Municipal Airport (KPRB). Enclosed, you will find our plan to improve, develop, and service the General Aviation needs at KPRB.

Loyd's Aviation brings more than 65 years of aviation experience into this proposal, including Fuel Operations and Handling, Hangar Storage and Construction, Aircraft Maintenance, Corporate Aircraft Management and Aircraft Charter. In support of those operations, Loyd's Aviation maintains an Air Carrier Certificate under 14CFR Part 135 (#LOYA165G) and a FAA Certified Repair Station Certificate under 14CFR Part 145 (#7LOR165C).

In preparation for this proposal, Loyd's Aviation has made itself familiar with the operation of KPRB, the Request for Proposal (RFP), and Airport publications. Further, Loyd's Aviation understands the objectives of the City as they relate to KPRB and as stated in the RFP.

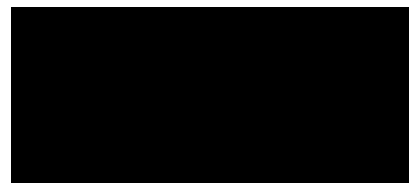
This proposal is a natural expression of interest for Loyd's Aviation. For several decades we have been a user of KPRB, have cared for its tenants through our wide range of services, and value several happy customers currently based there. Because Kern County is so agriculturally centered, many of our customers are both economically and socially connected to Paso Robles. For more than 65 years we've offered aviation services centered around personal relationships backed with expertise and high standards. The FBO is often the first impression for new visitors to a city and we hold that responsibility in high regard. Paso Robles makes a perfect cultural fit with our values, our clientele, and our team.

1.1 Summary of Compensation

Based upon the information contained within the RFP, and subject to the negotiated terms of a master lease between the City and Loyd's Aviation, the following fees are proposed.

Lease Rates

Executive Air Center Offices (FBO Dedicated)
Executive Air Center Storage Hangar (FBO Dedicated)
Restaurant Area of the Airport Terminal
Dedicated FBO Office Space (Terminal)



Flowage Fees

Jet Fuel	\$.12 per gallon*
Avgas	\$.10 per gallon*
Fuel Facilities Development (all fuels)	\$.03 per gallon*

* or as otherwise stated in the most recently adopted Comprehensive Fee Schedule.

Parking/Overweight Fees

Per the current Adopted Comprehensive Fee Schedule as applicable with a negotiated split between City and FBO.

1.2 Capital Investment

Loyd's Aviation is proposing two capital improvement projects as a part of this proposal. The first is an addition to the existing terminal for the purposes of supporting the FBO operations and passengers. The second is a hangar development project located on the vacant land identified in the RFP and located directly west of the fuel farm. The details of each project can be found in the Development Plan below.

Financing for each project will be secured from traditional banking sources. See the financial letter of reference contained in the Financial Plan. Amortization of capital is expected to be long-term, in the 20+ year range.

Deployed Equipment

The anticipated equipment needs will include the following:

Fuel Trucks

A total of 3 trucks are anticipated to be needed in support of the FBO operations. Those include two Jet-Fuel trucks and one Avgas truck. Trucks will meet all applicable fire and quality assurance standards and will be inspected daily in accordance with Loyd's Aviation's IS-BAH approved standards.

Ground Service Equipment

The anticipated need for ground service equipment (GSE) includes a 28-volt Ground Power Unit (GPU), a lavatory service cart, and a tug appropriate for the size and operational needs of the FBO and based aircraft.

Aircraft

Loyd's Aviation's fleet of aircraft available for charter will be available for use to local clients and occasionally stored at KPRB. Additionally, aircraft management and charter services will be offered to locally based aircraft owners. Loyd's Aviation has served KPRB for many years, bringing passengers from other locations as well as picking up local customers.

This proposal is a natural expression of interest for Loyd's Aviation. For several decades we have been a user of KPRB, have cared for its tenants through our wide range of services, and value several happy customers currently based there. Because Kern County is so agriculturally centered, many of our customers are both economically and socially connected to Paso Robles. For more than 65 years we've offered aviation services centered around personal relationships backed with expertise and high standards. The FBO is often the first impression for new visitors to a city and we hold that responsibility in high regard. Paso Robles makes a perfect cultural fit with our values, our clientele, and our team.

2 Qualifications and Experience

2.1 Background and History

Loyd's Aviation was established in 1958 by Byron Loyd in Bakersfield, CA. Initially a flying service company, Byron began selling aircraft parts, followed by the construction of shadeports and hangars at Meadows Field (KBFL). In 1986, Byron's son Steve Loyd joined the company as President and continued its growth by adding an Aircraft Maintenance business and Fuel services. Aircraft Management and Aircraft Charter have remained as services of the company. In 2005, Ryan Crawl joined the company as a flight instructor and in 2016 took over as its President, a role he continues to hold.

Today, Loyd's Aviation operates Bakersfield Jet Center, a Full-Service FBO at Meadows Field, as well as a Flight Department, Parts Sales department, hangar rentals and a maintenance business, Loyd's Aircraft Maintenance.

Loyd's Aviation has been in continuous business at Meadows Field (KBFL) Bakersfield, CA since 1958. Currently, it leases approximately 25 acres of property from the County of Kern at KBFL on a new 30-year lease signed in 2022. Loyd's Aviation operates business units in the following aviation areas:

Fuel and Line Services

- Loyd's Aviation, DBA Bakersfield Jet Center, is the largest FBO at Meadows Field.
- **Certified Stage III under the International Standard for Business Aircraft Handling (IS-BAH).** Bakersfield Jet Center was just the 8th company in the U.S., and 21st in the World, to achieve Stage III status. It remains the only IS-BAH Certified FBO of any kind in Kern County.
- Contracted fuel supplier for the US Government Defense Logistics Agency (DLA).
- Contracted fuel supplier for the Corporate Aircraft Association (CAA).
- Avfuel Branded fuel dealer since 2001.
- **All Line Service Technicians (LSTs) NATA Safety 1st Trained and Certified.**
- In Excess of 100,000 sq. ft. of hangar storage.

Aircraft Maintenance Services

- Loyd's Aircraft Maintenance is a wholly owned subsidiary of Loyd's Aviation and has been in operation since 1986.
- **FAA 14 CFR Part 145 Repair Station Certificate.**
- **Cessna and Piper Aircraft Authorized Repair Station.**
- Authorized dealer of Garmin Avionics.
- A wide variety of aircraft served from single-engine piston to corporate jets.

Attachment 1

- Turbine Aircraft Specialties in Beechcraft King Air and Cessna Citation products.
- Retail Aircraft Parts Sales.

Flight Department Services

- Aircraft Management Services – Including provisions of pilots, maintenance, hangar, fuel, accounting, scheduling, and concierge services.
- FAA 14 CFR Part 135 Air Carrier (Charter) Certificate.
- Currently manages piston, turboprop and jet aircraft.

2.2 Management Profiles

The following pages show the profiles, training, experience, and certifications of the management team at Loyd's Aviation. Personnel described hold the titles of:

- President
- CFO/General Manager
- Vice President
- Safety Coordinator
- Line Department Manager

Ryan Crawl – President

Pilot Ratings

Airline Transport Pilot
Small UAS

Flight Instructor Ratings – CFI, CFII, MEI
Aircraft Type Ratings – BE-30, CE525, CE560XL, CE-680

Flight Experience

Total 7000+ PIC 6500+ Turbojet 1400+

Work Experience

Loyd's Aviation Sept. 2005 – Present

Positions Held:

- President (Current), 2016-Present
- VP of Flight Operations, 2009-2016
- Charter and Flight School Director, 2007-2009
- Chief Flight Instructor, 2005-2007

Current Duties:

- Management Responsibility for Loyd's Aviation's overall operation and direction
- Management of 40+ employees
- Financial and Strategic Planning
- Creation of new sales and business opportunities

Embry-Riddle Aeronautical University March 2001 – August 2005

Positions Held:

- Assistant Training Manager
- Flight Supervisor
- Flight Standards Pilot
- Flight Instructor

Education

Missouri State University 2018 – 2022

Master of Business Administration

Embry-Riddle Aeronautical University 1996 – 2000

Bachelor of Science

- Major: Aeronautical Science
- Minor: Business Administration

Other Experience

- Vice Chair, National Air Transportation Association (NATA) Airport Business Committee
- Board Member, Embry-Riddle Aeronautical University – Aerospace Advisory Board
- Rotary Club of Bakersfield
- Vistage CEO Group - Member

Chris Clements – CFO/General Manager

Work Experience

Loyd's Aviation

Sept. 2008 – Present

Positions Held:

- General Manager, 2011 – Present
- Accounting Manager, 2008-2011
 - Oversight of Accounting functions
 - Oversight of Managed Aircraft companies
- Accounting Clerk, 2008 – 2008
 - Accounts Receivable/Accounts Payable
 - Bank Reconciliation
 - Payroll

Current Responsibilities:

- Manage daily operations.
- Oversee facilities maintenance.
- Manage rental space.
- Oversee Accounting department.
- Oversee Human Resources department.

Education

California State University - Bakersfield

2007

Bachelor of Science

- Major: Business Administration

Other Experience

- National Business Aviation Association (NBAA) Certified Aviation Manager – 2022
- Boy Scouts of America – Eagle Scout – 1992

William Long – Vice President of Aircraft Maintenance

Work Experience

Loyd's Aviation

1991- Present

Positions Held:

- Vice President of Maintenance (Current), 2007-Present
- Parts Department Manager, 1991-2007

Current Duties:

- Operational responsibility for Loyd's Aircraft Maintenance, Inc.
- Management of all A&P Mechanics
- Oversight of Parts Department
- Aircraft Sales

Previous Responsibilities

- Management of the Line Service Department
- Supervision of the Rentals Department (Aircraft and RV storage)
- IT Management and Website design
- Sourcing and Procurement of Aircraft Parts
- Aircraft Maintenance Quoting/Estimating

Other Experience

- Private Pilot License
- Extensive Parts and Inventory Management Experience

Daniel Samms – Safety Coordinator

Work Experience

Loyd's Aviation

2014- Present

Positions and Responsibilities:

- Managed the Line Service Department for 5 years (2014 - 2019)
- Concurrently managed Customer Service Representatives for 4 years (2015 - 2019).
- Managed the Safety Department from 2016 to current, moving into the role full time in February of 2019.
- Lead Loyd's Aviation through all 3 two-year phases of the IS-BAH (International Standard of Business Aircraft Handling) Certification, becoming just the 8th U.S. FBO, and 21st in the world, to be approved for the 3rd Stage.
- Helped develop our robust Safety Management System and Safety Culture.
- Wrote the Employee Policy and Procedure Manual used in the Loyd's Aviation Line Department.
- Nearly a decade of experience in Fuel QC and compliance.
- Trained dozens of employees to our exacting standards.
- Review SMS entries in conjunction with the Safety Committee to help form future policy and mitigate risks.
- Perform monthly audits and approve of necessary solutions to ensure compliance with OSHA, FAA, TSA, NTSB, CERS, SJVAPCD, and other governmental regulatory bodies.

Education

Summit Bible College

2018

Master of Theology in Counseling – Graduated Cum Laude

Summit Bible College

2018

Bachelor of Theology

- Major: Christian Counseling

Other Experience

- Cal-OSHA 30 Hour Card
- CPR Certified
- IS-BAH Auditor (lapsed)
- NATA Safety 1st Qualified

John Wright – Line Service Manager

Work Experience

Loyd's Aviation

2014- Present

Positions and Responsibilities:

- Recruiting, interviewing and hiring Line Department employees.
- Implemented mentoring program to promote positive feedback and engagement.
- Open and close location and monitor shift changes to uphold successful operations strategies and maximize business success.
- Inventory Management, Including the ordering of fuel deliveries (Jet-A & 100LL).
- Quality Assurance (QA) Management of Aviation Fuels – Quality checks, daily samples, filter changes, etc.
- Maintenance of Training and Employee Records.
- Employee Coaching and Training.
- Hazardous Waste Management and Removal.
- Personal Protective Equipment (PPE) Inventory management and enforcement.
- Uniform Management

Education and Training

- NATA Safety 1st Training - 12/2022 – Certificate
- Fuel Safety Supervisor Training – 10/2022 Certificate
- Professional Development: Peer to Supervisor – Certificate
- Negating Negativity in a Work Place – Certificate
- Workplace Harassment Prevention for Managers – Certificate
- Safety Management Systems Training – Certificate
- Solid Foundation for Supervisors Training – Certificate

3 References

The references listed below are available for the City's verification use.

Business References

Curt Castagna – President/CEO
Aeroplex Group Partners
castagna@aeroplex.net
(562) 981-2659

Joe Gregory – President
Grapevine MSP
jgregory@grapevinemsp.com
(661) 345-5526

Ben Laverty IV – COO
California Safety Training
biv@cstcsafety.com
(661) 377-8300

Financial References

Tri-Counties Bank
Janet Hepp – SVP, Loans
Janethepp@tcbk.com
(661) 371-2036

Avfuel
Mark Haynes – VP Sales
mhaynes@avfuel.com
(734) 663-6466, ext. 424

Customer References

Craig Stoller – Co-Owner
Sextant Wines
craig@sextantwines.com
(805) 542-0133

Matt Daglish – VP of Flight Operations
Wonderful Aviation
matt.daglish@wonderful.com
(661) 391-6400

Brian Maxted – CEO
Holloway Group
Brian.maxted@hmholloway.com
(805) 369-2000

4 Management Plan

4.1 Plan Overview

Loyd's Aviation intends to take a "hands-on" approach to managing the FBO location through the use of an onsite, full-time manager, as well as oversight and support offered by executive staff. All key members of the management team located in Bakersfield will contribute to the oversight of the Paso Robles FBO and all members of the team will make regular visits to the location. The team's current proximity (either a 2-hour drive or a 30-minute flight) makes that an easily obtainable goal. Team members in Paso Robles will also visit Bakersfield for initial and recurrent training.

The mission, vision, and values of Loyd's Aviation will extend to the Paso Robles Airport. Those are:

Mission

The mission of Loyd's Aviation is to maintain the highest level of safety and customer service in the aviation industry.

Vision

The vision of Loyd's Aviation is to be a leader in defining a premier aviation company that will foster a rewarding, nurturing, and challenging work environment.

Values

Safety, Customer Service, Integrity

4.2 Roles and Responsibilities

Below are brief descriptions of the roles and responsibilities of the applicable positions to this RFP. Additional information on these positions and personnel can be found in the Qualifications and Experience section.

President – Provides oversight of all Loyd's Aviation departments and revenue streams, drives growth, nurtures the culture, and acts as chief cheerleader for employee success.

General Manager – Oversees accounting for all Loyd's Aviation businesses, oversees FBO operations, plans capital expenditures, and provides mentorship for the Line Service Manager.

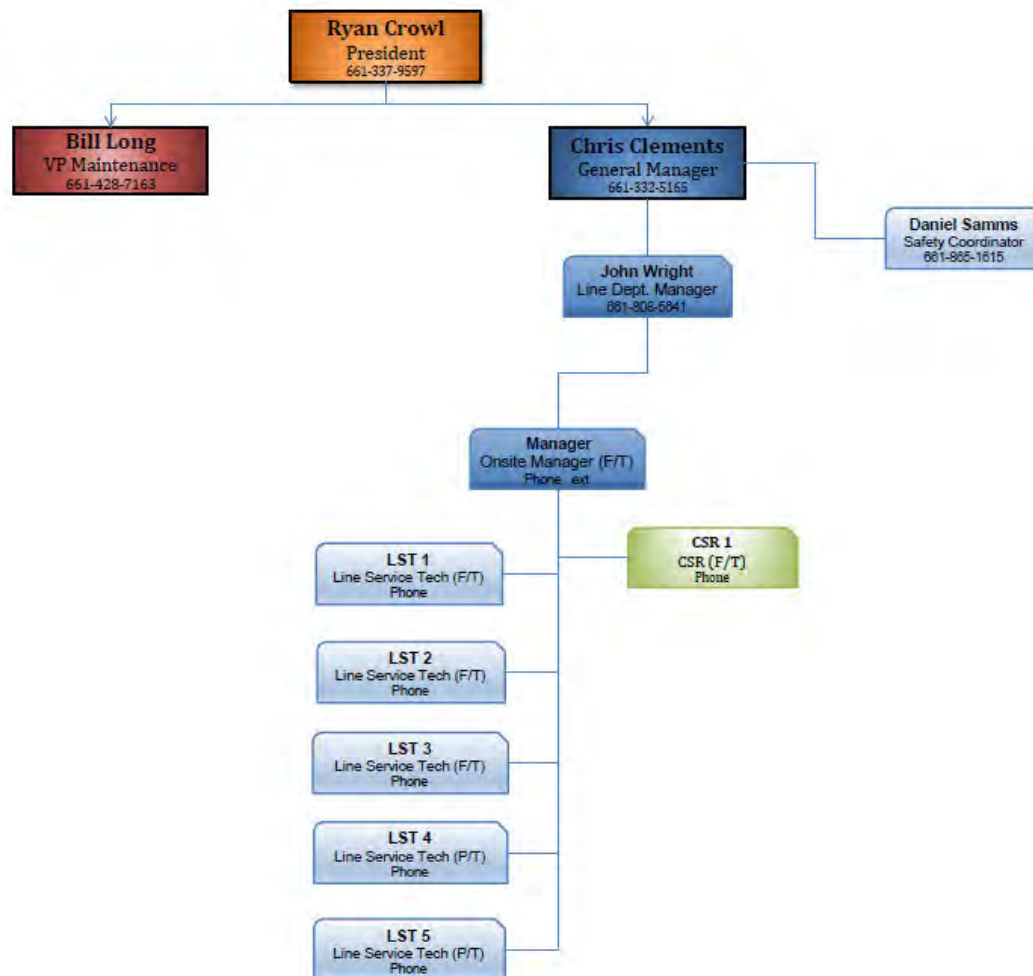
Line Service Manager (LSM) – Supervises LSTs, ensures Quality Assurance (QA) testing is accurate and complete, supervises the maintenance of equipment, and ensures excellent customer service.

On-Site Manager – Will supervise the LSTs and CSRs under the direction of the Line Service Manager, set staff schedules, ensure QA testing is accurate and complete, ensure compliance

with policies and procedures, work with LSM to maintain equipment, and ensure excellent customer service.

Safety Coordinator – Will facilitate the implementation and maintenance of our existing Safety Management System (SMS). This includes onsite inspections and follow-up of SMS safety concerns. Will also create a custom Emergency Response Plan unique to the operation.

4.3 Organizational Chart



6/14/2023

PRB Employees	
Full Time Employees	5
Part Time Employees	2

4.4 Staffing and Hours of Operation

Loyd's Aviation will hire and train local staff to support the functions required by the RFP. Unless otherwise noted, it is the intention of Loyd's Aviation to fulfill this contract with its own employees. It is anticipated that a staff of four full-time positions and 2-3 part-time positions will be required to meet the requirements of the RFP. That will include one On-Site Supervisor, one Customer Service Representative (CSR) and 4-5 Line Service Technicians (LSTs). Loyd's Aviation intends to hire locally to fill all of the positions if possible.

Those staff members will be supported by Loyd's Aviation's management staff and Safety Coordinator. Resumes for key management positions can be found in the Qualifications and Experience section.

Daily schedules will usually consist of two overlapping shifts, allowing for breaks to be covered. Coverage will include 7-day staffing. Seasonal and holiday adjustments may be made to accommodate demand. Major holidays may be reduced to a minimum staff, depending on demand, but will always have coverage via callout service. The anticipated schedule is below.

Monday - Friday	0600-1800
Saturday and Sunday	0700-1800

All Line Service Technicians (LSTs) are required to participate in the On Call program once they have reached the level of LST2 on the Loyd's Aviation LST Career Ladder. This program is designed so that, on a weekly rotation, an LST is responsible for any after-hours fueling needs and emergencies.

The On-Call LST must be able to respond to the call within 1 hour during their assigned On-Call week and may not engage in any activity that could prevent the employee from completing the necessary services. This includes, but is not limited to, consuming/using any and all substances or medications that can affect one or more mental and/or physical functions (e.g., coordination, reflexes, vision, mental capacity, judgment, etc.), in accordance with Loyd's Aviation Employee Policy Handbook.

4.5 Training and Quality Assurance Programs

Training

Loyd's Aviation provides both general and specific training for Line Service personnel through use of the online National Air Transportation Association (NATA) Safety 1st program, in addition to the in-house training program which includes equipment specific training. Supervisor training also includes Fuel-Supplier Sponsored Quality Assurance training. Training includes the following areas and requirements:

- The NATA Safety 1st program will be completed biennially by all Line Service Technicians employed by Loyd's Aviation, including Human Factors training.
- LSTs are expected to complete a new 'Equipment Specific Training' document each year of employment.

- First Aid training, including the use of Automated External Defibrillators (AED's) will be provided to select employees of the department biennially.
- All employees of Loyd's Aviation shall complete a training course in the recognition of classes of fires, extinguisher types, and how to successfully extinguish aviation and non-aviation related fires at the beginning of employment, and at least annually thereafter.
- All employees of Loyd's Aviation shall complete a review of the Emergency Response Plan (ERP) and emergency evacuation procedures at the beginning of employment, and at least annually thereafter. This shall include practical activity training as well as the location of emergency equipment.
- Employees are not permitted to operate fuel trucks or perform job-specific tasks such as fueling on their own until they have received adequate training and been approved by management.

Quality Assurance

Loyd's Aviation's Quality Assurance Program is integrated into its EPPM (Employee Policy and Procedures Manual) and NATA Safety 1st Training. It is tracked and inspected via Jet Fuel QC, a program that records and tracks all Quality Assurance (QA) tests. All managers have access to Jet Fuel QC, which gives both an instant look and historical records of the status of all QA testing. All of Loyd's Aviation's Line Department policies, procedures, and records are independently audited through the International Business Aviation Council's (IBAC) International Standard for Business Aircraft Handling (IS-BAH) program.

Quality Assurance (QA) Checks are a vital component of the operation of the Line Department. These QA checks provide assurance as to the quality of dispensed fuel, in addition to ensuring fueling equipment remains in a satisfactory, operable condition.

QA checks are monitored by the General Manager, Safety Coordinator, and Line Dept Manager and are updated annually through Safety Management System (SMS) data and to comply with industry, and IS-BAH, best practices.

Safety Coordinator and Line Department Manager will ensure compliance to policy during regular and unscheduled site visits.

QA Checks are performed under the guidance of NATA Safety 1st principles. The QA checks are broken down into two categories (Fuel Farm and Trucks), then subdivided into daily, weekly, monthly, quarterly, or annual periods.

Fundamentals of Inspection

Loyd's Aviation utilizes Jet Fuel QC for all of its checking and testing records and forms. As such, all data, including inspection dates and results are inputted electronically via a tablet and monitored via a dashboard by supervisors. Paper forms are not typically printed however can be retrieved from Jet Fuel QC. Samples of forms produced out of Jet Fuel QC are listed below. All forms are ATA compliant.

Inspection Supervision

Attachment 1

Supervision of inspection status is the responsibility of all LSTs. However, special emphasis of this effort is given to the Line Service Manager and On-Site Manager. Additionally, periodic inspections are completed by the Safety Coordinator and the General Manager. Supervisors of all levels have access to the Jet Fuel QC dashboard which gives instant access to the status of inspections and QA testing.

Correction of Discrepancies

Guidance for correcting discrepancies is contained within the EPPM. All employees are highly encouraged to report safety or quality issues immediately to their supervisor. Additionally, Loyd's Aviation's Safety Management System (SMS) is an active method for discovering, tracking and remedying any real, imminent or potential safety threats.

Examples of QA checks from Jet Fuel QC are below:

AIRCRAFT FUELING EQUIPMENT CHECKS		STATION:		EQUIPMENT ID:		MONTH	
WEEKLY							
1. STATIC SYSTEM CONTINUITY TEST		Date:	Date:	Date:	Date:	Date:	Date:
REEL ID: 1	OHMS:	OHMS:	OHMS:	OHMS:	OHMS:	OHMS:	OHMS:
REEL ID: 2	OHMS: N/A	OHMS:	OHMS:	OHMS:	OHMS:	OHMS:	OHMS:
IDENTIFICATION OF PERSON PERFORMING TASKS		Image not found or type unknown		Image not found or type unknown		Image not found or type unknown	
2. CORRECTED FILTER DP		Date:	Date:	Date:	Date:	Date:	Date:
OBSERVED DP:	3	N/O	3	2			
ACTUAL FLOW RATE:	179	N/O	163	165			
CORRECTED DP:	5.66	N/O	6.35	4.17			
RECORD METHOD USED:	Max Flow	N/O	Max Flow	Max Flow			
IDENTIFICATION OF PERSON PERFORMING TASKS		Image not found or type unknown		Image not found or type unknown		Image not found or type unknown	
CONDITION CODES: S = SATISFACTORY C = COMMENT N/U = NOT USED N/A = NOT APPLICABLE N/O = NOT OBSERVED SUMP SAMPLE RATINGS: SOLIDS - 1 = CLEAN 2 = SLIGHT 3 = PARTICULATE 4 = DIRTY; WATER - A = BRIGHT B = HAZY C = CLOUDY D = WET E = SURFACTANTS							
REMARKS: See discrepancy log							
This form complies with 2023.1 ATA FORM 103.04B				RETAIN THIS FORM ON FILE FOR 12 MONTHS			

AIRCRAFT FUELING EQUIPMENT CHECKS		STATION: BFL	EQUIPMENT ID#	MONTH:
MONTHLY		DATE	CHECKED BY	
CONDITION CODE				
1. FILTRATION & FREE WATER TESTS				Image not found or type unknown
2. DIRT DEFENSE & ELECTRONIC WATER SENSOR SYSTEM				Image not found or type unknown
3. NOZZLE SCREEN VISUAL				Image not found or type unknown
4. NOZZLE SCREEN CLEANING				Image not found or type unknown
5. FUEL HOSES				Image not found or type unknown
6. SIGNS, LABELS, PLACARDS				Image not found or type unknown
7. METER SEALS				Image not found or type unknown
8. EMERGENCY FUEL SHUTOFF SYSTEM (EACH SYSTEM)				Image not found or type unknown
8.1. BUTTON 1: FLOW RATE: OVERRUN %: GALLONS:				
8.2. BUTTON 2: FLOW RATE: OVERRUN %: GALLONS:				
8.3. BUTTON 3: FLOW RATE: OVERRUN %: GALLONS:				
9. DEADMAN CONTROL SYSTEM (EACH SYSTEM)				Image not found or type unknown
9.1. HOSE REEL DEADMAN: FLOW RATE: OVERRUN %: GALLONS:				
9.2. LIFT DECK DEADMAN: FLOW RATE: OVERRUN %: GALLONS:				
10. FIRE EXTINGUISHERS				Image not found or type unknown
11. LIFT PLATFORMS				Image not found or type unknown
12. REFUELING TRUCK TANK INTERIORS			RECORD RESULTS ON FORM 103.07D	
13. REFUELING TRUCK VENTS & DOME COVERS				Image not found or type unknown
14. FSII TEST				Image not found or type unknown
14.1. PRIEST %: 0.1				
15. REFUELING TRUCK TROUGH DRAINS				Image not found or type unknown
NOTE: VERIFY EACH EF50 WILL COMPLETELY STOP FUEL FLOW BEFORE OVERRUN HAS EXCEEDED 5% OF ACTUAL FLOW RATE				
REMARKS: See Discrepancy Log				
CONDITION CODES: S = SATISFACTORY G = COMMENT NUU = NOT USED N/A = NOT APPLICABLE N/O = NOT OBSERVED				
This form complies with 2023.1 ATA FORM 103.04C				
RETAIN THIS FORM ON FILE FOR 12 MONTHS				

4.6 Initiation of Operation

The initiation and implementation of Loyd's Aviation's plan will involve four phases. Descriptions of the phases are below along with an estimated timeframe for each.

Phase 1 – Ramp Up

The first phase will begin immediately upon notification of a successful proposal. During this approximately 90-day period, Loyd's Aviation will focus on:

- Recruiting, hiring and training personnel: As the most time-consuming part of this phase, this work will begin immediately. Loyd's Aviation will recruit locally and carefully select candidates to help with the FBO launch. Prior to the second phase, new team members will be trained on-site in Bakersfield to ensure a smooth transition on opening day. The Line Service Manager will take the lead role in supervising the recruiting and training.
- Procure necessary equipment: Two Jet A and one Avgas refueler trucks will be required for the FBO, so Loyd's Aviation will secure these trucks through direct purchases and/or lease agreements. Additionally, a GPU and a lavatory service cart will be purchased to be ready upon commencement of the lease. The General Manager will take the lead role in procuring equipment, assisted by the President.
- Customize policies and procedures specifically for PRB. The Line Service Manager and Safety Coordinator will work together to complete this step. The existing Employee Policy and Procedures Manual (EPPM) will be adapted to meet the site-specific needs at KPRB. This step will also include a specific Spill Prevention Control and Countermeasures Plan (SPCC), and Safety Management System (SMS) based on Loyd's Aviation's existing plans.

Phase 2 – Launch Operations

The second Phase will begin on the commencement date of the lease and is expected to extend six to twelve months. During this phase, Loyd's Aviation will utilize the existing portions of the terminal, specifically the first floor FBO office, as a base from which to greet customers and operate its fueling services.

During this period, the priority is to build relationships with airport tenants and businesses alike. With the goal of fostering a safe and efficient airport environment that encourages growth, this step is quite possibly the most important of all and will not be rushed. We realize that the aviation business is based on relationships, so that will be the focus. Loyd's Aviation has no intention of displacing any existing FBO tenant. On the contrary, its goal is to foster a relationship of growth for all.

The last remaining portion of this phase will include a refinement of policies and procedures, building a cohesive team of staff, and learning the airport environment, seasonality of operations, and the ebb and flow of traffic.

Phase 3 – FBO Construction

This phase will be focused on the construction of the FBO building as an add-on to the existing terminal. Details of the plans for this can be found in the Development Plan. It is anticipated

that this phase will extend for twelve to eighteen months. The first step will be to finalize the FBO design, followed by securing permits, and finally begin the construction. During construction, FBO operations will continue out of the existing FBO office, which will be remodeled during the final phase of construction. This phase may overlap a bit with Phase 2.

Phase 4 – Hangar Development

The final phase of operation is the development of the land site west of the fuel farm. Loyd's Aviation's detailed plan for hangar development can be found in the Development Plan. This construction is anticipated to begin after Phase 3 is complete and will be constructed in phases as demand presents itself. The first hangars are expected to take twelve to eighteen months to complete, depending on steel availability.

5 Operational Plan

5.1 Products and Services

In addition to the specific products and services listed below, Loyd's Aviation can support KPRB with additional personnel and equipment during peak business periods or heavy fire-fighting activity. Onsite support is only a 30-minute flight, or a two-hour drive away.

Fuel Services

Loyd's Aviation will offer both Jet A and Avgas via truck and maintain the self-serve Avgas location. The quality of fuels delivered is a top priority, which is why Loyd's Aviation is an IS-BAH (International Standard for Business Aircraft Handling) Stage III certified FBO. This certification covers all aspects of an FBO's operations from towing to quality assurance (QA) and requires a minimum of 4 years and three successful audits, each presenting a higher standard than the first, to receive the Stage III certification. Loyd's Aviation was proud to be just the 23rd FBO in the world and 8th in the United States to receive such certification.

As part of the commitment to quality fuel, Loyd's Aviation utilizes Jet Fuel QC to track and record its QA checks and tests. One of many advantages to the system is that it allows for management oversight of the checks even from a remote location. Samples of QA forms from Jet Fuel QC are located in the previous section.

Refueling trucks necessary to support KPRB will consist of two Jet A trucks and a single Avgas truck. Jet A trucks will be equipped with both over-wing and single-point fueling hoses and include an ice-inhibiting additive ("Prist/FSII") system. These trucks will support the variety of aircraft that may utilize KPRB.

Fuel payment processing will accept all major credit cards, major contract fuel programs, and offer loyalty rewards for enrolled customers.

A note about alternative fuels: Loyd's Aviation is in tune with the industry's attempt to reduce emissions from aircraft. Those attempts fall into two categories:

1. **Sustainable Aviation Fuel (SAF)** is a renewable jet fuel that can be blended with traditional jet fuel in an effort to reduce carbon emissions. That product is currently available in small batches at a significantly increased price compared to traditional jet fuel. Some tax incentives are available to offset the cost, but it is currently running \$0.25 to \$0.75 per gallon more than traditional jet fuel. Through its suppliers, Loyd's Aviation has the capability of offering SAF to those customers who would prefer it.
2. **Unleaded Avgas** has been a goal of general aviation for a number of years. It's a challenging issue that has not fully been solved yet. At this time, there is only one unleaded option for avgas in the form of UL94. While UL94 is available in limited quantities, it is not approved for all aircraft, it requires aircraft owners to purchase an STC (Supplemental Type Certificate) in order to use the fuel, and it is significantly more expensive than 100LL. There

are other options that are on the horizon, but we still do not have a commercially viable unleaded option. As soon as an option emerges, Loyd's Aviation will seek to offer it to consumers.

Maintenance Services

Loyd's Aviation does not intend to open its own maintenance shop on the airport, although that ability is available should the need arise. It does, however, intend to support the local maintenance and avionics businesses however possible so they may be successful. That support may come in the way of parts procurement and sales, technical publications support, business management assistance, tooling, or other experience support. If needed, Loyd's Aviation can also offer the assistance of temporary on-site technicians and specialty equipment to aid local shops. Subject to conversations with their leadership, Loyd's Aviation wishes to continue the contracted maintenance relationship with Air Jav Aviation to meet the requirements of the RFP.

Ground Handling

Active handling of the transient ramp space will be conducted by local staff. This includes parking, marshalling, chocking and coning off parked aircraft. In some cases, it may also include moving aircraft to overflow parking to free space for others. All of these procedures are outlined in Loyd's Aviation's EPPM.

Equipment utilized in ground handling will include a GPU for engine starting, heating and cooling of aircraft, and a lavatory service cart. Each of these is towable by a tug or other small vehicle. Aircraft towing will also be available for FBO hangar tenants and for the positioning of aircraft on the transient ramp, as needed.

Luggage Service

Luggage carts will be on site along with staff to assist arriving and departing passengers.

Ground Transportation Services

Loyd's Aviation has an existing relationship with Priceless Rental Cars and can offer on-site rental cars for crews and passengers alike. Cars will be kept at the airport, readily available for customers.

Hotel Accommodations

Loyd's Aviation will seek to negotiate discounted rates at local hotels to accommodate crew and passengers.

Aircraft Sales

Loyd's Aviation has decades of experience in the sales and acquisition of aircraft and will offer those services to the local aviation community. Sales and acquisitions can increase activity on an airport via pre-buy inspections and maintenance, and new tenants. Loyd's Aviation maintains an FAA Dealer's Aircraft Registration Certificate (#D001297), see Exhibit E.

Aircraft Charter

Chartered aircraft will be available under Loyd's Aviation's Air Carrier Certificate (#LOYA165G). Loyd's Aviation currently offers turboprop and jet aircraft for charter. Positioning discounts for local customers will be offered.

Crew and Passenger Amenities

A variety of refreshments will be available to FBO customers, crews, and passengers, including coffee, water, and snacks. A private crew lounge is available upstairs along with a conference room and additional restroom.

5.2 Equipment Costs

The total estimated capital cost for the main pieces of equipment is \$875,000.00. That equipment includes three fuel trucks, a tug, GPU, and lavatory service cart. This estimate does not include any costs for capital improvements.

5.3 Policies and Procedures

Line Service Policies and Procedures are contained within Loyd's Aviation's Employee Policies and Procedures Manual (EPPM). Additionally, a Spill Prevention Control and Countermeasures plan (SPCC), Safety Management System (SMS), and an Emergency Response Plan (ERP) contain information used to supplement the EPPM.

Each of these documents are currently implemented at Loyd's Aviation, discussed at department meetings and/or monthly safety meetings, and are audited by third parties. The information contained within them is beyond the scope of this proposal, but significant topics covered in each document are listed below.

Employee Policies and Procedures Manual (EPPM)

The EPPM is a living reference document that serves as a training source for new LSTs and as a reference point for all Line personnel. It includes information and direction on a large variety of tasks and topics. Each procedure is broken down into step-by-step processes. Some of the contents are:

- Standards of Performance
- Career Ladder
- Training and Competency
- Quality Assurance Checks
- Aircraft Fueling
- HAZMAT Storage
- Ground Service Equipment Maintenance Control System

Spill Prevention Control and Countermeasures (SPCC) Plan

The SPCC is a plan to prevent and contain discharges of oil-based products into the environment. Reviewed every five years, the plan includes:

- Identification and Location of storage sources
- Direction of flow in the event of a rupture or leak
- Assessment of primary and secondary containment
- Personnel Training
- Contingency Planning

Safety Management System (SMS)

The SMS is the core of Loyd's Aviation's safety culture. It contains policy elements, safety philosophy, and action items. The system is actively managed by the Safety Coordinator that has been trained in SMS for managers. Examples of its content include:

- Safety Policy Statement – See Exhibit G
- Flight Risk Assessment Tools
- Risk Management Tools
- Root Cause Analysis
- SMS Portal through FltSafety.com – Allows users to input safety concerns that are actively tracked to a resolution.
- Monthly Safety Meetings

Emergency Response Plan (ERP)

The ERP serves as a step-by-step guide to navigating an emergency. It includes useful information not normally utilized in day-to-day operations. Included in the ERP are:

- Emergency Phone Numbers
- Initial Contact and Response action items
- A guide to activating and operating the Emergency Operations Center
- On-Site Response steps
- Guidelines to notifying next of kin
- Interactions with news media
- Accident and Incident Investigation
- General Emergency Preparations
- Responses to specific emergencies such as bomb threats, hijacking, and earthquakes.
- Checklists for various emergency situations

Licenses, Permits, Operating Certificates

Loyd's Aviation maintains various permits, licenses and certificates for its business lines. Those applicable for this proposal are listed below and attached as exhibits.

- Air Carrier Certificate - #LOYA165G (Exhibit C)
- Repair Station Certificate - #7LOR165C (Exhibit D)
- Dealer's Aircraft Registration Certificate - #D001297 (Exhibit E)
- California Department of Tax and Fee Administration Seller's Permit – (Exhibit F)

Insurance

Loyd's Aviation is currently insured by QBE Insurance Group, LTD. A certificate of insurance showing current General Liability limits is attached as Exhibit H. Loyd's Aviation will maintain

insurance coverage adequate for its operations and in compliance with City's Minimum Standards for Airport Services, as amended.

Security Plan

Loyd's Aviation's current security plans and practices are heavily driven by TSA and 14CFR Part 139 airport requirements, most of which do not apply to KPRB. A revised plan will be made to accommodate the uncontrolled airport environment. Providing reasonable, yet unintrusive, security will be the goal for that policy.

6 Marketing Plan

6.1 Market Growth Strategy

It is the opinion of Loyd's Aviation that Paso Robles Municipal airport is positioned well for conservative growth in the coming years. As the City continues to grow and evolve, the airport will as well. The proximity to the central coast, the few options for nearby airline service, the availability of development land, and the lack of congested airspace all combine to paint a picture of growth possibilities.

Airport growth is directly tied to local business growth, especially those businesses that create above-average job wages. Therefore, Loyd's Aviation would encourage the City to continue its business-friendly practices. Businesses that are interested in establishing or retaining their corporate headquarters near airports are considered to be the most coveted.

Given the current environment, Loyd's Aviation sees the most growth potential in the small corporate aircraft for KPRB. Specifically, turboprops and light jets represent a healthy portion of the market, and can drive growth in fuel sales, maintenance, and passenger counts. Example aircraft include Beechcraft King Airs, Pilatus PC-12s, Cessna Citation's CJ series. There is currently a lack of hangar space for that sized aircraft at KPRB while other CA airports are out of space. Conservatively increasing hangar space, without flooding the market, will help to increase the activity and sales on the field without driving hangar prices below profitability. A small waiting list for hangar tenants is a healthy situation, so the addition of two or three corporate-sized hangars every two or three years would be the recommendation based on current demand.

6.2 Advertising Strategy

It has been our experience that targeted, individual marketing based on relationship building works the best. It's not the flashiest or most exciting method but proves steady and long-lasting. Therefore, the marketing approach for based tenants will happen through targeted contacts using industry specific data such as JetNet, and others.

Transient traffic marketing will consist of aviation specific ad campaigns on platforms such as fltplan.com, foreflight, Garmin Pilot, etc. Loyd's Aviation will also represent KPRB at regionally appropriate industry trade shows, such as NBAA's events and offer fuel reward programs to attract aircraft looking for fuel stops.

6.3 Pricing Strategy

Loyd's Aviation's pricing strategy has always been, and will continue to be, one of moderation. It is not the intention to be the cheapest option and compete solely based on price, nor is it the intention to gouge customers to gain every margin dollar possible. A fair price to allow for fair wages and fair profits, topped off with exceptional service will be the strategy.

Fuel prices will be posted regularly on common industry websites, and adjustments made weekly when appropriate. Discounts for volume purchases, contract fuel accounts, and FBO-hangared tenants will be offered, as well as loyalty programs through the selected fuel supplier.

Aviation Development/Growth and Advocacy

Loyd's Aviation has always been involved in the larger aviation community, including seats on boards and committees for trade associations. Current memberships include the National Air Transportation Association (NATA), National Business Aviation Association (NBAA), and the Aircraft Owners and Pilots Association (AOPA).

Loyd's Aviation's President, Ryan Crawl currently serves as Vice Chair of the Airport Business Committee for NATA. Issues taken up by the committee include SAF, Unleaded Avgas, and NFPA 409 Fire Code for Hangars. In June of 2023, Mr. Crawl was part of a delegation advocating for aviation business alongside NATA on Capitol Hill and met with the Speaker of the House's staff to discuss the issue.

Additionally, Mr. Crawl is a member of the Aerospace Advisory Board for the Prescott, AZ campus of Embry-Riddle Aeronautical University. As a member of the board, he advises the faculty on current industry issues and concerns and speaks to students in the classroom to promote business and corporate aviation careers. Loyd's Aviation is very interested in the promotion of general aviation to the next generation of leaders.

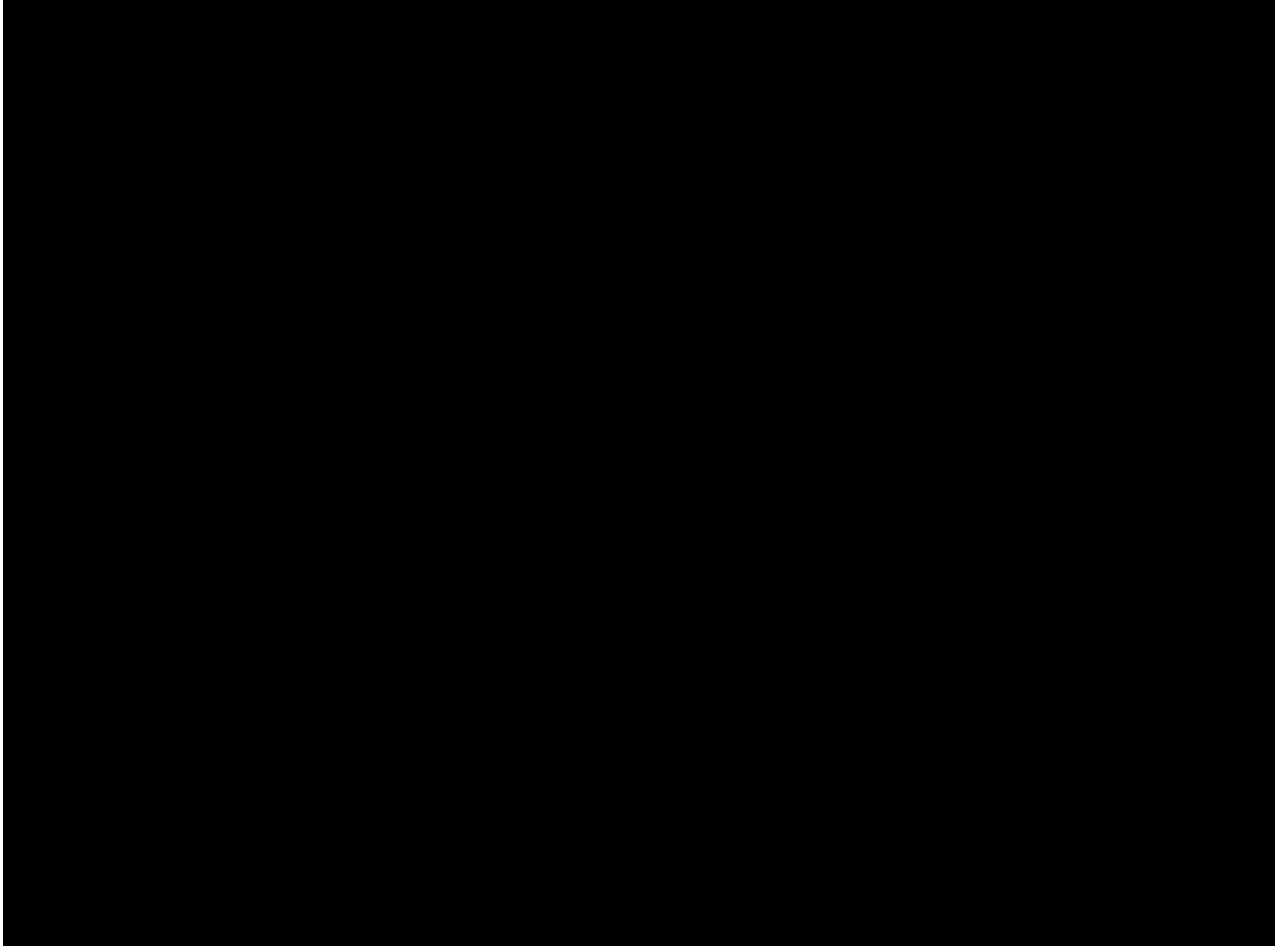
These efforts promote the entire general aviation community as a great career choice, a message that is never loud enough. Loyd's Aviation will spend an estimated \$20,000 per year to promote KPRB and will continue to advocate for the industry as a whole.

7 Financial Plan

Portions of this section have been redacted to protect the proprietary and non-public information of Loyd's Aviation. A separate un-redacted version has been provided to the City for exclusive use of the RFP selection committee.

7.1 Statement of Financial Capacity

See letters inserted on the following pages from banking and bonding companies.



Tri counties bank
5000 California Ave Ste 110
Bakersfield CA 93309

Member FDIC

Attachment 1

CHUBB®

202B Halls Mill Road, Whitehouse Station, NJ 0889-1650

FEDERAL INSURANCE COMPANY

June 28, 2023

El Paso De Robles
City Hall
1000 Spring Street
Paso Robles, CA 93446

Re: [REDACTED]

To Whom It May Concern:

[REDACTED] is a valued surety client and our experience with the company has been most satisfactory.

We would favorably consider our client's request to provide bid, performance and/or payment bonds that may be required. Such pre-qualification and approval would be conditioned upon underwriting considerations such as but not limited to acceptable bond forms, confirmation of full project financing, and favorable review and approval of the contract terms and conditions and related underwriting criteria at the time of the request for the bonds. Presently we have a \$50,000,000 single/\$100,000,000 aggregate program for our client, but the amount of surety credit available to our client on a future date would have to be re-evaluated at the time of the request for the bonds.

The issuance of the bid, performance and payment bonds is a matter between our client and its surety. Our client and its surety assume no liability to third parties or to you in conjunction with this letter. This letter is not an assumption of liability, nor is it a bid bond or a performance bond. It is issued only as a bonding reference, as requested by our client.

Federal Insurance Company has an A.M. Best rating of A++, XV and is listed in the Treasury Department Circular 570.

Yours truly,



Kathy R. Mair, Attorney-in-Fact for
Federal Insurance Company

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE§ 1189

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

State of California)County of Orange)

On JUN 28 2023 before me, Mechelle Larkin, Notary Public,
DATE [Name of Notary Public and Title "Notary Public"]

personally appeared Kathy R. Mair -----
[Name(s) of Signer(s)]

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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



WITNESS my hand and official seal.

Signature of Notary Public Mechelle Larkin

Place Notary Seal Above

----- OPTIONAL -----

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)Signer's Name: Kathy R. Mair

- ☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☒ Attorney-in-Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

Signer's Name: _____

- ☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney-in-Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

CHUBB

Power of Attorney

Federal Insurance Company | Vigilant Insurance Company | Pacific Indemnity Company
Westchester Fire Insurance Company | ACE American Insurance Company

Know All by These Presents, that **FEDERAL INSURANCE COMPANY**, an Indiana corporation, **VIGILANT INSURANCE COMPANY**, a New York corporation, **PACIFIC INDEMNITY COMPANY**, a Wisconsin corporation, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** corporations of the Commonwealth of Pennsylvania, do each hereby constitute and appoint My Hua, Mechelle Larkin and Kathy R. Mair of Irvine, California; Tenzer V. Cunningham, Sokha Evans, Martha Gonzales, Joaquin Perez, Jeffrey Strassner and Brenda Wong of Los Angeles, California-----

each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** have each executed and attested these presents and affixed their corporate seals on this 27th day of October, 2021.

Dawn M. Chloros

Dawn M. Chloros, Assistant Secretary

Stephen M. Haney

Stephen M. Haney, Vice President

STATE OF NEW JERSEY
County of Hunterdon

SS.

On this 27th day of October, 2021 before me, a Notary Public of New Jersey, personally came Dawn M. Chloros and Stephen M. Haney, to me known to be Assistant Secretary and Vice President, respectively, of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY**, the companies which executed the foregoing Power of Attorney, and the said Dawn M. Chloros and Stephen M. Haney, being by me duly sworn, severally and each for herself and himself did depose and say that they are Assistant Secretary and Vice President, respectively, of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** and know the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of said Companies; and that their signatures as such officers were duly affixed and subscribed by like authority.

Notarial Seal



KATHERINE J. ADELAAR
NOTARY PUBLIC OF NEW JERSEY
No. 2316655
Commission Expires July 18, 2024

Kathy R. Mair

Notary Public

CERTIFICATION

Resolutions adopted by the Boards of Directors of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY** on August 30, 2016; **WESTCHESTER FIRE INSURANCE COMPANY** on December 11, 2006; and **ACE AMERICAN INSURANCE COMPANY** on March 20, 2009:

"RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into in the ordinary course of business (each a "Written Commitment"):

- (1) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise.
- (2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such person's written appointment as such attorney-in-fact.
- (3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (4) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing to any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested."

I, Dawn M. Chloros, Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** (the "Companies") do hereby certify that

- (i) the foregoing Resolutions adopted by the Board of Directors of the Companies are true, correct and in full force and effect,
- (ii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Whitehouse Station, NJ, this

JUN 28 2023



Dawn M. Chloros

Dawn M. Chloros, Assistant Secretary

IN THE EVENT YOU WISH TO VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT:

Telephone (908) 903-3493

Fax (908) 903-3656

e-mail: surety@chubb.com

7.2 Three Year Historical Income

See the following page for a combined financial statement showing total profit and loss for the combined years of 2020, 2021, and 2022. Numbers are shown in an EBITDA format.

Loyd Companies

Combined Income Statement
2020 - 2021 - 2022 Totals

Income

Maintenance Department
Line Department
Flight Department

Total Income:

Cost Of Sales

Maintenance Department
Line Department
Flight Department
Credit Card Fees

Total Cost of Sales:

Gross Profit:

Expense

Payroll Expense
Parts Expense
Aircraft Expenses
Shop Expenses
Line Department Expenses
Office & General Expenses
Personnel Expenses
Advertising/Promo
Dues, Fees & Subscriptions
Insurance - Liability
Occupancy Expenses

Total Expenses:

Profit Before Other

Other Income

Total Other Income:

Other Expense

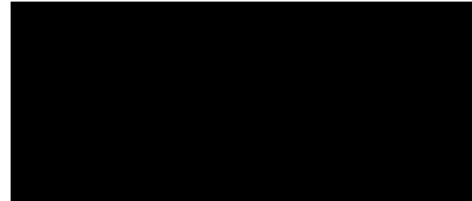
Total Other Expense:

Net Income:

7.3 Rents, Fees, and Other Charges

As previously stated in the Executive Summary, Loyd's Aviation's proposed lease payments are below. In addition, a negotiated lease rate for the unimproved land designated for FBO development (west of the fuel farm) will be paid on a per square foot, per year rate.

Lease Rates

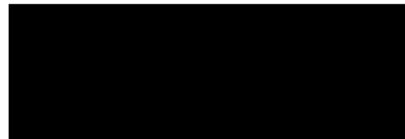


Flowage Fees

Jet Fuel

Avgas

Fuel Facilities Development (all fuels)



* or as otherwise stated in the most recently adopted Comprehensive Fee Schedule.

Parking/Overweight Fees

Per the current Adopted Comprehensive Fee Schedule as applicable with a negotiated split between City and FBO.

7.4 Proof of Insurance

Please see Exhibit H for a Certificate of Insurance showing Loyd's Aviation's general liability rates. That policy is currently in force. All insurance policies procured by Loyd's Aviation for the Paso Robles airport will meet or exceed the Airport's Minimum Standards, as adopted.

8 Development Concept Plan

Loyd's Aviation's development plan includes two major conceptual improvements to the Airport. First is an addition to the existing Airport Terminal to provide an executive FBO space. The second improvement includes the development of a hangar complex located on the vacant lot west of the fuel farm identified in the RFP. Detailed explanations of the two improvements are described below. Final designs may change due to the availability of utilities, material cost fluctuations, financing rates, permitting requirements, or a number of other factors.

8.1 Cost Estimates

Estimated costs for the two improvements are based on preliminary estimates, current materials costs, and projected permitting expenses. Each project will be bonded and managed by a licensed general contractor. The hangar development figure below includes the cost of the ramp space/apron shown in the design layout below.

Executive FBO	\$3,043,400.00
Hangar Development (Total Build)	\$5,951,600.00
Total	\$8,995,000.00

Financing for the construction will come from traditional bank financing. See statement of financial capacity in Section 7.

8.2 Construction Schedule

The anticipated schedule for development is described in section 4.6.

8.3 Amortization and Length of Lease

The amortization period for the construction will be up to 24 years. Financial institutions will typically only finance for 80% of the length of a lease. Therefore, Loyd's Aviation proposes an initial 5-year lease with a contingency that a new lease term will begin upon the commencement of construction for the Executive FBO. At that point, a new term of 30 years, with two 5-year options will begin. That arrangement should allow Loyd's Aviation plenty of time to design and procure building permits with enough lease to adequately finance the project, and it gives the City an assurance that construction will begin.

8.4 Executive FBO

It is our belief that an addition to the existing terminal makes the most sense for a new FBO for several reasons. First, the large existing ramp space and the large presence of the Airport Terminal makes it the logical parking place for transient aircraft. From both the street side and the ramp side, the terminal is the focal point of the airport. Secondly, locating the FBO in close proximity to the restaurant benefits both businesses.

The airport does not require a large FBO building given the anticipated traffic, but it does need an upscale location that is easy to access from both the ramp and street. The BFO building concept is designed to do just that, and measures approximately 5,200 square feet. The desire is for the addition to look related to the terminal, but with a bright, open, executive look. See Exhibit A for drawings and renderings of the Executive FBO.

First Floor: The lower level will feature an open design that extends upward through both levels on the ramp side. This will allow light from the glass wall to fill the space. The reception desk will be in sight from both entrances to allow customer service representatives to greet guests entering from either location.

The restrooms downstairs will feature a classy design with a privacy wall in front of the entrance. Research shows that FBO restrooms are among the highest priorities for guests so they will be well appointed.

The entrance from the ramp side will include a dual-purpose vestibule. It will provide storage for luggage carts to be easily accessible, as well as provide a way to quiet the noise into the building. Located next to the vestibule will be a landscaped area. This area will help to warm the appeal of the entrance as well as provide a relief place for those traveling with their pets.

A subtle feature of the first-floor design is a doorway between the restrooms and the reception area that will lead into the existing terminal. This will allow customers to access the restaurant without exiting the building, promoting the symbiotic relationship between the FBO and the restaurant.

Not shown on the first-floor design is the use of the dedicated FBO space in the existing terminal. That area will be used as office space for line service staff.

Second Floor: The top floor will also benefit from the open concept and the glass wall to enable a bright space. The conference room will feature several windows, including some facing the ramp area to allow for a view of aircraft activity. The space will be available to all FBO guests.

Additional features of the second floor include a pilot lounge with a view to the street side of the building. This is an important feature so pilots can see when their passengers are arriving. Also upstairs, is a counterspace with seating that can be used as a charging station, workstation, or viewing area. Rounding out the upstairs is a single user restroom, a storage closet, and another access door to the existing terminal.

Below, you will find elevation drawings, floor plans, and artist renderings of the proposed FBO addition. Please feel free to reach out with questions.

8.5 Hangar Development

The hangar development will include up to 11 individual corporate hangars of approximately 3,600 square feet each, and an additional series of small “T” hangars (or box hangars) designed for small aircraft. Independent research of the area’s aviation community has shown Loyd’s Aviation the need for hangars to house corporate-sized aircraft. See Exhibit B for the Hangar Development Plan.

The approach for construction will be an “on-demand” approach. This hangar development is not intended to be built in one phase. Doing so would flood the airport’s hangar market and bring down pricing across the field. A steady approach of two or three hangars at a time will be the plan.

Corporate Hangars

Hangars will be of steel construction, each measuring approximately 3,600 square feet, and include door widths of approximately 60 feet and door heights of approximately 19 feet. These dimensions are adequate to accommodate turboprops, light jets, and some mid-sized jets. Aircraft larger than a 60-foot wingspan will not be considered for this area due to the taxi lane width constraints approaching the parcel. Options available for hangar tenants will include insulation and a small interior office space.

As an optional add-on value, Loyd’s Aviation has partnered with a new aviation technology company called Hangar Safe. They provide an artificial intelligence system that helps to prevent “hangar rash” damage to aircraft. This system will be offered to hangar tenants.

Small Hangars

Loyd’s Aviation still sees the need for small hangars on the field, which is why the proposal includes a few small hangars that will accommodate single-engine and small twin-engine aircraft.

9 Exhibits

Exhibit A – FBO Design and Renderings
Exhibit B – Hangar Development Plan
Exhibit C – Air Carrier Certificate
Exhibit D – Repair Station Certificate
Exhibit E – Dealer’s Aircraft Registration Certificate
Exhibit F – CDTFA Seller’s Permit
Exhibit G – Safety Policy Statement
Exhibit H – Certificate of Liability Insurance
Exhibit I – Signed RFP Addenda Acknowledgement Forms
Exhibit J – Airport Operating Permit

LOYD'S AVIATION
FBO AND HANGAR EXPANSION PROPOSAL
PASO ROBLES MUNICIPAL AIRPORT



SOUTHEAST VIEW



SOUTHWEST VIEW

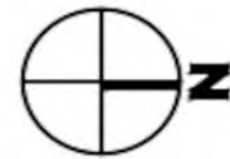
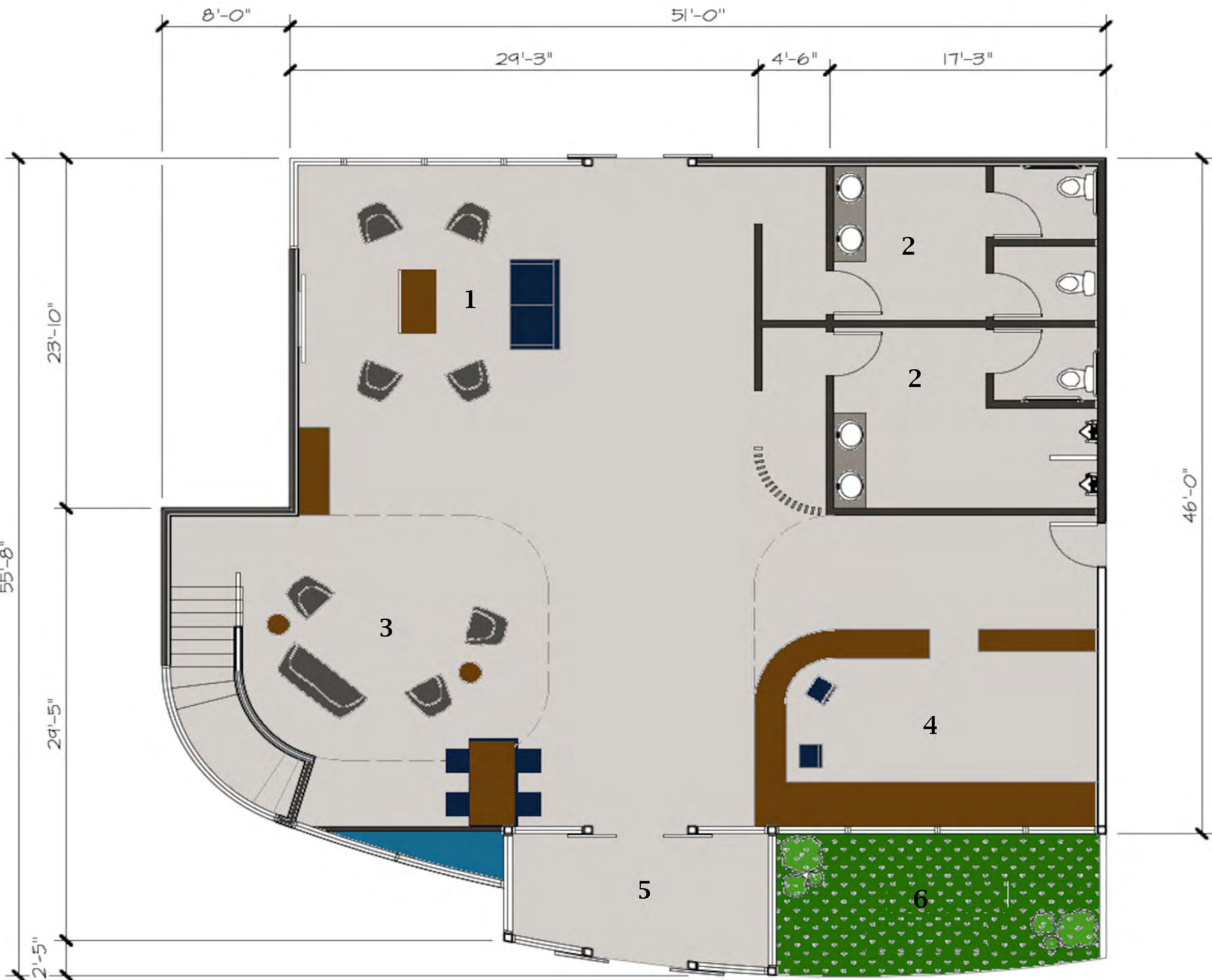
MAIN ENTRY



RECEPTION VIEW



WALK-IN VIEW



FIRST FLOOR PLAN

1/8" = 1'-0"

- 1. LOUNGE AREA
- 2. RESTROOMS
- 3. OPEN LOUNGE
- 4. RECEPTION
- 5. VESTIBULE
- 6. GRASS AREA

CONFERENCE ROOM



SECOND FLOOR VIEW



SECOND FLOOR PLAN

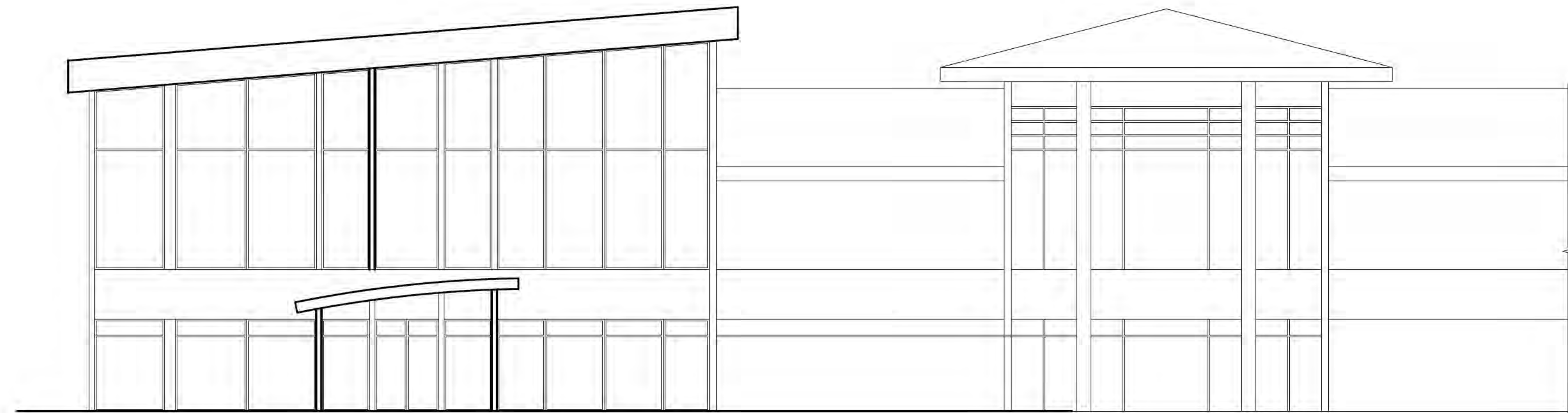
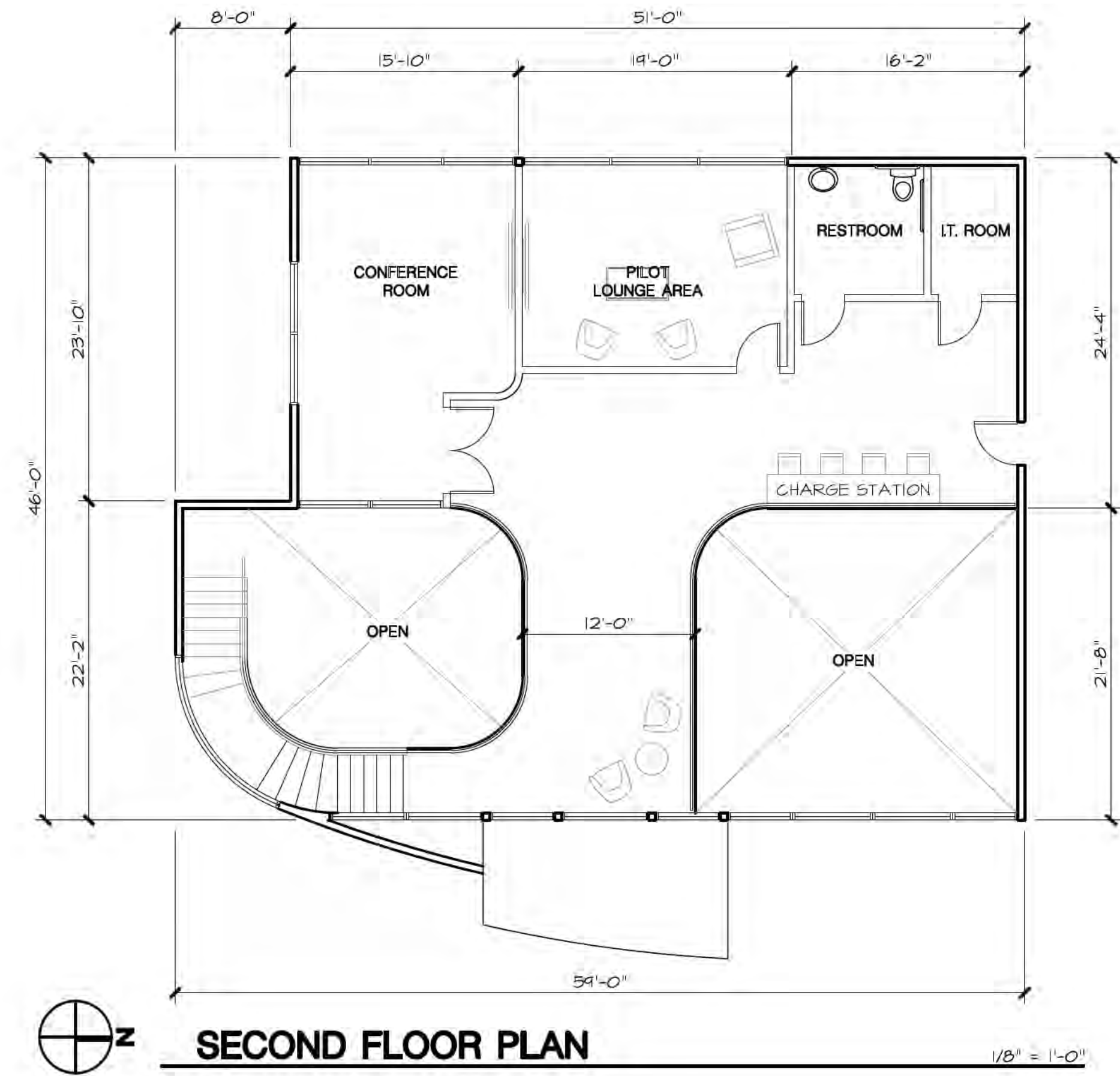
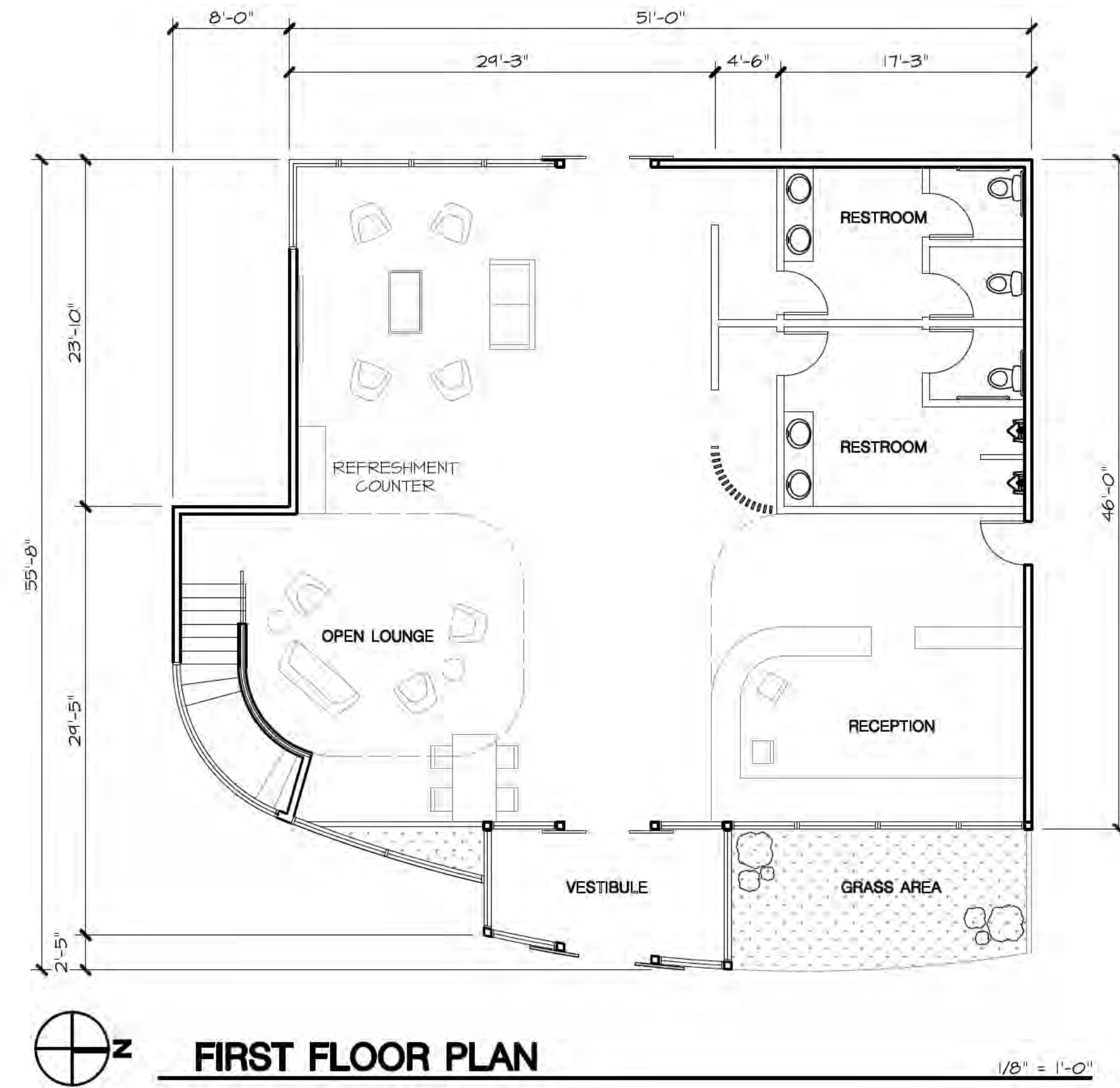
- 1. CONFERENCE ROOM
- 2. PILOT LOUNGE AREA
- 3. RESTROOM
- 4. I.T. ROOM
- 5. CHARGE STATION
- 6. MINI-LOUNGE AREA



PROPOSED FBO
SITE PLAN

1" = 10'

		ENGEL & COMPANY <i>Engineers</i> 4009 UNION AVENUE BAKERSFIELD, CA 93305 www.engelengineers.com (661) 327-7025	DRAWN EM	Site Plan - Proposed FBO Design Proposal Paso Robles Airport 4912 Wing Way, Paso Robles, CA 93446 Loyds Aviation	SHEET NO. A-1 OF 245/6
			DATE ----		
			CHECKED JT		
DATE	ISSUED FOR		APPROVED		



EAST ELEVATION

DATE	ISSUED FOR	ENGEL & COMPANY Engineers 4009 UNION AVENUE BAKERSFIELD, CA 93305 www.engelengineers.com (661) 327-7025	DRAWN EM DATE CHECKED JT APPROVED	Floor Plans & Elevations Design Proposal Paso Robles Airport 4912 Wing Way, Paso Robles, CA 93446 Loyds Aviation	SHEET NO. A-2 OF A-5 24518

Exhibit B



(11) 60x60 HANGARS
(8) T HANGARS



PROPOSED HANGAR
SITE PLAN

1" = 40'

DATE	ISSUED FOR	ENGEL & COMPANY <i>Engineers</i> 4009 UNION AVENUE BAKERSFIELD, CA 93305 www.engelengineers.com (661) 327-7025	DRAWN EM	Site Plan - Proposed Hangars Design Proposal Paso Robles Airport 4912 Wing Way, Paso Robles, CA 93446 Loyds Aviation	SHEET NO. A-0 OF 245/6
			DATE		
			CHECKED JT		
			APPROVED		



US Department
of Transportation
Federal Aviation
Administration

Air Carrier Certificate

This certifies that

Loyd's Aviation
1601 Skyway Drive, Suite 100
Bakersfield, CA 93308

has met the requirements of the Federal Aviation Act of 1958, as amended, and the rules, regulations, and standards prescribed thereunder for the issuance of this certificate and is hereby authorized to operate as an air carrier and conduct common carriage operations in accordance with said Act and the rules, regulations, and standards prescribed thereunder and the terms, conditions, and limitations contained in the approved operations specifications.

This certificate is not transferable and, unless sooner surrendered, suspended, or revoked, shall continue in effect indefinitely.

By Direction of the Administrator

Sheryl Hammahs
(Signature)

Manager, Fresno FSDO
(Title)

Western Pacific
(Region/Office)

Certificate number: LOYA165G

Effective Date: April 6, 2006

Reissued: March 16, 2009

Issued at: WP-17A

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

Air Agency Certificate

Number 7LOR165C

This certificate is issued to

LOYD'S AIRCRAFT MAINTENANCE, INC.

whose business address is

1601 Skyway Drive, Suite 100
Bakersfield, California 93308

*upon finding that its organization complies in all respects
with the requirements of the Federal Aviation Regulations
relating to the establishment of an Air Agency, and is
empowered to operate an approved* Repair Station

with the following ratings:

Limited Airframe

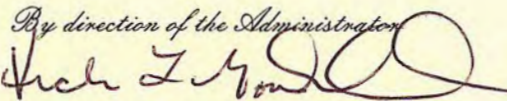
Limited Instrument

Limited Radio

*This certificate, unless canceled, suspended, or revoked,
shall continue in effect* indefinitely.

Date issued:

March 29, 2017

By direction of the Administrator


Victor L Goodell, Manager
Van Nuys FSDO, Western-Pacific Region

This Certificate is not Transferable, AND ANY MAJOR CHANGE IN THE BASIC FACILITIES, OR IN THE LOCATION THEREOF,
SHALL BE IMMEDIATELY REPORTED TO THE APPROPRIATE REGIONAL OFFICE OF THE FEDERAL AVIATION ADMINISTRATION

Any alteration of this certificate is punishable by a fine of not exceeding \$1,000, or imprisonment not exceeding 3 years, or both

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION – FEDERAL AVIATION ADMINISTRATION DEALER'S AIRCRAFT REGISTRATION CERTIFICATE		
DATE OF ISSUE Jul 2, 2022	DATE OF EXPIRATION Jul 1, 2023	CERTIFICATE NO. D001297
I S S U E D T O	LOYDS AVIATION INC PO BOX 80958 BAKERSFIELD CA 93380-0958	THIS CERTIFICATE IS VALID ONLY IN CONNECTION WITH USE OF THE AIRCRAFT UNDER SECTION 47.69 OF THE FEDERAL AVIATION REGULATIONS. (See reverse side)
	The above manufacturer or dealer has complied with Sections 47.63 and 47.65 of the Federal Aviation Regulations. This aircraft is a registered civil aircraft of the United States under 49 USC 44103 when this certificate is carried in the aircraft and the aircraft (1) is owned by the above manufacturer or dealer, and (2) is operated for a purpose permitted in Section 47.69 of the Federal Aviation Regulations.	
 Acting Administrator		 U. S Department Of Transportation Federal Aviation Administration

AC FORM 8050-6 (5-06)

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

SELLER'S PERMIT

April 1, 2001

ACCOUNT NUMBER

097863446 - 10000

LOYD'S AVIATION INC
1601 SKYWAY DR
BAKERSFIELD CA 93308-1628



Office of Control:
Bakersfield Branch Office

NOTICE TO PERMITTEE:
You are required to obey all
Federal and State laws that
regulate or control your
business. This permit does
not allow you to do
otherwise.

I HEREBY AUTHORIZE PURSUANT TO SALES AND USE TAX LAW TO ENGAGE IN THE BUSINESS OF SELLING AND BLENDING PERSONAL PROPERTY AT THE ABOVE LOCATION THIS PERMIT IS VALID ONLY AT THE ABOVE ADDRESS

THIS PERMIT IS VALID UNTIL REVOKED OR CANCELED AND IS NON-TRANSFERABLE. IF YOU SELL YOUR BUSINESS OR DROP OUT OF A PARTNERSHIP, NOTIFY US OR YOU COULD BE RESPONSIBLE FOR SALES AND USE TAXES OWED BY THE NEW OPERATOR OF THE BUSINESS.

Not valid at any other address

For general tax questions, please call our Customer Service Center at 1-800-400-7115 (CRS:711).

For information on your rights, contact the Taxpayers' Rights Advocate Office at 1-888-324-2798 or 1-916-324-2798.

CD FA-442-R REV 18 (5-18)

A MESSAGE TO OUR NEW PERMIT HOLDER

As a seller, you have rights and responsibilities under the Sales and Use Tax Law. In order to assist you in your endeavor and to better understand the law, we offer the following sources of help:

- Visiting our website at www.cdtfa.ca.gov
- Visiting an office
- Attending a Basic Sales and Use Tax Law class offered at one of our offices
- Sending your questions in writing to any one of our offices
- Calling our toll-free Customer Service Center at 1-800-400-7115 (CRS:711)

As a seller, you have the right to issue resale certificates for merchandise that you intend to resell. You also have the responsibility of not misusing resale certificates. While the sales tax is imposed upon the retailer,

- You have the right to seek reimbursement of the tax from your customer
- You are responsible for filing and paying your sales and use tax returns timely
- You have the right to be treated in a fair and equitable manner by the employees of the California Department of Tax and Fee Administration (CDTFA)
- You are responsible for following the regulations set forth by the CDTFA

As a seller, you are expected to maintain the normal books and records of a prudent businessperson. You are required to maintain these books and records for no less than four years, and make them available for inspection by a CDTFA representative when requested. You are also required to know and charge the correct sales or use tax rate, including any local and district taxes. The tax rate applicable to your sales or use may not necessarily correspond to the tax rate of your business address displayed on this permit. You are also expected to notify us if you are buying, selling, adding a location, or discounting your business, adding or dropping a partner, officer, or member, or when you are moving any or all of your business locations. If it becomes necessary to surrender this permit, you should notify us by mailing it to a CDTFA office, or giving it to a CDTFA representative.

If you would like to know more about your rights as a taxpayer, or if you are unable to resolve an issue with CDTFA, please contact the Taxpayers' Rights Advocate Office for help by calling toll-free, 1-888-324-2798 or 1-916-324-2798. The fax number is 1-916-323-3319.

Please post this permit at the address for which it was issued and at a location visible to your customers.

California Department of Tax and Fee Administration

Business Tax and Fee Divisions



Bakersfield Jet Center



Safety Policy Statement

The mission of Loyd's Aviation is to maintain the highest level of safety and customer service in the aviation industry. With that in mind, we are committed to developing, implementing, maintaining, and constantly improving strategies and processes to ensure that all of our business activities meet that safety goal.

As the President of The Company, I am The Accountable Executive and committed to achieving the highest level of safety performance and mitigating our risks of operations to the lowest practical point that can be attained. All employees and management are also accountable to deliver the highest level of safety performance on a continuing basis.

Our Commitment to safety is to:

- Support the management of safety by providing appropriate resources, fostering a just culture including safety practices, and encouraging an effective safety reporting and communication system.
- Establish a safety culture throughout the company as a primary responsibility of all managers and employees.
- Clearly define, for all the team members, accountabilities and responsibilities for delivery of the organization's safety implementation and safety management system.
- Establish and operate a hazard identification and risk management process. This includes a hazard reporting system and mitigation process to assist in reducing our operating risks to the lowest level as reasonably practicable.
- Ensure that no action will be taken against any team member who discloses hazards, safety concerns, or other safety issues while utilizing the hazard reporting system. If an investigation discloses a willful disregard of safety policy, illegal act, gross negligence, and/or neglect of regulations or procedures, appropriate human resource policies will be followed.
- Comply with and, wherever possible, exceed legislative and regulatory requirements and standards.
- Ensure that sufficient skilled human resources are available to implement safety strategies and processes.
- Ensure that all staff are provided adequate and appropriate safety information and training; are competent in safety matters; and are allocated only tasks commensurate with their skills.
- Establish and measure our safety performance against realistic safety performance indicators and safety performance targets.
- Continually improve our safety performance through management processes that insure relevant safety action is taken and is effective.
- Ensure externally-supplied systems, and services utilized to support our operations, are delivered to meet our safety performance standards.
- This policy will be reviewed annually along with our SMS and all our Company Policies and Procedures.

A handwritten signature in black ink, appearing to read 'Ryan Crowl', is written over a horizontal line.

Ryan Crowl, President & Accountable Executive 1-17-2023



Exhibit H

CERTIFICATE OF LIABILITY INSURANCE

Attachment 1 GBOLIARIS

DATE (MM/DD/YYYY)

6/6/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aviation Marine Insurance Services Inc. 4000 Bridgeway, Suite 101 Sausalito, CA 94965	CONTACT NAME	
	PHONE (A/C, No, Ext) (510) 530-4415	FAX (A/C, No) (888) 945-1230
	E-MAIL ADDRESS	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A QBE Insurance Group, LTD	
	NAIC #	
INSURED Lloyd's Aviation, Inc. Ryan Crowl P.O. Box 80958 Bakersfield, CA 93380	INSURER B	
	INSURER C	
	INSURER D	
	INSURER E	
	INSURER F	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE L MIT APPL ES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			100000836	12/1/2022	12/1/2023	EACH OCCURRENCE \$ 10,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 250,000
							MED EXP (Any one person) \$ 25,000
							PERSONAL & ADV INJURY \$ 5,000,000
							GENERAL AGGREGATE \$
							PRODUCTS - COMP/OP AGG \$ 10,000,000
							Hangar Keepers \$ 10,000,000
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS						BODILY INJURY (Per person) \$
	<input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
							\$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR						EACH OCCURRENCE \$
	EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE						AGGREGATE \$
	DED <input type="checkbox"/> RETENTION \$						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/>
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y / N						E.L. EACH ACC DENT \$
	If yes, describe under DESCR PTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Trasportation of fuel including sudden and immediate spills.
Holder is additionally Insured

CERTIFICATE HOLDER**CANCELLATION**

Paso Robles Municipal Airport 4912 Wing Way Paso Robles, CA 93446	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE



CITY OF EL PASO DE ROBLES
"The Pass of the Oaks"

RFP ADDENDUM NO. 1


Fixed Base Operation
Paso Robles Municipal Airport

RFP ADDENDUM ISSUE DATE: May 12, 2023

RFP DUE DATE: June 29, 2023 at 5:00 PM

NOTE: IT IS NECESSARY TO INCLUDE A SIGNED RFP ADDENDUM WITH YOUR RFP PROPOSAL IN ORDER FOR THE PROPOSAL TO BE DEEMED RESPONSIVE. IN THE EVENT OF MULTIPLE ADDENDA, ALL ARE REQUIRED TO BE SIGNED AND SUBMITTED.

I acknowledge receipt of this RFP Addendum, which consists of these **3** pages with additional information and clarification. I further acknowledge that the RFP Proposal submitted for this project incorporates the information contained in this RFP Addendum.

Company Name: Loyd's Aviation
Signature: 
Title: President
Date: June 27, 2023

1. Section 2.2 (Description of the Airport/FBO Property and Facilities/Aircraft Parking and Storage) does not include the Terminal Ramp. Why is that the case? What is the City's expectation of the FBO when it comes to use and management of the Terminal Ramp?

A: The terminal ramp was inadvertently omitted from Section 2.2. It is depicted on page 24 of the document. For the terminal ramp, and other public ramps not under agreement with the FBO it is expected that the FBO help manage day to day parking and general directing of aircraft to parking as needed and in conjunction with Airport staff.

2. Section 2.2 (The Proposal should indicate whether and, if so how, the current subtenants would be accommodated, expanded, or transitioned.) Please provide a list of all current agreements the city has on all of the proposed properties with associated rates and terms, including the seasonal agreement for the Skycrane Helicopter.



CITY OF EL PASO DE ROBLES
"The Pass of the Oaks"

RFP ADDENDUM NO. 2
FINAL ADDENDUM


Fixed Base Operation
Paso Robles Municipal Airport

RFP ADDENDUM ISSUE DATE: May 25, 2023

RFP DUE DATE: June 29, 2023 at 5:00 PM

NOTE: IT IS NECESSARY TO INCLUDE A SIGNED RFP ADDENDUM WITH YOUR RFP PROPOSAL IN ORDER FOR THE PROPOSAL TO BE DEEMED RESPONSIVE. IN THE EVENT OF MULTIPLE ADDENDA, ALL ARE REQUIRED TO BE SIGNED AND SUBMITTED.

I acknowledge receipt of this RFP Addendum, which consists of these **3** pages with additional information and clarification. I further acknowledge that the RFP Proposal submitted for this project incorporates the information contained in this RFP Addendum.

Company Name: Loyd's Aviation
Signature: 
Title: President
Date: June 27, 2023

1. Are all the areas shown in blue part of the FBO facilities to be leased to other successful proposer? (photo 1 at end of document)
 - a. No, all the areas in the attached photo are not expressly part of the facility to be leased by the successful proposer. See the first 5 items of bold lettering under section 2.2 on page 2 for description of potential FBO facilities to be leased.
2. Does the City currently have any month to month, quarterly, or annual agreements with any user, other than the current FBO, on any of the proposed FBO lease hold areas depicted in the RFP? If so, what rates are these users paying to utilize space?
 - a. No. Unless otherwise negotiated, rates are based off the current fee schedule adopted by City Council.

Exhibit J



CITY OF EL PASO DE ROBLES

*"The Pass of the Oaks"****Airport Operating Permit***

ISSUED TO:

Loyd's Aviation

Business Name

1601 Skyway Dr., Suite 100

Bakersfield, CA 93308

Address

Pursuant to the requirements and provisions of Section 8.0 and 10.00 of the adopted Rules & Regulations of Paso Robles Municipal Airport, dated June, 6, 2017, the above listed entity is hereby authorized to provide aeronautical services and conduct business on the Airport in accordance with the following conditions, limitations and restrictions.

APPROVED BUSINESS ACTIVITY:

Aircraft Rental, Flight Instruction, Related Services

1. The holder of this permit shall secure and maintain in full force, a current City Business License, authorized and issued by the City of Paso Robles.
2. Holder shall maintain insurance, to adequately protect the exposures created by said operations to the following minimum limits:

Airport Liability Insurance	\$ 1,000,000
Aircraft Liability Insurance	\$ 1,000,000/per aircraft
3. Holder shall comply with all applicable Airport Rules & Regulations.
4. Holder shall comply with all requirements of a Full Service FBO, as defined in Airport Minimum Standards for Aeronautical Activities.
5. Holder is entitled to park operating aircraft within the confines of the public parking area so long as they are parked and secured in accordance with adopted Airport Regulations.
6. Monthly Airport Operating Permit Fee calculation based on amounts agreed upon in attached FBO Lease.

Failure to conform or comply with the terms and conditions of this permit shall result in the immediate termination of all privileges and authorizations allowed herein.

Issued this date: _____

By: _____

Municipal Airport • 4912 Wing Way • Paso Robles • California 93446
(805) 237-3877 FAX (805) 237-3879

Attachment 1

January 17, 2024

City of El Paso de Robles
Attention: Mark Scandalis – Airport Manager
4912 Wing Way
Paso Robles, CA 93446



RE: Supplemental Information

Mr. Scandalis,

In response to your letter dated December 27, 2023 requesting additional information related to the RFP for the Fixed Base Operation, please see the following information below. The requests and their associated answers are lettered in accordance with your letter. At the end of the letter you will also find additional information related to maintenance information requested.

- A. A revised Development Plan addressing only those airport properties identified to be leased in the RFP documents and no other properties, including specifics on the proposed timing of hangar developments on the development area identified in section 2.2 of the RFP;*

Consistent with the original RFP, Loyd's Aviation's development plan, as defined in section 8 of its proposal, is limited to the areas already identified within the confines of the RFP. No changes are necessary.

Regarding the timing of hangar developments outlined in Loyd's Aviation's proposal and depicted in Exhibit B: Loyd's Aviation's proposal describes an "on-demand" approach to construction. Consistent with that, and immediately upon being awarded a lease, Loyd's Aviation will begin the final design process of the hangar development, including renderings used to market the pre-sale of hangars.

Tenant interviews have shown a strong demand toward the pre-purchase of hangars, and Loyd's Aviation will support that by offering hangars for sale and beginning construction on pre-sold hangars as soon as possible. Hangars built to lease based on speculation will continue with an "on-demand" approach as described in the proposal.

- B. A detailed explanation of how the FBO will operate should the City successfully establish a spaceport at the Airport*

Should the spaceport be established at the airport, Loyd's Aviation will fully support operations there through its FBO services offered. While the specifics of how the operations may work are unknown, healthy and diverse business operations are key to a financially sustaining airport and the FBO operations will be supportive of that wherever possible.

Kern County has a long history with the air and space industry and is not only home to Loyd's Aviation, but also to one of the longest operating private spaceports in the country (Mojave Air and Spaceport). We are happy to assist the City and Airport staff with introductions to help facilitate the spaceport process.

Additionally, as a member of the Aerospace Advisory Board for Embry-Riddle Aeronautical University, Loyd's Aviation President, Ryan Crawl, can assist in making connections between Embry-

Attachment 1

Riddle and Cal Poly SLO for the purposes of promoting academic advancements in that portion of the industry.

- C. *A detailed customer service plan identifying the location of customer service operations, the proposed hours of operations, and additional information on the services provided;*

As stated in the proposal, Loyd's Aviation's on-site staff will consist of "one On-Site Supervisor, one Customer Service Representative (CSR) and 4-5 Line Service Technicians (LSTs)." All staff will be hired locally and be dedicated to the Paso Robles Airport as a stand-alone operation. Loyd's Aviation's Bakersfield staff will only act in a supporting and supervisory role to the Paso Robles operation.

Every staff member will receive customer service training, regardless of their primary role. While some staff will be designated with that title, we believe all staff have a responsibility to acknowledge, greet, and serve every customer. No one should interact with our facility without receiving a friendly greeting and an offer to serve.

The proposed hours of operation remain unchanged from the proposal at Monday – Friday 0600-1800, Saturday and Sunday 0700-1800. Additionally, staff will be available after hours via a callout.

- D. *A detailed proposal on any proposed revenue share fee split and the proposed structure of parking fees, ramp fees, and other FBO fees at the Airport if different than the City Council adopted comprehensive fee schedule; and*

It is Loyd's Aviation's understanding that the fees identified in the adopted Comprehensive Fee Schedule are designed to fund the City's ongoing efforts to support and maintain the airport and are not a source of income for the FBO. Therefore, Loyd's Aviation's "negotiated split" mentioned in the proposal, has been envisioned as an 85/15 (City/Loyd's Aviation) split. Loyd's Aviation's portion is just to cover staff and processing fees.

Loyd's Aviation does intend to charge fees to transient customers for other services that it provides. Those fees may include services such as handling, ground power units, lavatory services, catering etc. and would fall outside of the revenue split described above.

- E. *An updated Financial Plan to the extent necessary based on the foregoing updated documentation.*

The only change to the financial plan would be to include the proposed 85/15 split mentioned above in sections 1.1 and 7.3 under the title of "Parking/Overnight Fees." All other aspects of the financial plan remain unchanged.

Maintenance Operations:

Since the submission of the proposal, Loyd's Aviation has had the opportunity to speak with local maintenance personnel. Those conversations have led us to the conclusion that it makes the most sense for everyone involved if Loyd's Aviation were to start its own shop on the airport with local, existing personnel. The local staff we spoke with are very willing to work with us in the creation of a new shop where they can focus on the work of maintaining aircraft with the full weight of Loyd's Aviation's support staff, experience and infrastructure behind them.

The shop would operate out of the existing Executive Air Center hangar and offices and provide general maintenance services such as 100hr and Annual inspections. It is not the intention to provide avionics



Attachment 1

services, as that service already exists at the airport in a quality shop. The hours of operation would be Monday through Friday 0800-1700.

Loyd's Aviation would ensure that the equipment, personnel and manuals are adequate for both piston and turbine service, providing support and training where needed. Loyd's Aviation's current maintenance shop is a near 50/50 mix of piston and turbine work, making our experience and equipment an ideal fit for Paso Robles.

The proposed shop would operate under Loyd's Aircraft Maintenance Inc. (LAM), a wholly owned subsidiary of Loyd's Aviation, and all staff would be employees of LAM.

Should you need any additional information, please do not hesitate to contact me.

Sincerely,



Ryan Crawl
President

