



AIRPORT COMMISSION AGENDA
REGULAR MEETING
City Council Chamber
421 Main Street
Chico, CA 95928
July 30, 2024
6:00 p.m.

**COPIES OF THIS AGENDA
ARE AVAILABLE FOR
REVIEW IN THE:**

Airport Manager's Office
150 Airpark Blvd., Suite 110
Chico, CA 95973
(530) 896-7216

Agenda available online at:
www.chico.ca.us

AIRPORT COMMISSION

Mark Breckenridge, Chair
Raul Hernandez, Vice Chair
Mike Antolock
Roger Effremsky
Martin Nichols

PUBLIC PARTICIPATION:

PUBLIC PARTICIPATION: The public may view the meeting on Comcast Channel 11.

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1 **CALL TO ORDER**

1.2 **PLEDGE OF ALLEGIANCE**

1.3 **ROLL CALL**

2. **CONSENT AGENDA**

All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1 **APPROVAL OF AIRPORT COMMISSION REGULAR MEETING MINUTES**

Approve minutes of the Regular Airport Commission meeting on April 30, 2024 (Attachment 1).

3. **ITEMS REMOVED FROM CONSENT AGENDA** (if any)

4. **NOTICE OF PUBLIC HEARINGS** – None

5. **CLOSED SESSION** – None

6. **PUBLIC COMMENTS**

Members of the public may address the Commission at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Commission cannot take any action at this meeting on requests made under this section of the agenda.

7. **REGULAR AGENDA**

7.1 **Consideration of a Lease and Operating Agreement with the Schooler Family Trust**

The Commission will consider the renewal of the Airport lease with the Schooler Family Trust for the facilities at 100 Piper Avenue.

Recommendation: The Airport Manager recommends the Airport Commission approve the following Minute Order (Attachment 2) to authorize the City Manager to sign the lease of Improved Real Property at 100 Piper Avenue with Schooler Family Trust.

MINUTE ORDER NO. 01-24 AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO REGIONAL AIRPORT (CITY OF CHICO/SCHOOLER FAMILY TRUST) FOR 100 PIPER AVENUE.

8. **REPORTS AND COMMUNICATION**

The following reports and communication items are provided for the Commission's information. No action can be taken on the items unless the Commission agrees to include it on a subsequent agenda.

8.1 **AIRPORT MANAGER REPORTS**

- Air Service Development
- Update on Current and Future Projects

8.2 **AIRPORT COMMISSIONER REPORTS**

Commissioners will report on airport related items that have been addressed by their assigned committee, commission, or association since the April 30, 2024, Airport Commission meeting (if any).

- A. Finance Committee – Nichols
- B. Internal Affairs Committee – Effremsky
- C. Butte County Airport Land Use Commission (ALUC) – Tom Bahr
- D. Air Service Development Committee – Breckenridge, Hernandez

9. **ADJOURNMENT**

Adjourn to a Regular Airport Commission meeting on October 30, 2024, at 6:00 p.m. in the City Council Chambers located at 421 Main Street, Chico, CA.



Please contact the Airport Manager's Office at (530) 896-7216 if you require an agenda in an alternative format or if you need to request a disability-related modification or accommodation to participate in a meeting. This request should be received at least three working days prior to the meeting to accommodate your request.

POSTED: 7/26/2024



ATTACHMENT 1



AIRPORT COMMISSION MINUTES
REGULAR MEETING
City Council Chamber
421 Main Street
Chico, CA 95928
April 30, 2024
6:00 p.m.

COPIES OF THIS AGENDA
ARE AVAILABLE FOR
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AIRPORT COMMISSION

Martin Nichols, Chair
Marc Breckenridge, Vice Chair
Mike Antolock
Roger Effremsky
Raul Hernandez

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1 **CALL TO ORDER**

Called to order by Chair Nichols at 6:00 p.m.

1.2 **PLEDGE OF ALLEGIANCE**

1.2 **ROLL CALL**

Present: Effremsky, Antolock, Nichols, Breckenridge, Hernandez.

Absent: None

1.4 **ELECTION OF CHAIR AND VICE-CHAIR**

Commissioner Antolock nominated Commissioner Breckenridge to be Chair. Motion was seconded by Commissioner Effremsky.

Motion carried and passed 5-0 as follows:

AYES: Breckenridge, Effremsky, Antolock, Nichols, Hernandez.

NOES: None.

Commissioner Breckenridge nominated Commissioner Hernandez to be Vice Chair.

Motion carried and passed 5-0 as follows:

AYES: Breckenridge, Effremsky, Antolock, Nichols, Hernandez.

NOES: None.

ATTACHMENT 1

2. **CONSENT AGENDA**

All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1 **APPROVAL OF AIRPORT COMMISSION REGULAR MEETING MINUTES**

Approve minutes of the Regular Airport Commission meeting on April 30, 2024 (Attachment 1).

A motion was made by Commissioner Antolock to approve the April 30, 2024 Regular Meeting Minutes. The motion was seconded by Commissioner Breckenridge.

Motion carried and passed 5-0 as follows:

AYES: Effremsky, Antolock, Nichols, Breckenridge, Hernandez.

NOES: None.

3. **ITEMS REMOVED FROM CONSENT AGENDA** None

4. **NOTICE OF PUBLIC HEARINGS** – None

5. **CLOSED SESSION** – None

6. **REGULAR AGENDA**

6.1 **CONSIDERATION OF REQUEST TO TRANSFER LEASE AT 100 LOCKHEED**

The Commission considered a request to transfer the lease at 100 Lockheed to Dawson-Taylor Aviation. The building is currently being leased by Mark Spelts and being sub-leased to Dawson-Taylor Aviation. (Attachment 2)

Recommendation: The Airport Manager recommends approval of Minute Order 01-24 (Attachment 3) authorizing the City Manager to execute the lease of real property with Dawson Taylor Aviation Services at 100 Lockheed.

A motion was made by Commissioner Effremsky to recommend approval authorizing the City Manager to execute the Lease of real property with Dawson Taylor Aviation Services at 100 Lockheed. This motion was seconded by Commissioner Breckenridge.

Motion carried and passed 5-0 as follows:

AYES: Breckenridge, Effremsky, Antolock, Nichols, Hernandez.

NOES: None.

7. **PUBLIC COMMENTS**

Members of the public may address the Commission at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Commission cannot take any action at this meeting on requests made under this section of the agenda.

ATTACHMENT 1

8. **REPORTS AND COMMUNICATION**

The following reports and communication items were provided for the Commission's information. No action can be taken on the items unless the Commission agrees to include it on a subsequent agenda.

8.1 **AIRPORT MANAGER REPORTS**

- Air Service Development
- Events
- Projects
- Lease Update – T Hangar A7

8.2 **AIRPORT COMMISSIONER REPORTS**

Commissioners will report on airport related items that have been addressed by their assigned committee, commission, or association since the January 30, 2024 Airport Commission meeting (if any).

- A. Finance Committee – Nichols
- B. Internal Affairs Committee – Effremsky
- C. Butte County Airport Land Use Commission (ALUC) – Tom Bahr
- D. Air Service Development Committee – Breckenridge, Hernandez

9. **ADJOURNMENT**

The meeting was adjourned at 6:25 p.m. to a Regular Airport Commission meeting on July 30th, 2024 at 6:00 p.m. in the City Council Chambers located at 421 Main Street, Chico, CA.



Please contact the Airport Manager's Office at (530) 896-7216 if you require an agenda in an alternative format or if you need to request a disability-related modification or accommodation to participate in a meeting. This request should be received at least three working days prior to the meeting to accommodate your request.



ATTACHMENT 2

CITY OF CHICO AIRPORT COMMISSION MINUTE ORDER NO. 01-24

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO REGIONAL AIRPORT (CITY OF CHICO/SCHOOLER FAMILY TRUST) FOR 100 PIPER AVENUE.

EXPLANATION PROVIDED BY: Airport Manager

Initials (TB)

1. The Schooler Family Trust lease began in March of 1989. Schooler has been a great participant and partner to the airport for many years. The Schooler Family Trust leases multiple hangars at 100 Piper Avenue and operates a commercial flight service giving rides to its customers in a 1929 Travel Air Biplane. Over the years Schooler has made several improvements to the property, including improvements to drainage, and adding multiple hangars to the property. This lease saw multiple extensions over the years, the last of which occurred in February 2019 with the extension ending on July 31, 2024.
2. With the current lease set to expire in July 2024, in mid-2023 Schooler approached Airport Manager looking to renew this lease. Since then, Staff has been working on a lease agreement with the Schooler Family Trust. Through our communications, we have agreed upon a new lease agreement with the initial term of this lease to be for a period of 5 years, commencing on August 1, 2024, and terminating on July 31, 2029. At the end of the initial term, Lessee may extend the term of this lease for up to two two-and-one-half-(2 ½) year periods. A copy of the new lease with a plat of the leased property is attached to this Minute Order.

RECOMMENDATION: Airport Manager

Initials (TB)

It is recommended that the Airport Commission approve this Minute Order and authorize the City Manager to execute this Lease of Real Property at the Chico Regional Airport (City of Chico/Schooler Family Trust) located at 100 Piper Avenue.

AIRPORT MANAGER:

Initials (TB)

AIRPORT COMMISSION (MEETING OF 07/30/24)

I hereby certify that the Airport Commission took the following action on this Minute Order:

☐ Approved ☐ Other (explain below)

Tom Bahr, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Tom Bahr, Airport Manager

DISTRIBUTION

Preliminary:

Final:

ATTACHMENT 2

**LEASE OF IMPROVED REAL PROPERTY
CHICO REGIONAL AIRPORT
(CITY OF CHICO/HAROLD L. SCHOOL AND KATERINE E. SCHOOLER,
TRUSTEES OF THE SCHOOLER FAMILY TRUST)**

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**LEASE OF REAL PROPERTY
CHICO REGIONAL AIRPORT
100 PIPER AVENUE
(CITY OF CHICO/ HAROLD L. SCHOOL AND KATERINE E. SCHOOLER,
TRUSTEES OF THE SCHOOLER FAMILY TRUST)**

THIS LEASE, executed on _____, 2024, between the City of Chico, a municipal corporation of the State of California, acting by and through its duly appointed Airport Commission ("City"), and Harold L. Schooler and Katrine E. Schooler, Trustees of the Schooler Family Trust ("Lessee").

WITNESSETH:

BY THESE PRESENTS, City leases to Lessee and Lessee hires from City all of the real property at the Chico Regional Airport hereinafter described for the term and subject to the covenants and conditions hereinafter set forth.

1. DESCRIPTION OF LEASED PROPERTY

The real property to be leased at the Chico Regional Airport is improved with multiple hangar buildings fully owned and constructed by Schooler Flying Co, at 100 Piper Avenue consisting of an area of approximately 32,376 square foot plot. The portion of the property to be leased by City to Lessee and hired by Lessee from City shall consist of all the real property as delineated on the plat entitled "Plat to Accompany CIC Lease to: The Schooler Family Trust," a copy of which is attached hereto marked Exhibit "A" and by this reference incorporated herein, subject to any of the easements on, over, across, or under the leased property hereinafter reserved by City in this lease. ("Leased Property").

2. RESERVATION OF EASEMENTS

a. Reservation of Fire Lane and/or Public Utility Easements

The leased property shall be subject to the fire lane and public utility easements delineated on Exhibit "A" attached hereto. Such fire lane and public utility easements, together with the right to enter thereon for any purpose in connection with the construction or maintenance of improvements and facilities located thereon, are hereby reserved by City for the benefit of itself and for the benefit of all other persons or entities owning or leasing property at the Chico Regional Airport. In connection with the fire lane, Lessee agrees that it will not cause or permit any aircraft, vehicle, or other equipment to be parked within the boundaries of such fire lane or use the fire lane in a manner which would interfere with equipment and personnel traversing same in the course of fire suppression activities.

b. Reservation of Avigation Easement

The leased property shall also be subject to an easement and right of way for the unobstructed passage of aircraft in the airspace above the leased property, which is reserved by City for the benefit of itself and all members of the general public operating aircraft which land at or take off from the Chico Regional Airport. Concomitant and coextensive with said easement and right of way, City and the general public shall have the further right to cause in all airspace above the surface of the leased property such noise, vibrations, fumes, dust, fuel particles, and other effects that may be caused by the operation of aircraft landing at or taking off from or otherwise operating at the Chico Regional Airport.

In connection with this easement and right of way, Lessee agrees not to cause or permit any structure, natural growth, or other object on the leased property which extends into the airspace over the leased property and not to use or permit the use of the leased property in such a manner as to create electrical interference with radio communications between aircraft and the Chico Regional Airport, to make it difficult for flyers to distinguish between airport lights and other lights, to impair visibility in the vicinity of the Chico Regional Airport, or to otherwise endanger aircraft landing at or taking off from the Chico Regional Airport. Lessee further agrees that in the event it causes or permits any structure, natural growth, or other object on the leased property which extends into the airspace over the leased property, or otherwise causes or permits any condition on the leased property which endangers aircraft landing at or taking off from the Chico Regional Airport, then City shall have the right to enter upon the leased property and to remove such structure, natural growth, object, or condition endangering aircraft landing at or taking off from the Chico Regional Airport, all at Lessee's sole cost and expense.

3. USE OF COMMON AREAS

As part of this lease, Lessee shall be entitled to use the public facilities and improvements at the Chico Regional Airport including the runways, taxiways, common use portions of the aprons, and navigational aids maintained by City at the Chico Regional Airport otherwise available to the public for landings and take-offs in the aircraft to be stored on the leased property. Lessee understands, however, that Lessee's use of such facilities shall be subject to City's continuing right to direct and control such use. In addition, City shall have the right but shall not be obligated to make repairs or improvements to such facilities regardless of the hindrance or interference thereby caused to Lessee.

4. LEASE TERM

The initial term of this lease shall be for a period of 5 years, commencing on August 1, 2024, and terminating on July 31, 2029.

At the end of the initial term, Lessee may extend the term of this lease for up to two two-and-one-half-year periods, provided Lessee gives to the City notice of its intent to extend the term of this lease at least six months prior to the end of the initial or any such extended terms.

5. RENT

a. Basic Rent

As the initial basic rent for the leased property, Lessee agrees to pay to City the sum of \$7,246 per year, or \$603.83 per month, payable on or before the first day of each month during the initial or any extended term of this lease, or on August 1 of the commencement of the initial or any extended term of this lease, commencing with rent due August 1, 2024. Such rent shall be payable at the office of the City Administrative services Director, 411 Main Street, Chico, California 95928 (P.O. Box 3420, Chico, California 95927-3420).

b. Rent Adjustment

The City retains the option to annually adjust the basic rent, and such adjustment will be based on the annual Consumer Price Index (CPI). For this lease, the CPI shall mean the last published by the Federal Bureau of Labor Statistics for all urban consumers – U.S. cities average or any other measure hereafter employed by the Federal Bureau of Labor Statistics in lieu of said CPI that measures the cost of living in U.S. cities.

6. LATE PAYMENT OF RENT

If any installment of rent accruing under the provisions of this lease is not received by City on the date such rent becomes due, such rent shall bear interest thereon from the date due until paid at the rate of 10% per annum. Lessee also acknowledges that the late payment of rent will cause City to incur accounting and other processing costs not contemplated by this lease, the exact amount of which is extremely difficult and impracticable to fix. Therefore, if any installment of rent due from Lessee is not received by City on the date such rent becomes due, Lessee shall also pay to City an additional sum of 10% of the overdue rent as a late charge. City and Lessee agree that this late charge represents a fair and reasonable estimate of costs that City will incur by reason of the late payment of rent by Lessee. Acceptance of any such late charge shall not constitute a waiver of Lessee's default with respect to the overdue amount, nor prevent City from exercising any of the other rights and remedies available to it by reason of such default.

7. USE OF LEASED PROPERTY

Lessee shall use the leased property solely for the purpose of operating a business engaged in offering commercial flight services and for any other purpose necessary or normally incident to the conduct of such business; provided that Lessee agrees that its right to use

the leased property to operate such business shall not be exclusive of the right of any other person or firm to operate the same or a similar business on other property located at the Chico Regional Airport.

Further, Lessee shall use the leased property for the storage of operational aircraft that are owned, leased, or under a long-term use agreement by Licensee, and other aircraft that are necessary and normally incident to the conduct of Lessee's business. In connection with Lessee's storage of aircraft, Lessee may also perform repair and maintenance work on the stored aircraft provided however that such aircraft can be made operational by Lessee within thirty (30)

8. COMPLIANCE WITH LAWS

In its use of the leased property, Lessee shall comply with all applicable statutes, ordinances, or regulations now or hereafter adopted by any federal, state, or county governmental entity, and with all ordinances, regulations, policies, and guidelines now or hereafter adopted by the City of Chico or any of its boards and commissions, including, but not limited to:

- a. The "Airport Rules and Regulations" adopted by the City Council of City;
- b. The "Standards for Conducting Aeronautical Activities at the Chico Regional Airport" adopted by City's Airport Commission; and
- c. The land use regulations applicable to the Chico Regional Airport adopted by the City Council of City.

9. COMPLIANCE WITH STORM WATER POLLUTION PREVENTION PLAN

Lessee shall comply with all provisions and requirements of the Chico Regional Airport's Storm Water Pollution Prevention Plan (SWPPP), a copy of which will be provided by City to Lessee upon execution of this Lease. If during the initial or any extended term of this lease, Lessee's use of the Leased Premises results in a violation of the SWPPP for any reason or in any manner, through either Lessee's action or inaction, Lessee shall hold City, its boards and commissions and members thereof, its officers, employees, and agents harmless and free from any and all liability for violation of the SWPPP.

Should City or any of its boards and commissions or members thereof, its officers, employees, or agents be named in any suit, or should any claim be made against it or any of them by suit or otherwise, whether the same be groundless or not, arising out of or relating to Lessee's violation of the SWPPP for any reason or in any manner, through either Lessee's action or inaction, Lessee shall defend City, its boards and commissions and members thereof, its officers, employees, and agents, and shall indemnify them for any judgment rendered against them or any sums paid out in settlement or otherwise, including the payment of any and all attorney's fees.

10. WASTE, NUISANCE, AND HAZARDOUS MATERIALS

In its use of the leased premises and any other facilities provided by City at the Chico Regional Airport, Lessee shall not commit nor allow to be committed any waste nor maintain or allow to be maintained any nuisance thereon.

As used in this lease, the term "Hazardous Materials" shall mean any substance or material which has been determined by the state, federal or local governmental agency to be capable of posing risk of injury to health, safety, and property, including petroleum, petroleum products or by-products, and including but not limited to all those materials and substances designated as hazardous or toxic presently or in the future by the U.S. Environmental Protection Agency; the California Water Quality Control Board; the U.S. Department of Labor; the California Department of Industrial Relations; the California Department of Health Services; the California Health and Welfare Agency in connection with the Safe Water and Toxic Enforcement Act of 1986; the U.S. Department of Transportation; the U.S. Department of Agriculture; the U.S. Consumer Product Safety Commission; the U.S. Department of Health, Education and Welfare; the U.S. Food and Drug Administration, or any other governmental agency now or hereafter authorized to regulate materials and substances defined as "Toxic Materials" in section 66680 through 66685 of Title 22 of the California Code of Regulations, Division 4, Chapter 30, as the same shall be amended from time to time.

No goods, merchandise, or material shall be kept, stored, or sold on the leased premises which are in any way explosive or hazardous. No offensive or dangerous trade, business, or occupation shall be carried on therein or thereon, and nothing shall be done on the leased premises other than as is provided for in Paragraph 7 of this lease which will increase the rate of or suspend the insurance upon the structures hereby assigned to Lessee or upon adjacent City buildings or structures, and no machinery or apparatus shall be used or operated on the leased premises which will in any way injure leased premises or adjacent buildings without prior approval of the Airport Manager. The Lessee shall provide the Airport Manager on the first working day in January of each year with a list of all hazardous materials used, contemplated to be used, generated or otherwise produced by Lessee, their employees, agents, Lessees, etc. The Airport Manager shall be immediately informed of any changes in hazardous materials used. However, nothing shall preclude Lessee from bringing, keeping, or using machinery necessary or customary in carrying out the uses mentioned in Paragraph 7. If such uses include the keeping or storage of flammable or explosive substances, such substances shall be stored in closed containers, and shall be stored, used, or dispensed in the manner prescribed by the regulations of the City, the City's Fire Department, and/or other public body having authority in the matter, and in any event, in the safest possible manner. Appropriate Fire Department permits are required for storage of hazardous materials. From time to time, the Airport Manager and/or Fire Department personnel will inspect the premises for material safety.

In conducting its operations on the Chico Regional Airport, Lessee shall abide and be bound by all of the following requirements:

- a. Lessee shall comply with all federal, state, and local laws, requirements, and

policies now or hereinafter in effect relating to Hazardous Materials and environmental conditions on, under or about the Chico Regional Airport including, but not limited to soil, air, and groundwater conditions, and shall not contaminate the Chico Regional Airport or the subsurface with any Hazardous Material.

- b. Lessee shall restrict the use of Hazardous Materials on the leased premises to those kinds of materials that would be normally expected in conducting the activities permitted under this lease in a safe and prudent manner. Disposal of any Hazardous Materials on the leased premises is strictly prohibited.
- c. Lessee shall be solely and fully responsible for the reporting of accidental Hazardous Material releases to the appropriate public agencies including the Airport Manager, when such releases are caused by or result from Lessee's activities on the Chico Regional Airport. Lessee shall immediately notify City of any release of Hazardous Materials, whether or not the release is in quantities that would otherwise be reportable to a public agency, if such release did, or has the potential to contaminate soil or enter the City's sanitary or storm drain sewer system.
- d. Lessee shall be solely and full responsible and liable in the event Lessee causes or permits Hazardous Materials to be released at the Chico Regional Airport, or to enter the City's sewerage or storm drainage system, soil, air, groundwater, or any improvements. Lessee shall take all necessary precautions to prevent any Hazardous Materials from entering into the City's sewerage or storm drainage system, soil, air, groundwater or any improvements, or from otherwise being released on the Chico Regional Airport. If at any time a release of Hazardous Materials is discovered on the leased premises, the Chico Regional Airport, City's sewerage or storm drainage system, soil, air, groundwater or any improvements, which were caused or permitted in whole or in part by Lessee, Lessee's officers, agents, employees, Lessees, permittees or invitees or there is the danger of such release of Hazardous Materials, Lessee, at Lessee's sole cost and expense, shall remove, or be caused to remove, such Hazardous Materials from the Chico Regional Airport or the groundwater underlying the Chico Regional Airport, or the City's soil, air, storm drainage, and sewerage system, in accordance with requirements of all appropriate governmental authorities.

11. COVENANT AGAINST DISCRIMINATION ON THE GROUNDS OF RACE, COLOR, CREED, NATIONAL ORIGIN, AND SEX

- a. Covenant Against Discrimination Required Under Part 21, Title 49, of the Code of Federal Regulations

In its use of the leased property, Lessee agrees that it will not discriminate against any person on the grounds of race, color, or national origin in any manner prohibited by Part 21, Title 49, of the Code of Federal Regulations. Upon Lessee's failure to comply with the foregoing covenant against discrimination, Lessee shall be in default of this lease and City shall be entitled to terminate this

lease and all of Lessee's rights in and to the leased property in the manner hereinafter provided by this lease. Provided that, in the event City determines that Lessee is in default of the foregoing covenant against discrimination and serves Lessee with notice of such default in the manner hereinafter provided by this lease, Lessee shall have the right to appeal such determination within the time and in the manner provided by Part 21, Title 49, of the Code of Federal Regulations, and Lessee shall not be deemed in default of this lease until the expiration or exhaustion of such right of appeal, notwithstanding anything in this lease to the contrary. In addition, City, the federal government, or both City and the federal government, shall have the right to judicially enforce the foregoing covenant against discrimination in any court of competent jurisdiction.

Lessee further agrees that the foregoing covenant against discrimination shall be included in and made a condition of any sale, transfer, or assignment of this lease, or any of Lessee's rights in and to the leased property, any sublease of the leased property, or any other agreement granting to any person the right to use any of the services or facilities provided by Lessee on the leased property.

b. Covenant Against Discrimination Required Under Subpart E, Part 152, Title 14, of the Code of Federal Regulations

In its use of the leased property, Lessee agrees that it will not discriminate against any person on the grounds of race, creed, color, national origin, or sex in the manner prohibited by Subpart E, Part 152, Title 14, of the Code of Federal Regulations and, in connection therewith, shall undertake any affirmative action program required by such regulations. Lessee shall also require that its subgrantees or sub-aviation-related activities provide assurances to Lessee that they, similarly, will undertake any affirmative action programs required by such regulations and that they, in turn, will require such assurances from their subgrantees and sub-aviation-related activities. Upon Lessee's failure to comply with the foregoing covenant against discrimination, Lessee shall be in default of this lease and City shall be entitled to terminate this lease and all of Lessee's rights in and to the leased property in the manner hereinafter provided by this lease.

12. COVENANT AGAINST ECONOMIC DISCRIMINATION

In its use of the leased property, Lessee agrees to furnish its services and facilities to all users thereof on a fair, equal, and not unjustly discriminatory basis and for fair, reasonable, and not unjustly discriminatory prices; provided that Lessee may make reasonable nondiscriminatory discounts, rebates, or other similar price reductions to all volume users of such services or facilities. Upon Lessee's failure to comply with the foregoing covenant against discrimination, Lessee shall be in default of this lease and City shall be entitled to terminate this lease and any and all of Lessee's rights in and to the leased property in the manner hereinafter provided by this lease. In addition, City, the federal government, or both City and the federal government, shall have the right to judicially enforce the foregoing covenant against discrimination in any court of competent

jurisdiction.

Lessee also agrees that the foregoing covenant against discrimination shall be included in and made a condition of any sale, transfer, or assignment of this lease or any of Lessee's rights in and to the leased property, any sublease of the leased property, or any other agreement granting to any person the right to use any of the services or facilities provided by Lessee on the leased property.

13. RIGHTS OF FEDERAL GOVERNMENT

This lease and all of Lessee's rights in and to the leased property shall be subject to the following rights of the federal government:

- a. Any rights of the federal government under an existing or any future agreement between City and the federal government relating to the development, operation, or maintenance of the Chico Regional Airport;
- b. Any right which the federal government now has or in the future may have or acquire affecting the control, operation, and taking over of the Chico Regional Airport; and
- c. Any right which the federal government now has or in the future may have or acquire to the exclusive or nonexclusive use of the Chico Regional Airport during a time of war or national emergency.

14. ACCEPTANCE OF LEASED PROPERTY

Lessee understands that the leased property was formerly leased by City to the federal government for use as an Army air base, that other surrounding lands which were also part of such Army air base have, in the past, been found to contain underground tanks and other underground facilities apparently abandoned by the federal government at the time the air base was released to City, and that by reason thereof the leased property, itself, might contain such underground tanks and other underground facilities. Moreover, Lessee understands that portions of the groundwater underlying the leased property may contain concentrations of volatile organic chemicals, including perchloroethylene (PCE) and trichloroethylene (TCE), which exceed water quality standards prescribed by the environmental agencies of the state and federal governments. Lessee acknowledges that City has granted to Lessee the right to review all maps of the old Army air base presently on file in the offices of City's Fire Department as well as the right to inspect the leased property and perform any tests of the soils thereon and/or the groundwater thereunder, all in order to afford Lessee a full and complete opportunity to investigate and determine whether the leased property can be used for the purposes for which it is being leased.

Lessee further understands and agrees that no representation, statement, or warranty, express or implied, has been made by or on behalf of City as to the condition of the leased property or the suitability of the property for its intended use, save and except for the representation and warranty that no City officer, employee, or agent has caused any

condition of pollution or contamination which may now exist on the leased property. Such representation and warranty, however, shall not extend to any condition of pollution or contamination caused by the federal government or any other former lessee of City. Lessee also agrees to accept the leased property in its present condition and "as is" with respect to all conditions which now exist on or under the leased property, save and except for any condition of pollution or contamination caused by an officer, employee, or agent of City. Moreover, Lessee agrees to waive any claim or right of action against City which Lessee now has or hereafter may acquire arising out of the condition of the leased property, its soils and/or the groundwaters underlying the leased property, including but not limited to any claim of indemnity which Lessee may have by reason of costs incurred by Lessee arising out of the abatement or cleanup of any pollution or contamination condition discovered on the leased property hereinafter required under applicable state, federal, or City laws or regulations, save and except for a claim or right of action arising out of a condition of pollution or contamination caused by an officer, employee, or agent of City.

15. MAINTENANCE OF LEASED PROPERTY

During the initial or any extended term of this lease, Lessee shall, at its sole cost and expense, maintain the leased property and all improvements thereon and facilities appurtenant thereto in good, sanitary, and neat order, condition, and repair, and the City shall have no responsibility whatsoever to maintain the leased property or make any repairs thereto.

Lessee, by these presents, specifically waives the provisions of Sections 1941 and 1942 of the California Civil Code with respect to the landlord's obligations for the tenant ability of leased property and tenant's right to make repairs and deduct the expense of such repairs from rent.

16. RESTORATION AND REPAIRS IN THE EVENT OF DAMAGE OR DESTRUCTION BY FIRE OR OTHER CASUALTY

If, during the initial or any extended term of this lease, any of the improvements now or hereafter located on the leased property are damaged or destroyed by fire or other casualty, then this lease shall continue in full force and effect without any abatement of rent, and Lessee, at Lessee's sole cost and expense, shall repair and restore such damaged or destroyed improvements according to the plan therefor at the time of such damage or destruction, or in accordance with such modified plan therefor as approved by City's Airport Manager, whether or not such improvements are damaged or destroyed by a fire or other casualty covered by the fire and extended hazards insurance hereinafter provided for by this lease.

Lessee, by these presents, specifically waives the provisions of Sections 1932 and 1933 of the California Civil Code with respect to the termination of the hiring of a thing by virtue of the perishing or destruction of the thing being hired.

17. UTILITIES

During the initial or any extended term of this lease, Lessee shall have the right to connect the leased property and all improvements thereon and facilities appurtenant thereto to the sewer system owned, operated, and maintained by City at the Chico Regional Airport; provided that Lessee shall maintain all sewer laterals or other sewer facilities on the leased property at its sole cost and expense and shall pay to City a monthly sewer service fee in accordance with the sewer service rates now or hereafter established by City, which sewer service fees shall be in addition to the rent to be paid by Lessee for the leased property as hereinbefore provided by this lease. All other utilities shall be provided to the leased property by Lessee at its sole cost and expense and City shall have no responsibility of any kind for any thereof.

18. TAXES AND ASSESSMENTS

During the initial or any extended term of this lease, Lessee shall pay all taxes and assessments levied on the leased property, it being understood by Lessee that although the leased property is held in public ownership, Lessee's interest therein will be taxable as a possessory interest.

19. LIENS

During the initial or any extended term of this lease, Lessee shall keep the leased property and every part thereof free and clear of all mechanics' liens, materialmen's liens, and other liens for any work or labor done, services performed, or materials and appliances used or furnished for or in connection with any operation of Lessee, any repair, alteration, or addition which Lessee may make or permit or cause to be made, or any work or construction by, for, or permitted by Lessee on or about the leased property. Lessee shall at all times promptly and fully pay and discharge any and all claims on which any such liens may or could be based, and shall indemnify City against all such liens, claims of liens, and suits or other procedures pertaining thereto. Lessee agrees to serve City with a notice of any repair, alteration, or addition to the leased property, including any of the improvements now or hereafter located on the leased property, estimated to cost in excess of \$5,000, at least five days in advance of the commencement of work upon such repair, alteration, or addition in order that City may post appropriate notices of no responsibility.

20. INDEMNIFICATION

To the fullest extent permitted by law, during the initial or any extended term of this lease, Lessee shall defend (with counsel of City's choosing), indemnify and hold City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Lessee, its officials, officers, employees, sublessees, consultants or agents in connection with Lessee's use of City premises under this lease including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Lessee shall reimburse City and its officials,

officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

Lessee's responsibility for such defense and indemnity obligations shall survive the termination or completion of this lease for the full period of time allowed by law.

The defense and indemnification obligations of this lease are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this lease. Lessee's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by City, its directors, officials, officers, employees, agents, or volunteers.

21. GENERAL LIABILITY INSURANCE

Lessee shall obtain commercial general liability insurance (occurrence policy form) from one or more U.S. domiciled insurance companies licensed to do business in the State of California with an A.M. Best Company rating of "B" or better or, in the alternative, an unlicensed U.S. domiciled company or companies with an "A" rating, which provides coverage for bodily injury, personal injury and property damage liability in the amount of at least \$1,000,000 per occurrence, and \$2,000,000 in the aggregate, with a maximum policy deductible of \$5,000, or as approved by the City's Human Resources and Risk Management Office.

It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specific minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured, whichever is greater.

The insurance coverage required herein shall be evidenced by a certificate of insurance with policy endorsements and shall be executed by an authorized official of the insurer(s). In addition to the limits of coverage described above, the certificate of insurance shall provide that the insurer shall provide to City at least 30 days prior notice of cancellation or material change in coverage, or 10 days prior notice of cancellation for non-payment.

Lessee acknowledges and agrees that City of Chico, its officers, boards and commissions, and members thereof, its employees and agents, are covered as additional insureds with respect to any liability arising out of the activities of Lessee as the named insured. Such additional insured status shall be evidenced by a policy endorsement executed by an authorized official of the insurer(s). A blanket endorsement which provides additional insured status to any person or organization with whom Lessee, as named insured, has entered into a written contract, such as this Agreement, shall satisfy this requirement.

The insurance coverage required herein shall be primary and non-contributory insurance with respect to the City of Chico, its officers, officials and employees. Any insurance or

self-insurance maintained by the City of Chico, its officers, officials or employees shall be in excess of the insurance afforded to the named insured by the insurance coverage required herein and shall not contribute to any loss. Such primary insurance status shall be evidenced by a policy endorsement issued by an authorized official of the insurer(s), and shall be at least as broad as CG 20 01 04 13. In the alternative, a letter issued by an authorized official of the insurer(s) and copies of the pertinent page(s) of the policy shall satisfy this requirement.

The limits of Insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess Insurance. Any umbrella or excess Insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City of Chico (if agreed to in a written contract or agreement) before City of Chico's self-insurance shall be called upon to protect it as a named insured.

All self-insured retentions (SIR) must be disclosed to the City's Human Resources and Risk Management Office for approval and shall not reduce the limits of liability. Policies containing any (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named Insured or City of Chico. City of Chico reserves the right to obtain a full certified copy of any Insurance policy or endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

22. FIRE AND EXTENDED HAZARDS INSURANCE

a. Type and Amount of Insurance

At all times during the initial or any extended term of this lease, Lessee shall, at its sole cost and expense, maintain in full force and effect fire insurance obtained from one or more U.S. domiciled insurance companies licensed to do business in the State of California with an A.M. Best Company rating of "B" or better or, in the alternative, an unlicensed U.S. domiciled company or companies with an "A" rating, insuring all of the improvements located on the leased property and facilities appurtenant thereto against fire, extended coverage hazards, vandalism, and malicious mischief. All such insurance shall be in the form or forms approved by the City's Risk Manager, shall insure all improvements located on the leased property and facilities appurtenant thereto in an amount equal to 100% of the full replacement value thereof, and shall provide that the insurer shall give City at least 30 days' prior notice of cancellation or material change in coverage.

Upon execution of this lease, a copy of the insurance policy or policies required herein or, in lieu thereof, the face page of such policy or policies and any endorsements which limit or otherwise affect the coverage provided shall be delivered by Lessee to the Risk Manager of City for approval as to form and sufficiency. When such insurance policy or policies has been so approved, Lessee may substitute for same a certificate of insurance issued by the respective insurance company or companies certifying that such insurance policy or policies is in full force and effect and all improvements located on the leased property and facilities appurtenant thereto are insured in the amount required herein.

In the event any dispute over whether the amount of such insurance complies with the requirements of this section cannot be resolved by agreement, City's Risk Manager may request the carrier of the insurance then in force to determine the full replacement value of the buildings, improvements, and facilities located on the leased property and the resulting determination shall be conclusive between the parties for purposes of this section.

b. Disposition of Insurance Proceeds

If the improvements located on the leased property or any facilities appurtenant thereto are damaged or destroyed from a risk covered by the insurance policy required by this section, all of the proceeds of such insurance shall be paid to Mid Valley Title Company, as trustee, or to such other responsible corporate trustee as may be designated by City's Risk Manager, to be held in trust for the purpose of repairing or restoring such damaged or destroyed improvements or facilities. If, following such damage or destruction, Lessee promptly commences such repair or restoration work and thereafter prosecutes the same with reasonable dispatch, the insurance proceeds deposited with the trustee shall be paid, in installments, to the Lessee retained by Lessee to perform the repair or restoration work as such work progresses. Upon adoption of a plan of repair or restoration that will require expenditures of an amount in excess of the insurance proceeds held by the trustee, the trustee may withhold such payments until such time as it is made to appear to the trustee's satisfaction that the amount necessary to provide for such repair or restoration, according to the plan adopted, in excess of the insurance proceeds held by the trustee, has been provided for and its application under such purposes assured. Any portion of the insurance proceeds remaining in the hands of the trustee after completion of such repair or restoration work shall be paid to Lessee.

If, following such damage or destruction, Lessee does not commence such repair or restoration work within a period of three months after such damage or destruction occurs and/or does not prosecute the repair or restoration work with such dispatch as would be necessary to complete the same within a period of six months thereafter, then the insurance proceeds held by the trustee or any balance remaining in its hands shall be retained as security for performance of the covenants hereof. Thereafter, no part of such insurance proceeds shall be paid for such repair or restoration work except with the consent of City's Risk Manager, it being the option of City, in the meantime, to terminate this lease on account of any such default and have transferred to it by the trustee such insurance proceeds as damages resulting to the City from the failure of Lessee to promptly commence and within reasonable time complete such repair or restoration work.

23. AIRCRAFT LIABILITY INSURANCE

Lessee shall obtain aircraft liability insurance (occurrence policy form) from one or more U.S. domiciled insurance companies licensed to do business in the State of California

with an A.M. Best Company rating of “B” or better or, in the alternative, an unlicensed U.S. domiciled company or companies with an “A” rating, which provides coverage for bodily injury, personal injury and property damage liability in the amount of at least \$1,000,000 per occurrence, with a maximum policy deductible of \$5,000, or as approved by the City’s Human Resources and Risk Management Office.

It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specific minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured, whichever is greater.

The insurance coverage required herein shall be evidenced by a certificate of insurance with policy endorsements and shall be executed by an authorized official of the insurer(s). In addition to the limits of coverage described above, the certificate of insurance shall provide that the insurer shall provide to City at least 30 days prior notice of cancellation or material change in coverage, or 10 days prior notice of cancellation for non-payment.

24. SALES, ASSIGNMENTS, TRANSFERS, SUBLEASES, AND ENCUMBRANCES

Lessee shall not sell, assign, transfer, or encumber this lease or any interest of Lessee in and to the leased property, nor sublease the leased property, in whole or in part, except with the consent of the City’s Airport Manager which shall not be reasonably withheld or delayed. Neither shall this lease, nor any interest of Lessee in and to the leased property, be subject to an involuntary sale, assignment, or transfer, or sale, assignment, or transfer by operation of law in any manner whatsoever. Any such sale, assignment, transfer, encumbrance, or sublease, whether voluntary or involuntary, shall be void and of no effect and shall be a default which entitles City to terminate this lease and all of Lessee’s rights in and to the leased property in the manner hereinafter provided by this lease.

25. BANKRUPTCY AND INSOLVENCY

Lessee agrees that in the event any proceedings under the Bankruptcy Act or any amendment thereto are commenced by or against Lessee and, if against Lessee, such proceedings are not dismissed either before an adjudication in bankruptcy or the confirmation of a composition, arrangement, or plan of reorganization, or in the event Lessee is adjudged insolvent or makes an assignment for the benefit of creditors, or in the event a receiver is appointed in any proceeding or action to which Lessee is a party with authority to take possession or control of the leased property or the business conducted thereon by Lessee, then Lessee shall be in default of this lease and City shall, to the extent permitted by law, be entitled to terminate this lease and all of Lessee’s rights in and to the leased property in the manner hereinafter provided by this lease.

26. EMINENT DOMAIN

In the event of a total or partial taking of the leased property or any interest therein by a public authority under the power of eminent domain, including but not limited to any taking of Lessee's leasehold estate by City under City's power of eminent domain, then the rights of the Lessee with respect to the term, rent, and the just compensation awarded in such eminent domain proceeding shall be in accordance with the law in effect when such taking occurs.

27. DEFAULT

Lessee shall be deemed in default under this lease:

- a. Upon breach of any of the covenants and conditions of this lease with respect to discrimination on the grounds of race, creed, color, national origin, or sex; with respect to economic discrimination; with respect to the sale, assignment, transfer, encumbrance, or subletting of the leased property without prior consent as described in section 24; with respect to the bankruptcy or insolvency of Lessee; upon failure to pay any rent, installment, or any other charge required under this lease to be paid by Lessee to City when due; upon failure to provide evidence of the insurance when due; or with respect to any other covenant or condition of this lease, which breach cannot be cured, immediately upon being given notice thereof by City.
- b. Upon the breach of any of Lessee's other duties and obligations under this lease, which breach can be cured, if such breach is not cured within 30 days after being given notice thereof by City.

28. REMEDIES ON DEFAULT

- a. City's Right to Terminate Lease

Upon Lessee's default of this lease, City shall have the right, without further notice, to terminate this lease and any and all interest of Lessee in and to the leased property, to enter upon and retake possession of the leased property, including all improvements thereon and facilities appurtenant thereto, by legal proceedings or otherwise, and to recover from Lessee, at the time of such termination, the excess, if any, of the amount of rent to be paid by Lessee under this lease for the balance of the lease term over the then reasonable rental value of the leased property for the same period. For the purposes of this section, City and Lessee agree that the "reasonable rental value" shall be the amount of rent which City can obtain as rent for the balance of the lease term.

- b. City's Right to Repossess, Operate, or Relet the Leased Property for Lessee's Account

Upon Lessee's default under this lease, City shall also have the right, without further notice and without terminating this lease, to enter upon and retake possession of the leased property, including all improvements thereon and fixtures

appurtenant thereto, by legal proceedings or otherwise, and to take, operate, or relet the same in whole or in part for the account of Lessee at such rental, on such conditions, and to such tenant or tenants as City, in good faith, may deem proper, for a term not exceeding the unexpired period of the full term of this lease. City shall receive all proceeds from rent accruing from such operating or reletting of the leased property and shall apply the same first to the payment of all costs and expenses incurred by City in the operation or reletting of the leased property and any alterations or repairs reasonably necessary to enable City to operate or relet the leased property, and then to the payment of all such amounts as may be due or become due under the provisions of this lease, and the balance remaining, if any, at the expiration of the full term of this lease or on the sooner termination thereof, by written notice of termination given by City to Lessee, shall be paid over to Lessee. In the event proceeds from rentals received by City under the provisions of this section are insufficient to pay all costs and expenses and all amounts due and becoming due hereunder, Lessee shall pay to City, on demand by City, such deficiency as may from time to time occur or exist. Notwithstanding any such operation or reletting without terminating this lease, City may, at any time, thereafter, elect to terminate this lease in the event that Lessee remains in default hereunder at such time.

c. City's Right to Perform

Notwithstanding any provisions as to notice of default in this lease to the contrary, if, in City's judgment, a continuance of any default by Lessee for the full period of the notice otherwise provided for will jeopardize the leased property, including any improvements thereon or facilities appurtenant thereto, or the rights of City, City may, without notice, elect to perform those acts in respect of which Lessee is in default at Lessee's expense and Lessee shall thereupon reimburse City, with interest at the rate of 10% per annum, upon 30 days' notice by City to Lessee.

d. Other Remedies

All rights, options, and remedies of City contained in this lease shall be construed and held to be cumulative and not one of them shall be exclusive of the other, and City shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided for by law, whether or not stated in this lease.

29. WAIVER OF DEFAULT

Any waiver by City of a default of this lease arising out of the breach of any of the covenants, conditions, or restrictions of this lease shall not be construed or held to be a waiver of any succeeding or preceding default arising out of a breach of the same or any other covenant, condition, or restriction of this lease.

30. CITY'S RIGHT OF ENTRY

Lessee shall permit City and any agents and employees of City to enter in and upon the

leased property at all reasonable times for the purpose of inspecting the same, or for the purpose of posting notices of nonresponsibility for alterations, additions, or repairs, without any rebate of rent and without any liability to Lessee for any loss of occupation or quiet enjoyment of the leased property thereby occasioned.

31. EFFECT OF HOLDING OVER

Any holding over after the expiration of the initial or any extended term of this lease, with the consent of City, shall be construed to be a tenancy from month-to-month at the monthly rental to be paid by Lessee to City pursuant to the terms of this lease immediately prior to the expiration of such initial or extended term and shall otherwise be subject to the covenants and conditions herein provided by this lease, insofar as applicable.

32. NOTICES

All notices or demands to be given, made, or sent, or which may be given, made, or sent by one party to the other pursuant to this lease shall be deemed to have been given, made, or sent when made in writing, and deposited in the U.S. mail, certified and postage prepaid, addressed as follows:

- a. To City: City of Chico
Attention: Airport Manager
P.O. Box 3420
Chico, CA 95927-3420
- b. To Lessee: Harold L. Schooler and Katrine E. Schooler,
4702 Cable Bridge Drive
Chico, CA 95928

The address to which any notice, demand, or other writing may be given, made, or sent by any party as above provided may be changed by written notice given by such party as above provided.

33. AMENDMENTS

This lease may be modified or amended only by a writing duly authorized and executed by both City and Lessee. It may not be amended or modified by oral agreement or understanding between the parties unless the same shall be reduced to a writing duly approved and executed by both parties.

34. PARTIES BOUND

The covenants and conditions herein contained shall apply to and bind the legal representatives, successors, and assigns of all of the parties hereto, and all of the parties hereto shall be jointly and severally liable hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this lease in the City of Chico,
County of Butte, State of California, on the date first set forth above.

CITY OF CHICO

LESSEE

By: Mark Sorensen, City Manager

By: Harold Schooler, Trustee

APPROVED AS TO FORM:

John Lam, City Attorney*

*Approved pursuant to The Charter of the
City of Chico § 906(D)

REVIEWED AS TO CONTENT:

Barbara Martin, Administrative Services Director*

*Reviewed by Risk Management, Human
Resources, Finance and Information Systems

Exhibit A

