



**AIRPORT COMMISSION AGENDA
REGULAR MEETING
City Council Chamber
421 Main Street
Chico, CA 95928
January 28, 2020
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.ci.chico.ca.us

AIRPORT COMMISSION

Thomas Nolan-Gosling
Mike Antolock
BT Chapman
Linda MacMichael
Martin Nichols

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1 **CALL TO ORDER**

1.2 **PLEDGE OF ALLEGIANCE**

1.3 **ROLL CALL**

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

Pursuant to City of Chico Charter Section 1003, at the first regular meeting of each calendar year the Commission will elect one of its members to serve as presiding officer. At tonight's meeting, the commission will elect a chair and vice-chair for calendar year 2020.

Note: Per AP&P 10-1, a commissioner may serve no more than two consecutive years as the presiding officer. Commissioner Nolan-Gosling has served as Chair for calendar year 2018 and 2019.

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 MEETING MINUTES**

Approve - minutes of the Regular Airport Commission meeting on October 29, 2019 (Attachment 1).

2.2 **Minute Orders - Various**

Adopt various minute orders authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property – multiple properties (Attachments 2 & 3).

Minute Order 02-20 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Doug Snyder, Lessee and Assignor/Scott Steele, Assignee) Hangar Space No. A-11.

Minute Order 03-20 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Robert and Lynn Harp, Co-Trustees of The Harp Family Trust of 2009, Lessee and Assignor/Norm Nielsen, Chico Electric, Assignees) Hangar Space No. A-1.

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

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

5. **CLOSED SESSION**

5.1 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** – Pursuant to Gov. Code Sec. 54956.8:

5.1.a Property: 110 Convair Avenue, Chico (Leasehold Interest)

City Negotiator: Sherry Miller, Airport Manager
Negotiating Party: Air Carriage, Inc. (Henry Roberson)
Under negotiation: Leasehold Area

5.2 **RECONVENE FROM CLOSED SESSION AND ANNOUNCEMENT OF ACTION**

6. **REGULAR AGENDA**

6.1 **CONSIDERATION OF REQUEST TO AMEND EXISTING LEASE – AIR CARRIAGE, INC. (HENRY ROBERSON) 110 CONVAIR AVENUE**

Consideration of lease Amendment No. 1 to a Lease of Real Property at the Chico Municipal Airport, 110 Convair Avenue, (City of Chico/Air Carriage, Inc., Henry Roberson, Lessee).

MINUTE ORDER 01-20 – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON, LESSEE) 110 CONVAIR AVE., CHICO, CA.

Adopt - Minute order authorizing the City Manager to execute Amendment No. 1 to a Lease of Real Property at the Chico Municipal Airport 110 Convair Ave., Chico, CA (City of Chico/Air Carriage, Inc., Henry Roberson, Lessee) (Attachment 4). ***The Airport Manager recommends approval of the Minute Order.***

6.2 **CONSIDERATION OF STANDARD AIRPORT LEASE AND LEASING POLICY**

Discussion and possible action.

Staff Report, draft Lease, draft exhibits, draft policy (Attachment 5)

6.3 **AIRPORT RE-BRANDING**

Discussion and possible action.

Airport Commission Ad-Hoc Committee, Antolock, Chapman
City Staff – Gustafson

7. **BUSINESS FROM THE FLOOR**

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.

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 **CHICO AIR MUSEUM** – Annual Report
Brian Baldrige, Board President (Attachment 6)

8.2 **AIRPORT MANAGER UPDATE**

- Leases approved by the City Council (Attachments 7 – 10)
 - Henry Roberson, E-2
 - Bryan Elhardt and Scott Roberson, E-16
 - Drew Keenan, C-13
 - Doug Ferreira, C-26
- Budget Monitoring Report (Attachment 11)

8.3 **AIRPORT COMMISSIONER REPORTS:**

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

- A. Finance Committee – Chapman
- B. Internal Affairs Committee – Nolan-Gosling
- C. Butte County Airport Land Use Commission (ALUC) Alternate – Antolock
- D. North Valley Aviation Association (NVAA) – open
- E. JetChico – MacMichael, Nichols

9. **ADJOURNMENT**

Adjourn to a Regular Airport Commission meeting on April 28, 2020, at 6:00 p.m. in the City Council Chamber located at 421 Main Street, Chico, CA.



Please contact the Airport Manager's Office at (530) 896-7216 if 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: 1/24/2020

PRIOR TO: 6:00 p.m.



**AIRPORT COMMISSION MINUTES
REGULAR MEETING
October 29, 2019
6:00 p.m.**

**COPIES OF MINUTES
ARE AVAILABLE FOR
REVIEW IN THE:**

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

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AIRPORT COMMISSION

Thomas Nolan-Gosling, Chair
Mike Antolock, Vice-Chair
BT Chapman
Linda MacMichael
Martin Nichols

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1. **PLEDGE OF ALLEGIANCE**

1.2. **CALL TO ORDER** – 6:00 p.m.

1.3. **ROLL CALL**

Present: Nolan-Gosling, Antolock, Chapman, MacMichael, Nichols

2. **CONSENT AGENDA**

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

Item pulled by Nichols.

2.2. **MINUTE ORDERS – VARIOUS**

Item pulled by Nolan-Gosling.

3. **ITEMS REMOVED FROM CONSENT AGENDA**

3.1 Item 2.1 pulled by Nichols to ask a procedural question. After the question was answered by the City Attorney, a motion was made by Nichols and seconded by Chapman to approve the minutes as written.

3.2 Item 2.2 pulled by Nolan-Gosling to ask a question regarding the process of lease assignment. After discussion, a motion was made by Nichols and seconded by Antolock to adopt the Minute Orders as submitted.

Minute Order 00-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/George Santos, Lessee and Assignor/ Cal Richardson, Assignee) Hangar Space No. B-19.

Minute Order 01-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Richard Wolstenholm, Lessee and Assignor/ Danford Jay and Sandra Jay, Assignees) Hangar Space No. A-20.

Minute Order 02-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Sean Morgan, Lessee and Assignor/John Sprague, Assignee) Hangar Space No. A-4.

Minute Order 03-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Danford Jay, Lessee and Assignor/Ron Caporele, Assignee) Hangar Space No. A-10.

Minute Order 04-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Danford Jay and Sandra Jay, Lessees and Assignors/ Clifford and Melissa Smith, Assignee) Hangar Space No. A-20.

Minute Order 05-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Michael Carver, Lessee and Assignor/ Dan Jay, Assignee) Hangar Space No. B-3.

Minute Order 06-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Sam Sayegh, Lessee and Assignor/ Dan Jay, Assignee) Hangar Space No. B-13.

Minute Order 07-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Lance Petrack-Zunich, Lessee and Assignor/ Dan Dawson, Assignee) Hangar Space No. B-15.

Minute Order 08-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Cal Richardson, Lessee and Assignor/ Paul Whaley, Assignee) Hangar Space No. B-19.

Minute Order 09-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Brent Warren, Lessee and Assignor/ Dan Dunkley, Assignee) Hangar Space No. C-12.

Minute Order 10-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Morgan Grossman, Lessee and

Assignor/ Air Carriage, Inc. (Henry Roberson), Assignee) Hangar Space No. E-2.

Minute Order 13-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Yeastern Air, LLC, Lessee and Assignor/Air Carriage, Inc. (Henry Roberson), Assignee) 110 Convair Ave.

Minute Order 15-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Calvin Richardson, Lessee and Assignor/ Hugh Tyler, Assignee) Hangar Space No. B-18.

4. **NOTICE OF PUBLIC HEARINGS** – None.
5. **CLOSED SESSION** – Airport Commission recessed to Closed Session at 6:14 p.m. in Conference Room 2.
 - 5.1 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**– Pursuant to Gov. Code Sec. 54956.8 – various properties
 - 5.1.a. Property: Hangar Space E-16 at Chico Airport (Leasehold Interest)
City Negotiator: Sherry Miller, Airport Manager
Negotiating Party: Bryan Elhardt/Scott Roberson
Under negotiation: Price, Term, Improvements
 - 5.1.b. Property: Hangar Space E-2 at Chico Airport (Leasehold Interest)
City Negotiator: Sherry Miller, Airport Manager
Negotiating Party: Air Carriage, Inc. (Henry Roberson)
Under negotiation: Price, Term, Improvements
 - 5.1.c. Property: 110 Convair Avenue, Chico (Leasehold Interest)
City Negotiator: Sherry Miller, Airport Manager
Negotiating Party: Air Carriage, Inc. (Henry Roberson)
Under negotiation: Price, Area, Use, Right of Refusal
 - 5.2. **RECONVENE FROM CLOSED SESSION** – Commission returned from Closed Session at 6:58 p.m.
 - 5.3 **CLOSED SESSION ANNOUNCEMENT** – City Attorney stated nothing to report on Items 5.1.a and 5.1.b. Item 5.1.c was tabled until the next session.
6. **REGULAR AGENDA**

6.1. **CONSIDERATION OF REQUEST OF A LEASE OF REAL PROPERTY AT CHICO MUNICIPAL AIRPORT HANGAR SPACE E-16.**

Consideration of a lease of real property; recommend the City Council authorize the City Manager to execute a 20-year lease with Bryan Elhardt and Scott Roberson.

MINUTE ORDER 11-19 – RECOMMEND THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY, CHICO MUNICIPAL AIRPORT, HANGAR SPACE E-16 (CITY OF CHICO/BRYAN ELHARDT/SCOTT ROBERSON)

A motion was made by Nichols and seconded by MacMichael to adopt the Minute Order as submitted.

6.2. **CONSIDERATION OF REQUEST TO AMEND EXISTING LEASE – AIR CARRIAGE, INC. (HENRY ROBERSON) HANGAR SPACE E-2**

Consideration of a lease term extension of 15 years, amend end of term options on improvements and amend rate escalation clause (Amendment No. 1); recommend the City Council authorize the City Manager enter into a 15-year lease extension.

MINUTE ORDER 12-19 – RECOMMEND THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT, HANGAR SPACE NO. E-2 (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON LESSEE)

A motion was made by Nichols and seconded by MacMichael to adopt the Minute Order as submitted.

6.3. **CONSIDERATION OF REQUEST TO AMEND EXISTING LEASE – AIR CARRIAGE, INC. (HENRY ROBERSON) 110 CONVAIR AVENUE**

Consideration of lease Amendment No. 1 to a Lease of Real Property at the Chico Municipal Airport 110 Convaire Avenue, (City of Chico/Air Carriage, Inc. (Henry Roberson, Lessee)

MINUTE ORDER 14-19 – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/ AIR CARRIAGE, INC., HENRY ROBERSON LESSEE) 110 CONVAIR AVE., CHICO, CA

Item pulled and tabled until the next session during Item 5.3 (above).

6.4. **CONSIDERATION OF STANDARD AIRPORT LEASE AND LEASING POLICY**

Staff Report given by City staff.
Speakers Dan Jay and Lisa Johnson.

7. **BUSINESS FROM THE FLOOR** – None.

8. **REPORTS AND COMMUNICATION**

8.1. **AIRPORT RE-BRANDING**

Report given by Antolock and Chapman. Nichols requested the item be put on the Regular Agenda for the next session.

8.2. **AIRPORT MANAGER UPDATE**

- Budget Monitoring Report
- Air Service Development
- Airport Land Use Commission
- Small Community Air Service Development Grant Application

8.3. **AIRPORT COMMISSIONER REPORTS:**

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

- A. Finance Committee – Chapman
- B. Internal Affairs Committee – Nolan-Gosling
- C. Butte County Airport Land Use Commission (ALUC) Alternate – Antolock
- D. North Valley Aviation Association (NVAA) – open
- E. JetChico – MacMichael, Nichols

9. **ADJOURNMENT**

Adjourned at 9:11 p.m. to a Regular Airport Commission meeting to be held on January 28, 2020, at 6:00 p.m. in the City Council Chamber located at 421 Main Street, Chico, California.

Date Approved: January 28, 2020

Sherry Miller
Airport Manager

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 02-20

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/SCOTT STEELE) HANGAR SPACE NO. A-11

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On January 2, 2020 Scott Steele notified the City that he had purchased hangar A-1 from Doug Snider. The sale was finalized on December 31, 2019.
2. The lease with Scott Steele is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$541.44 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Scott Steele) Hangar Space No. A-11.

AIRPORT MANAGER:

Initials ()

AIRPORT COMMISSION (MEETING OF 1/28/2020)

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

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

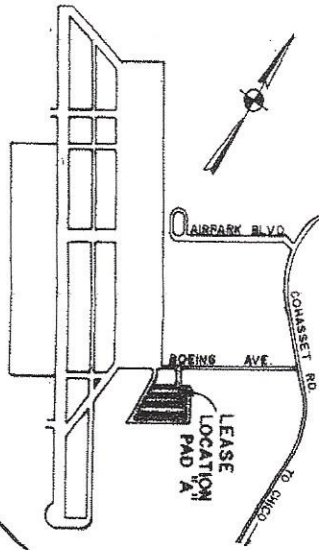
I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

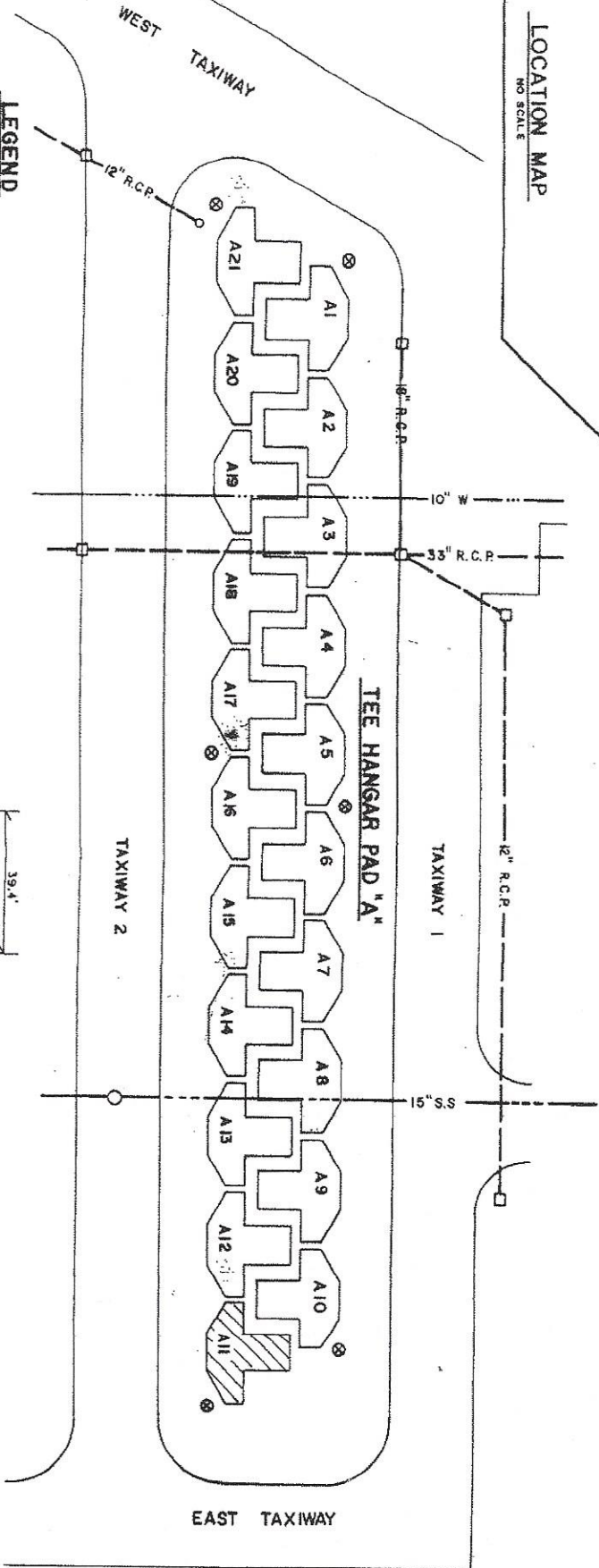
DISTRIBUTION

Preliminary:

Final:



LOCATION MAP
NO SCALE



- LEGEND**
- ⊗ TEE HANGAR SPACE NUMBER
 - ⊗ TAXIWAY LIGHTS

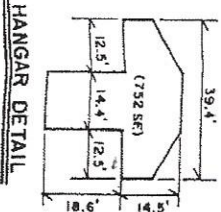
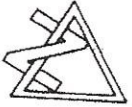


EXHIBIT "A"

CITY OF CHICO DEPT. OF PUBLIC WORKS
 PLAT TO ACCOMPANY LEASE TO:
 DOUGLAS SNIDER, D.D.S.

DESIGNED BY	DOUGLAS SNIDER	DATE	2-25-05
CHECKED BY	[Signature]	SCALE	1" = 40'
APPROVED BY	[Signature]		
DESIGN ENGINEER	DIRECTOR OF PUBLIC WORKS		
			R.C.I. NO.

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 03-20

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/NORM NIELSEN, CHICO ELECTRIC) HANGAR SPACE NO. A-1

EXPLANATION PROVIDED BY: Airport Manager

Initials (SM)

1. On December 31, 2019 Norm Nielsen notified the City that he had purchased hangar A-1 from the Harp Family Trust of 2009. The sale was finalized on December 31, 2019.
2. The lease with Chico Electric is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$541.44 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (SM)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Norm Nielson) Hangar Space No. A-1.

AIRPORT MANAGER:

Initials ()

AIRPORT COMMISSION (MEETING OF 1/28/2020)

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

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

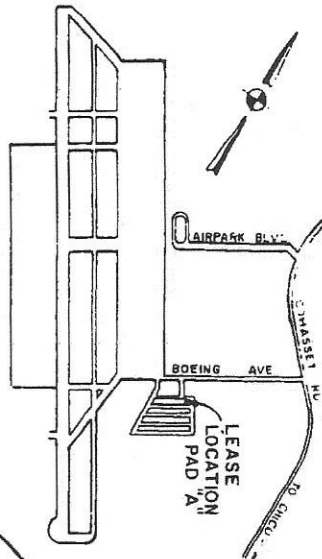
I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

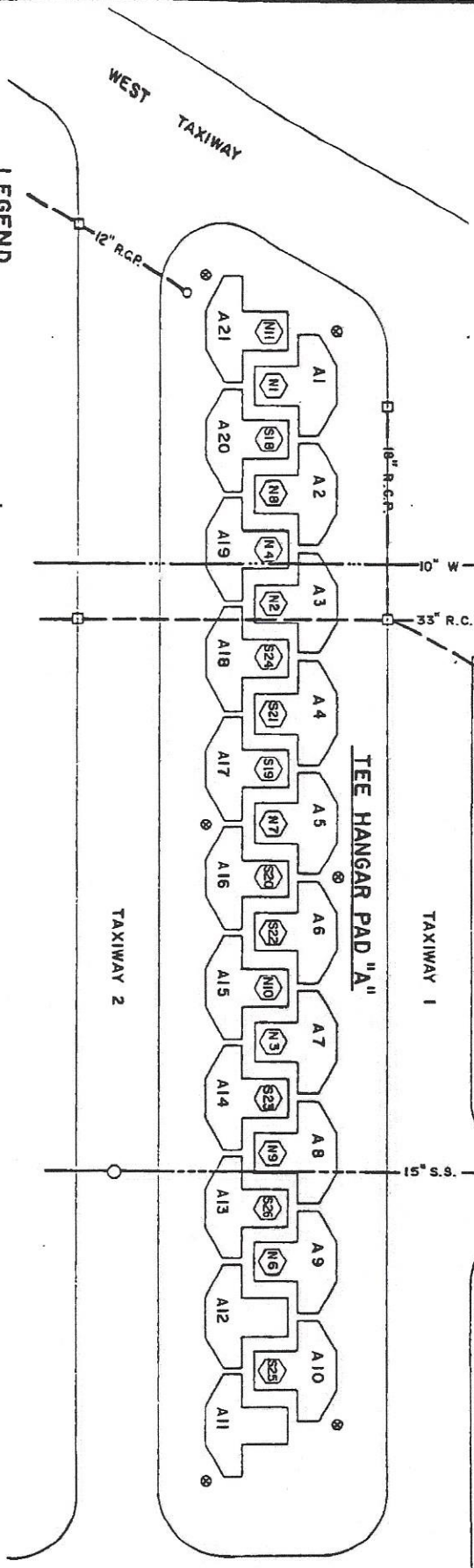
DISTRIBUTION

Preliminary:

Final:



LOCATION MAP
NO SCALE



- LEGEND**
- A2 PERMANENT TEE HANGAR SPACE NUMBER
 - (N2) TEMPORARY TEE HANGAR SPACE NUMBER
 - ⊙ TAXIWAY LIGHTS



EXHIBIT "A"
CITY OF CHICO DEPT. OF PUBLIC WORKS
PLAT TO ACCOMPANY LEASE TO:
Harp Family Trust of 2009

DRAWN BY T.J.M.	CHECKED BY M.H.	DATE AUG. 1, 1985	SCALE NO SCALE
DESIGN ENGINEER <i>[Signature]</i>		APPROVED BY <i>[Signature]</i>	SCALE NO SCALE
FOR DIRECTOR OF PUBLIC WORKS		N.C.T. NO	

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 01-20

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDEMENT NO. 1 TO A LEASE OF IMPROVED PROPERTY, 110 CONVAIR AVE., AT THE CHICO MUNICIPAL AIRPORT, 110 CONVAIR AVENUE (CITY OF CHICO/AIR CARRIAGE INC., HENRY ROBERSON)

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

See Attached

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute Amendment No. 1 to a Lease of Improved Property, Chico Municipal Airport, 110 Convair Ave., (City of Chico/Air Carriage, Inc., Henry Roberson, Lessee).

AIRPORT COMMISSION (MEETING OF 10/29/19)

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

Approved Other (explain below)

Sherry Miller, 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.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 01-20

AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF IMPROVED PROPERTY, 110 CONVAIR AVE., AT THE CHICO MUNICIPAL AIRPORT, 110 CONVAIR AVENUE (CITY OF CHICO/AIR CARRIAGE INC., HENRY ROBERSON)

EXPLANATION:

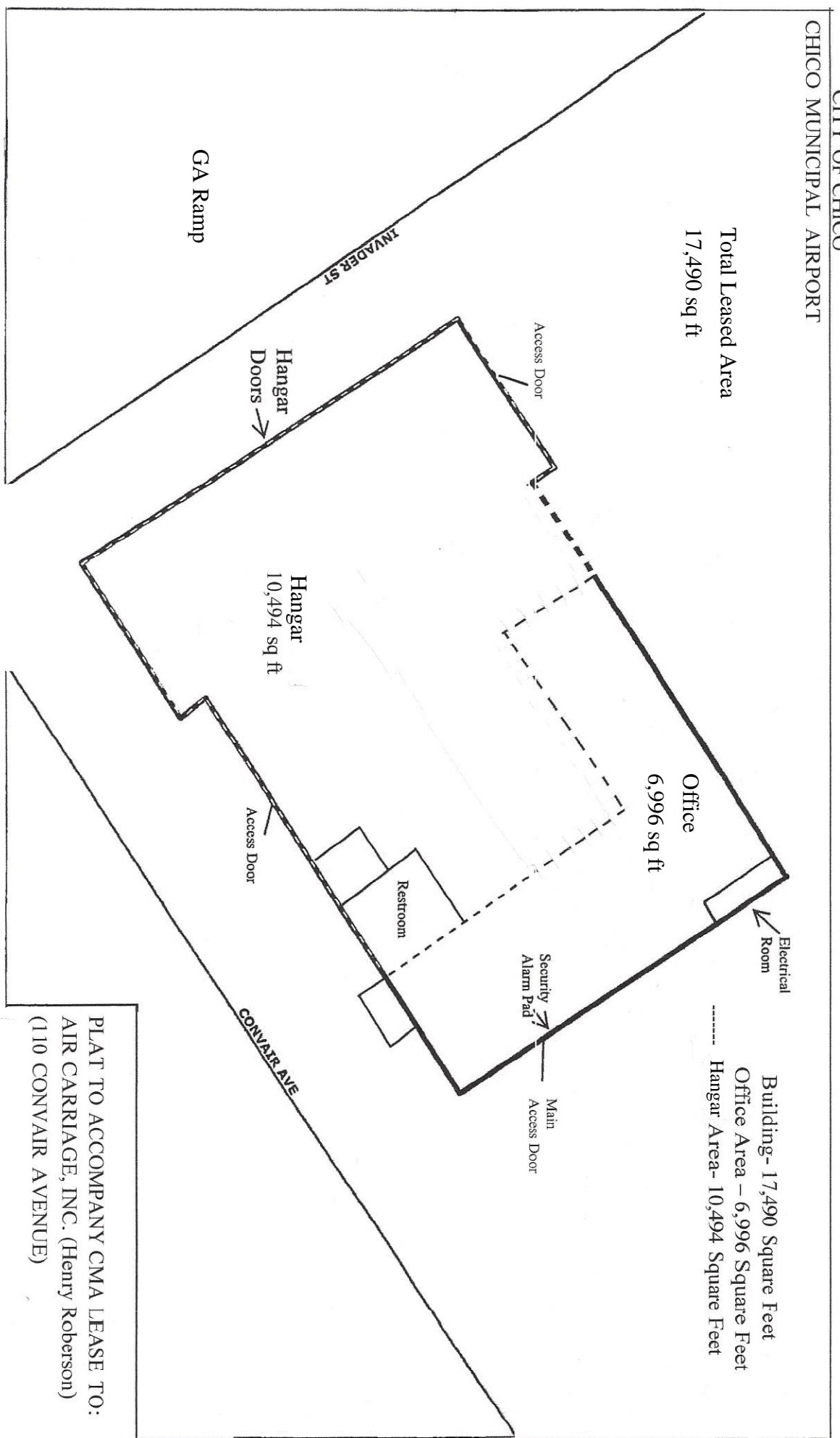
1. On 10/29/2019 at a meeting of the Airport Commission, a lease with Yeastern Air, LLC. was assigned to Air Carriage Inc. (Henry Roberson) in accordance with staff recommendation.
2. Henry Roberson wished to amend some parts of the current lease. Staff and Henry Roberson discussed and negotiated the following main points of the amendment: Area, Use, Rent, Term and First Right of Refusal.
3. Area. The floor space shall be increased to include all of the hangar and office area including the restroom and kitchenette (approximately 17,490 sf total).
4. Use. The current use of the hangar is for private storage of one aircraft. The new use is for rental storage of multiple aircraft which is a commercial use. Commercial type maintenance is allowed. Commercial painting is not allowed.
5. Rent. Current rents are based on a flat rate of \$1,500.00 per month. The new rate will be \$2,100 per month and is based on increased area and commercial use. It is based on the square footage of the hangar floor space of 10,494 sf. The office area of 6,996 sf is included in the leased area but not used in the rate calculation. The rate is similar to the rate other lessees at Chico Airport pay.
6. Term. The term of the lease shall remain Month to Month tenancy.
7. First Right of Refusal is amended as follows: In the event that any offer is made during the term of this lease by a third party to pay a rate based on the whole buildings square footage of 17,490 sf, if the offer is acceptable to City in City's sole discretion, then City shall, prior to an acceptance of the offer, provide Lessee written notice of the offer, including the name and address of the proposed lessee, and current Lessee shall have the option and right of first refusal for 30 days after receipt of such written notice to elect to pay for the whole buildings square footage of 17,490 sf provided that Lessee provides written notice of its election to City within the 30-day period. Lessee's failure to exercise its option shall not affect the terms of this lease nor Lessee's rights and obligations under this lease.
8. In accordance with AP&P 90-16: The amendment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION:

Adopt – minute order authorizing the City Manager to execute Amendment No. 1 to Lease of Improved Property, Chico Municipal Airport, 110 Convaire Ave., (City of Chico/Air Carriage Inc., Henry Roberson, Lessee).

CITY OF CHICO
CHICO MUNICIPAL AIRPORT

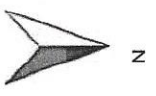
Total Leased Area
17,490 sq ft



Building- 17,490 Square Feet
Office Area - 6,996 Square Feet
Hangar Area- 10,494 Square Feet

PLAT TO ACCOMPANY CMA LEASE TO:
AIR CARRIAGE, INC. (Henry Roberson)
(110 CONVAIR AVENUE)

EXHIBIT
"A"





Airport Commission Agenda Report

Meeting Date: January 24, 2020

TO: City of Chico, Airport Commission

FROM: Sherry Miller, Airport Manager 530-896-7216

RE: New Airport Standard Lease

REPORT IN BRIEF:

Since 2018, staff has honed a new airport lease agreement and leasing policy with Airport Commission guidance. Both documents are presented at today's meeting for further discussion and approval.

Recommendation:

Staff recommends the Airport Commission approve the new lease document with exhibits and the new lease policy and recommend staff present them to the City Council for approval.

FISCAL IMPACT:

None.

BACKGROUND:

The City needs to change the lease format to make end of term options clearer to a new lessee and to closely align with FAA guidance and CA State Code (50478). The new lease includes a reversion clause for new construction that is industry standard in airport ground leases and most commercial building leases and, will include language that complies with State law requiring that a local agency not enter a lease greater than 50 years.

At the **March 13, 2018** meeting the Airport Commission started the most recent discussions regarding the City's Airport leases, reversion clauses, and an Airport leasing policy. Staff's concerns included the potential for non-compliance with FAA recommendations that could jeopardize future airport improvement grant assurances. Staff also has concerns with long term airport fiscal solvency and established an overall objective to reduce the General Fund 001 annual subsidy. Staff work tirelessly to push the Airport to be financially self-sustaining and operate truly as an Enterprise fund. To operate as an Enterprise Fund the Airport must function in a manner where the costs of operation and maintenance are fully supported by revenues generated by the users of the facility.

At the **October 30, 2018** meeting the Airport Commission asked staff to return with a reversion transition option for current tenants that included two 30-year terms with end of term options to include renegotiation, removal of improvement, or ultimately reversion. Staff was also asked to continue work on a creating new lease.

At the **January 29, 2019** meeting the Airport Commission heard new lease end of term options and asked staff to return with a narrowed version for new construction outlining what term categories should be per the amount of investment in improvements or construction.

At the **April 30, 2019** meeting the Airport Commission considered the narrowed options and moved to approve option that new construction permanent hangars and new to the Airport tenants will be on the new standard Airport lease. The new standard lease will include reversion of improvements at the end of lease term and a 50-year term limit.

At the **July 30, 2019** meeting the Airport Commission approved of the direction staff was going with the new lease policy and requested staff continue to work on the draft new lease and return with it at the October 29, 2019 meeting. The Airport Commission has heard reversion options at each meeting since March 2018 and asked staff to continue to refine end of term options for both existing leaseholds and new construction.

At the **October 28, 2019** meeting, the Airport Commission gave staff detailed comments regarding language and clarity and asked that staff return to the January 28, 2020 meeting with their recommended changes.

DISCUSSION:

Since 2018, staff has honed a new airport lease agreement and leasing policy with Airport Commission guidance. Both documents are presented at today's meeting for further discussion and approval. The Airport Lease Agreement has a main section with clauses that will go mostly untouched and with exhibits that will be tailored to individual tenants and different circumstances. The lease policy has been refined with the City Attorney's recommendations and mirrors the new lease document.

Staff have also incorporated the City Attorneys recommendations into the new lease policy (draft). It is presented at this meeting with recommended changes.

Prepared By:

Sherry Miller

Sherry Miller, Airport Manager

DISTRIBUTION:

Agenda Packet
City Clerk

LEASE OF PROPERTY AT THE CHICO MUNICIPAL AIRPORT

THIS LEASE, made and executed on _____, between the City of Chico, a municipal corporation of the State of California, (“City”), and _____ (“Lessee”).

Lessee Name:		
Lessee Address:		
Lessee Phone: Alternate Phone:	Lessee Email:	
Emergency Contact:	Emergency Contact Phone:	
*fill out section below if applicable		
Pilot Name	Type:	License No:
Aircraft Make and Model, # of Engines, and # of Seats:	Registration No.:	Registered Owner:
*additional aircraft should be identified in Exhibit C		

For Office Use Only

Hanger No.:	Lease area (sq. ft.):	Aviation Lease Types: <input type="radio"/> Hangar Lease (General Aviation) <input type="radio"/> Hangar Lease (Commercial Aviation) <input type="radio"/> Ground Lease (General Aviation) <input type="radio"/> Ground Lease (Commercial Aviation)
Commencement Date:	Length of Initial Term:	
Initial Annual Rent:	Market Rate Adjustment Date:	Non-Aviation Lease Types: <input type="radio"/> Non-Aviation (ground) <input type="radio"/> Non-Aviation (structure) Proposed Use: _____ _____ _____ _____ Common/Hangar Area access needed (y/n) _____
*subject to escalations Attachments: Ex. A – Lease Area Ex. B – Easements Ex. C – General Conditions Ex. D – Special Conditions Ex. E – Insurance Requirements Conditions		

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

Mark Orme, City Manager*

By: _____

*Authorized pursuant to the provisions of
City Council Minute Order _____

Its: _____

approved on _____.

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Andrew L. Jared, City Attorney*

Sherry Miller, Airport Manager

*Pursuant to The Charter of the
City of Chico, Section 906(D)

APPROVED AS TO CONTENT:

Scott Dowell, Administrative Services Director*

*Reviewed by Finance and Information Systems

WITNESSETH:

WHEREAS, City is the owner of certain real property located at the Chico Municipal Airport (“Property”) which has been set aside by City for the erection of hangars/that contains an aircraft hangar to be used for the storage of aircraft operated by those persons using the facilities of the Chico Municipal Airport; and

WHEREAS, City desires to lease to Lessee space on the Property for the purpose(s) further described in Section 2 and Exhibit C to be used by Lessee at the Chico Municipal Airport, all in a manner consistent with the purposes for which City has set aside such property at the Chico Municipal Airport.

NOW, THEREFORE, in consideration of the promises hereinbefore set forth, City leases to Lessee and Lessee hires from City all of the real property at the Chico Municipal Airport hereinafter described for the term and subject to the covenants and conditions hereinafter set forth.

1. DESCRIPTION OF PREMISES

The property leased by City to Lessee and hired by Lessee from City shall consist of that portion of the Chico Municipal Airport delineated on the plat attached hereto marked Exhibit A, entitled “Lease Area” and by this reference incorporated herein (“Premises”).

2. USE OF PREMISES

The Premises shall be used by Lessee in accordance with the use description included in

coversheet and Exhibit C, attached hereto and incorporated by reference.

In the event Lessee desires to use the Premises for any use not expressly authorized hereby, Lessee shall submit a written request to City specifically detailing the requested use of the Premises and requesting City's consent thereto. Lessee acknowledges and agrees that Lessee shall have no right to any other use of the Premises and that City may refuse to consent to any change in use of the Premises or condition its consent to any change in use of the Premises upon any and all conditions as City, in the sole discretion of City, may require. Any unauthorized use of the Premises by Lessee without the prior written consent of City shall constitute a default under the terms of this lease and authorize City to exercise all rights and remedies provided hereunder or otherwise provided by law. City's consent to the requested use is also contingent on Lessee obtaining all necessary licenses, permits, and approvals. If all necessary approvals are not obtained within six (6) months of the City's consent to the requested use, or the requested use is not in compliance with all applicable federal, state, and local laws and regulations, then said consent shall be deemed revoked. The City may, in its sole discretion, extend the deadline to obtain all necessary approvals an additional six (6) months, by providing notice to the Lessee prior to the expiration of the initial six (6) month period. The City's consent to the requested use in its capacity as Lessor, shall not be construed to provide approval of any other necessary permits or approvals associated with the requested use.

3. LEASE TERM

a. Initial Term

The initial term of this lease shall be for the period of years indicated on the coversheet under the section entitled "Length of Initial Term", and shall commence as described under the Lease Term - Commencement Date section of Exhibit C ("Commencement Date").

b. Extended Term

At the end of the initial term, this lease shall automatically be extended for successive one-year terms commencing on the anniversary of the Commencement Date of each year thereafter unless either party to this lease gives to the other party hereto written notice of its intention to terminate this lease at least 60 days prior to the expiration of the initial term or any such extended term. Initial term and Annual extensions shall not result in a total term that exceeds fifty (50) years.

4. RENT

a. Basic Rent

As initial rent for the Premises, Lessee agrees to pay to City the sum indicated on the

coversheet per year. The initial payment is due on the Commencement Date and shall be for the full amount of the first year's rent. For each subsequent year during the initial term, or any extended terms, the rent shall be due and payable on the anniversary of the Commencement Date of this lease. Such rent shall be payable to the City's Finance Office, 411 Main Street, Chico, California 95928 if in person or (P.O. Box 3420, Chico, California 95927-3420) if by mail.

b. Rent Adjustments

Beginning on the anniversary of the Commencement Date, and each year thereafter, the rent shall increase by 2% per year over the rental rate for the prior year.

c. Market Rate Adjustment

Beginning on the Market Rate Adjustment Date indicated on the coversheet and every five (5) years after, the current rents shall be increased based on a market rent study conducted by the Airport Manager and as approved by the City Manager. The market rent adjustment will be conducted as outlined in the City's Airport Leasing Policy.

5. LATE PAYMENT OF RENT

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 pay to City an additional sum of 10 percent 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. In addition, after fourteen (14) days, any amount past due shall accrue interest at a rate of 10% per annum. 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.

6. RESERVATION OF EASEMENTS

a. Avigation Easement

City reserves to itself an easement and right of way for the unobstructed passage of aircraft in the airspace above the Premises, said easement to be for the benefit of City and all members of the general public operating aircraft which land at or take off from the Chico Municipal Airport. Concomitant and coextensive with said easement and right of way, City shall have the further right to cause in all airspace above the surface of the Premises 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 Municipal 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 Premises which extends into the navigable airspace over the Premises, and not to use or permit the use of the Premises in such a manner as to create electrical interference with radio communications between aircraft and the Chico Municipal Airport, to make it difficult for flyers to distinguish between airport lights and other lights, to impair visibility in the vicinity of the Chico Municipal Airport, or to otherwise endanger aircraft landing at or taking off from the Chico Municipal Airport. Lessee further agrees that in the event it causes or permits any structure, natural growth, or other object on the Premises which extends into the navigable airspace over the Premises, or otherwise causes or permits any condition on the Premises which endangers aircraft landing at or taking off from the Chico Municipal Airport, then City shall have the right to enter upon the Premises and to remove such structure, natural growth, object, or condition endangering aircraft landing at or taking off from the Chico Municipal Airport, all at Lessee's sole cost and expense.

b. Existing Easements

Lessee acknowledges that existing utility easements are held by other parties at the Chico Municipal Airport. Such easements include, but are not limited to, an easement for the placement and maintenance of a water main under property at the Chico Municipal Airport held by California Water Service Company (Cal Water, an easement reserved by the City for the placement and maintenance of a storm drain), and easement reserved by the City for the ownership, placement and maintenance of a sewer main as depicted in Exhibit B, entitled "Easements".

Lessee agrees not to construct or place any facility over such easements and improvements within such easements without prior written consent of the City and the party holding such interest in the easement. Lessee acknowledges that it is Lessee's duty to locate and ensure that no easements or utilities will be interfered with or affected by any construction of behalf of Lessee, prior to commencing such construction. Lessee agrees to temporarily vacate Premises on the Premises upon notification from City that such temporary vacation is necessary in order for City or the corresponding easement holder to conduct maintenance or repairs within any current or future easements. In the event a temporary vacation of the Premises is required, City shall prorate Lessee's rent to account for the period during which the temporary vacation is required. Lessee shall be responsible for any notification, relocation, and accommodation of Lessee's tenants, and all costs related to the temporary vacation of the Premises. Lessee agrees to hold City harmless from any and all liability for damages caused by any leak or break in the water main, storm drain, or sewer main or due to the temporary removal and relocation of any property.

e. Reservation of Future Utility Easements

In addition to all easements listed above, City hereby reserves the right to construct, install, place and maintain utility lines for all customary utility services under, over, across or through the Premises at such locations as City shall require.

7. QUIET ENJOYMENT

Subject to the rights of City expressly reserved herein, Lessee shall be entitled to the peaceful possession and quiet enjoyment of the Premises during the term of this lease except during periods when aviation-related special events are being conducted at the airport. Lessee hereby acknowledges that air shows may be held at the airport and that certain inconveniences, such as lack of parking and restricted access, may occur while the air shows or other aviation-related special events are being conducted at the airport. Lessee agrees to relinquish operational use of any common area of the airport during closure of the airport for any such aviation-related special events. Lessee further agrees that Lessee shall not be entitled to any compensation or reduction of rent as a result of Lessee's inability to use or inconvenience associated with the use of the Premises while the aviation-related special events are being conducted at the airport.

8. USE OF COMMON AREAS

Unless otherwise limited under Exhibit C, as part of this lease, Lessee shall be entitled to use the public facilities and improvements at the Chico Municipal Airport including the runways, taxiways, common use portions of the aprons, and navigational aids maintained by City at the Chico Municipal 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. Nothing in this section shall be construed as an exemption from Landing Fees.

9. RIGHT OF ACCESS TO AIRCRAFT HANGAR AREA

Unless otherwise accounted for in Exhibit C, incident to the use of the Premises, Lessee shall also have a right of access to the aircraft hangar area through the vehicle gate which separates the hangar area from Fortress Street. To provide Lessee with a means of exercising such right of access, City agrees to furnish Lessee with an airport gate access card concurrently with the execution of this lease. Access to the Air Operations Area may be subject to restrictions imposed by the Federal Aviation Administration or the City. Each card issued must be approved by City prior to issuance to any individual or company. All fees associated with the issuance and use of such cards are subject to periodic adjustments in the City's Master Fee Schedule. However, to avoid compromising security within the aircraft hangar area, Lessee agrees not to lend the card to anyone. In addition, Lessee agrees to report a lost or stolen card to City immediately, and to return the card to City when access to the Air Operations Area of the Chico Municipal Airport is no longer required by Lessee.

10. CITY'S RIGHT OF ENTRY AND INSPECTION

Lessee shall permit City and any agents and employees of City to enter in and upon, and inspect in, on, or about the Premises and any improvements thereon, at reasonable times for:

- a. Any lawful purpose;
- b. Determining whether or not Lessee is complying with the provisions hereof and fulfilling the obligations hereunder;
- c. Inspecting the Premises, any improvements thereon, and contents therein;
- d. Posting notices of non-responsibility for alterations, additions, or repairs;
- e. Making any required repairs and performing any required maintenance; and
- f. Determining whether or not any hazardous materials are present and being handled and stored in a proper manner.

City agrees to provide Lessee with a minimum of 48 hours advance notice before exercising either City's right of entry or City's right of inspection in, on, or about the Premises and any improvements thereon, except in cases of emergency where no notice would be required if City's entry would be necessary or beneficial in preventing serious harm to persons or property. Lessee agrees to facilitate and provide City and any agents and employees of City access to the Premises and any improvements thereon, including but not limited to, locked hangars and storage facilities.

Lessee shall permit City and any agents and employees of City to enter and inspect the Premises and any improvements thereon, without any rebate of rent and without any liability to Lessee for any loss of occupation of the Premises thereby occasioned.

11. COMPLIANCE WITH LAWS

In its use of the Premises provided for by this lease, Lessee shall comply with all applicable statutes, ordinances, regulations, or grant assurances now or hereafter required or adopted by any federal, state, or county governmental entity, and with all ordinances, regulations, policies, grant assurances and guidelines now or hereafter required or 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 "Minimum Standards for Conducting Aeronautical Activities at the Chico Municipal Airport" adopted by City's Airport Commission and City Council;
- c. The land use regulations applicable to the Chico Municipal Airport adopted by the City Council of City; and

- d. Any and all Grant Assurances entered into between City and the Federal Government; and
- e. Any and all Orders and Advisory Circulars issued by the Federal Government.

12. WASTE, NUISANCE, AND HAZARDOUS MATERIALS

In its use of the Premises, Lessee shall not commit nor allow to be committed any waste on the Premises or common areas, 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 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 Premises other than as is provided for in Paragraph 2. Use of Premises and Exhibit C 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 Premises which will in any way injure 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, contractors, 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 2 and Exhibit C. 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. Lessee shall be required to obtain all applicable Fire Department permits necessary 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 Municipal 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 Municipal Airport including, but not limited to soil, air, and groundwater conditions, and shall not contaminate the Chico Municipal Airport or the subsurface with any Hazardous Material.
- b. Lessee shall restrict the use of Hazardous Materials on the 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 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 Municipal 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 sewer or storm drain system.
- d. Lessee shall be solely and fully responsible and liable in the event Lessee causes or permits Hazardous Materials to be released at the Chico Municipal Airport, or to enter the City's sewage 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 sewage or storm drainage system, soil, air, groundwater or any improvements, or from otherwise being released on the Chico Municipal Airport. If at any time a release of Hazardous Materials is discovered on the Premises, the Chico Municipal 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, contractors, 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 Municipal Airport or the groundwater underlying the Chico Municipal Airport, or the City's soil, air, storm drainage, and sewage system, in accordance with requirements of all appropriate governmental authorities.

13. 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 Premises or exercise of the landing privileges provided for by this lease, 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, all of Lessee's rights in and to the Premises, and Lessee's landing privileges, all 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 Premises, any sublease of the Premises, or any other agreement granting to any person the right to use any of the services or facilities provided by Lessee on the Premises.

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

In its use of the Premises or exercise of the landing privileges provided for by this lease, 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 subaviation-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 subaviation-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, Lessee's rights in and to the Premises, and Lessee's landing privileges, all in the manner hereinafter provided by this lease.

14. COVENANT AGAINST ECONOMIC DISCRIMINATION

In its use of the Premises and exercise of the landing privileges provided for by this lease, 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, all of Lessee's rights in and to the Premises, and Lessee's landing privileges, all 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 Premises, any sublease of the Premises, or any other agreement granting to any person the right to use any of the services or facilities provided by Lessee on the Premises.

15. RIGHTS OF FEDERAL GOVERNMENT

This lease, all of Lessee's rights in and to the Premises, and all of the landing privileges provided for by this lease 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 Municipal Airport, copies of which shall be maintained on file in the office of City's Airport Manager;
- 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 Municipal 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 Municipal Airport during a time of war or national emergency.

16. ACCEPTANCE OF PREMISES

Lessee understands that the Premises 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 Premises, itself, might

contain such underground tanks and other underground facilities. Moreover, Lessee understands that portions of the groundwater underlying the Premises 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 Premises and perform any tests of the soils thereon and/or the groundwaters thereunder, all in order to afford Lessee a full and complete opportunity to investigate such soils and groundwaters and/or determine whether the Premises can be developed and used for the purposes for which it is being leased.

Lessee 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 Premises or as to the suitability of the property for its intended use, save and except for the representation and warranty that, to the best of its knowledge, no City officer, employee, or agent has caused any condition of pollution or contamination on the Premises. 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.

By reason of the foregoing, Lessee agrees to accept the Premises in its present condition and "as is" with respect to all conditions which now exist on or under the Premises. 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 Premises, its soils, and/or the groundwaters underlying the Premises, including, but not limited to, any claim of indemnity which Lessee may have by reason of costs incurred by Lessee arising out of the removal of underground tanks and other underground facilities hereafter detected on the Premises, and/or the abatement or cleanup of any other condition of pollution or contamination now or hereafter discovered on the Premises and 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. In connection with this release, Lessee waives the provisions of Section 1542 of the California Civil Code which provide:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

17. IMPROVEMENTS

Subject to any rights or obligations provided for under the Improvements section of Exhibit D, Lessee shall not make, or allow to be made, any alterations, physical additions, improvements or partitions, including without limitation the attachment of any fixtures or equipment ("Improvements"), in, about or to the Premise without obtaining the prior written consent of City's Airport Manager, which shall not be unreasonably

withheld. City's Airport Manager shall have the right to review all plans, drawings, specifications, permits, and license and prior to issuing written consent. Any authorizations issued by the City for the purpose of applying for entitlements for the Improvements shall not be considered City's written consent for the Improvements.

All costs associated with installing the Improvements referred to in this section shall be borne by the Lessee, including any Improvements necessary for compliance with all applicable laws and regulations (including, without limitation, the Americans With Disabilities Act).

The Lessee shall obtain all necessary building and land use permits and approvals prior to making any alterations or additions to the Premises, and such permits and approvals will be at the Lessee's sole cost. Nothing in this Lease shall be construed as the City's approval of any required local permits for improvements on the Premises.

Unless otherwise provided for in Exhibit D, upon termination of this Lease, or upon the expiration of the term, use, possession and enjoyment of the Premises, any and all fixtures and improvements existing thereon shall thereupon revert to the City at no cost. However the City, in its sole discretion, may request certain improvements or fixtures be removed prior to the last day of the final term (including all extension terms) of this Lease ("End of Term"), and Lessee shall, prior to the End of Term, remove such improvements or fixtures and restore the property to its original condition at the time the Lessee first took possession of the Premises. Unless otherwise designated for removal on Exhibit D (which requires no additional notice), City must provide the request to remove certain improvements or fixtures in writing and at least thirty (30) days prior to the End of Term and the request may not include removal of improvements or fixtures that existed prior to Lessee's possession of the Premises. If any of the requested improvements or fixtures are left on the Property after the End of Term, they shall be considered abandoned. City, in its sole discretion, may elect to remove all or a portion of the abandoned property and Lessee shall reimburse City for the cost of removal and restoration within thirty (30) days of invoice by the City.

Lessee acknowledges that City has made no representations as to whether any persons associated with construction of improvements on the Property must be paid the prevailing per diem wage rate for their labor classification, as determined by the State of California, pursuant to California Labor Code Sections 1720 et seq. City and Lessee acknowledge that Lessee shall be solely responsible for determining whether persons associated with construction of improvements on the Property undertaken by Lessee must be paid the prevailing per diem wage rate for their labor classification, as determined by the State of California, pursuant to California Labor Code Sections 1720 et seq. City shall not be under any duty or obligation to monitor or ensure the compliance of Lessee with any State of California labor laws, including, without limitation, prevailing wage laws. Lessee shall indemnify City against any claims pursuant to California Labor Code Section 1781 arising from Lessee's construction of any improvements, work or alterations on the Property.

18. UTILITIES

During the initial or extended term of this lease, Lessee shall have the right to connect, with City's written consent, the Premises and all improvements thereon and facilities appurtenant thereto to the sewer system owned, operated, and maintained by City at the Chico Municipal Airport at Lessee's cost. All other utilities shall be provided to the Premises by Lessee at its sole cost and expense and City shall have no responsibility of any kind for any thereof.

19. MAINTENANCE AND REPAIR

During the initial or extended term of this lease, Lessee shall, at its sole cost and expense, keep and maintain the Premises and any improvements located thereon, in good, sanitary, and neat order, condition, and repair. Lessee's failure to maintain the Premises in the manner described herein shall be considered a default on the part of the Lessee under this Agreement.

20. DESTRUCTION OF HANGAR OR OTHER CASUALTY

Per Exhibit E, Insurance Requirements, Lessee shall be required to carry Property and extended coverage insurance for the duration of the Initial and any Extended terms. If, during the Initial or Extended terms of this Lease, the Premises or a portion thereof, is destroyed by fire or other casualty, Lessee shall immediately notify City of the damage. Lessee shall be required to repair or rebuild the Premises and any improvements thereon, and shall promptly commence such repairs, unless City, in its sole discretion, determines that it is not commercially reasonable to do so, or such damage is the direct result of the sole negligence or willful misconduct of the City or its agents. Any repair, replacement, or rebuilding of a damaged hanger is subject to the City's Airport Manager's review and approval process referred to in Section 17. The approval by City's Airport Manager of the plans and specifications for a hangar to be erected on the Premises shall not, however, relieve Lessee from the duty and responsibility to obtain and pay the costs of any permit, license, or approval required under any federal, state, or local laws, rules, or regulations prior to the construction and installation of such improvements. Any approval or determination by the City Airport Manager, shall not be construed as granting approval or consent for such improvements on behalf of any other governmental or regulatory entity with applicable jurisdiction.

If Lessee is not required by the City to repair, replace or rebuild the damaged Premises under this section, Lessee shall restore the Premises to the original condition at the time Lessee took possession, and either Lessee or City shall have the right to terminate this lease and by giving the other party at least sixty (60) days' notice of such termination. City shall refund to Lessee that prorated portion of the annual rent from the date of termination to the end of the current term. If the notice period exceeds the current term, then Lessee shall pay to City the prorated portion of the annual rent for the period that exceeds the current term, but in no event shall this be considered an extension or holdover term.

21. CITY'S RIGHT TO RELOCATE LESSEE FOR AIRPORT DEVELOPMENT AND LESSEE'S RIGHT TO TERMINATE LEASE

If, during the term of this Lease, City requires the Premises for Airport improvement, expansion or development, as determined within the sole discretion of City, City shall give Lessee at least ninety (90) days' written notice to relocate to another site at the Airport selected by City, in accordance with the then approved Airport Layout Plan. If Lessee is required to relocate to a new site selected by City, Lessee shall provide City with three (3) reasonable estimates for the relocation. Within thirty (30) days of receipt of the estimates, City shall inform Lessee whether or not there are sufficient funds, in its sole discretion, to reimburse Lessee for the costs associated with the relocation.

If sufficient funds are available, City shall inform Lessee to proceed with the relocation and shall reimburse Lessee for all actual expenses reasonably incurred by Lessee in the relocation, upon submission of invoices to the City. However, City shall not be responsible for any reimbursement in excess of the estimate for relocation provided, and Lessee shall bear responsibility for any overages.

If there are not sufficient funds available, City shall inform Lessee of the amount of reimbursement it is willing to provide, in its sole discretion, and Lessee may elect to either cover the excess costs of relocation or terminate the lease at the end of the ninety (90) day notice period regarding relocation. In no event shall the City be required to reimburse Lessee out of the City's General Fund.

Should Lessee relocate in accordance with this paragraph, all terms and conditions of this Agreement shall remain in full force and effect for the remainder of the term, except that the parties shall enter into an amendment describing the new location of the Premises. If Lessee elects to terminate this Lease, Lessee shall be relieved of all further obligations under this Agreement, except for obligations which survive the expiration or early termination of this Agreement as expressly provided for herein, , and Lessee shall remove Lessee's aircraft hangar and other personal property from the Premises prior to the termination date. Lessee shall be responsible for all costs of removal and for any restoration of the Premises that may be required as a result of the removal.

22. INDEMNIFICATION

To the fullest extent permitted by law, 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 Lessee's or Lessee's officers', employees', subcontractors', consultants' or agents' use of the Premises or activities 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.

23. INSURANCE

a. Type and Amount of Insurance

Lessee shall obtain insurance policies in accordance with requirements set forth in Exhibit E

b. Disposition of Insurance Proceeds

In the event the improvements now or hereafter constructed and installed on the Premises or any facilities appurtenant thereto are damaged or destroyed from a risk covered by the insurance policy required by this Lease, 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 the 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 contractor retained by Lessee to perform the repair or restoration work as such work progresses, such payments to be made upon presentation of a certificate or voucher from any responsible architect or engineer having supervision of the repair or restoration work showing the amount due. 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 the 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.

In the event Lessee shall at any time by mortgage, deed of trust, or other security instrument, encumber its leasehold estate or interests in and to the Premises as hereinafter provided for, and authorize the mortgagee or trustee named therein to enter upon the Premises on Lessee's behalf and undertake or prosecute the work of repairing or restoring any improvement on the Premises or any facilities appurtenant thereto damaged or destroyed by fire or other cause, and to have and receive for its use for such purposes such insurance proceeds, such insurance proceeds shall be fully available to such mortgagee or trustee as to Lessee as above provided and it shall in like manner and to like extent be applied by such mortgagee or trustee to such repair or restoration work.

24. LIENS

During the initial or extended term of this lease, Lessee shall keep the Premises 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 Premises. 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 Premises, including any of the improvements now or hereafter located on the Premises, 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 nonresponsibility.

25. TAXES AND ASSESSMENTS

During the initial or extended term of this lease, Lessee shall pay all taxes and assessments levied on the Premises. Lessee acknowledges that (i) the Property may be subject to possessory interest tax as a result of this Lease; and (ii) the Lessee shall pay the property tax or possessory interest tax levied on the Lessee's interest in the Premises.

26. SALES, ASSIGNMENTS, TRANSFERS, AND SUBLEASES

Unless otherwise authorized to do so in this Lease and subject to any provision of Exhibit D, Lessee shall not sell, assign, or transfer, this lease or any interest of Lessee in and to

the Premises, nor sublease the Premises, in whole or in part, without the prior consent of the City, which consent shall not be unreasonably withheld. Any sub-lessee or successor-in-interest to Lessee shall be bound by the terms of this agreement and shall not be permitted any unauthorized uses beyond what is authorized in this agreement unless consent is provided by the City in writing. Neither shall this lease, nor any interest of Lessee in and to the Premises, be subject to an involuntary sale, assignment, transfer, or sale, assignment, or transfer by operation of law in any manner whatsoever. Any unauthorized sale, assignment, transfer, encumbrance, or sublease, whether voluntary or involuntary, without City's consent 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 Premises in the manner hereinafter provided by this lease.

27. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE PREMISES

Unless otherwise provided for under Exhibit D, Lessee may not encumber, by mortgage, deed of trust, or other security instrument, its leasehold estate and interest in and to the Premises.

28. TERMINATION OF AGREEMENT BY CITY FOR OTHER CAUSES

City may terminate this Agreement upon 30 days' written notice to Lessee upon the occurrence of any of the following events:

- a. The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial portion thereof, that in City's sole judgment substantially restricts Lessee's authorized use of the Premises for a period of at least 90 days;
- b. The issuance by a court of competent jurisdiction of a permanent injunction which prevents or restrains the use of the Airport, or any part thereof, for Airport purposes where the prevention or restrained of such use, in the sole judgment of City, substantially restricts City's use of the Airport for Airport purposes or substantially restricts Lessee's authorized use of the Premises; or
- c. The existence or operation of any rule, regulation, sponsor assurance or order of the Federal Aviation Administration, directly or indirectly, requiring the discontinuance or, in City's sole judgment, substantial reduction of the use of the Airport for Lessee's authorized use of the Premises.

29. 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 which Lessee is a party with authority to take possession or control of the Premises 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, Lessee's rights in and to the Premises, all in the manner hereinafter provided by this lease.

30. DEFAULT

Unless otherwise provided for in this Lease, Lessee shall be deemed in default under this lease as follows:

- a. Upon breach of any of the covenants and conditions of this lease, which breach cannot be cured, immediately upon being given notice thereof by City.
- b. Upon failure to pay any rent or any other charge required under this lease to be paid by Lessee to City when due.
- c. Upon the abandonment or surrender of the Premises for a period of fifteen (15) consecutive days; and Lessee's failure to use and occupy the Premises, or provide notice of Lessee's intent to continue such tenancy within ten (10) days of Lessee's receipt of City's written notice of such breach.
- d. 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.

31. REMEDIES ON DEFAULT

a. City's Right to Terminate Lease

Upon Lessee's default of this lease, City shall have the right, subject to all statutory requirements, to terminate this lease as well as Lessee's rights in and to the Premises provided for herein, to enter upon and retake possession of the Premises, 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 Premises 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 Premises for Lessee's Account

Upon Lessee's default under this lease, City shall also have the right, subject to all statutory requirements, and without terminating this lease, to enter upon and retake possession of the Premises, including all improvements thereon and fixtures appurtenant thereto, 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 Premises and shall apply the same first to the payment of all costs and expenses incurred by City in the operation or reletting of the Premises and any alterations or repairs reasonably necessary to enable City to operate or relet the Premises, 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 retained by the City. 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 sole discretion, the continued default by Lessee could cause imminent harm to (i) any persons; or (ii) the Premises, including any improvements thereon or facilities appurtenant thereto; or (iii) to the rights of City; City may, without any additional notice and under no obligation, elect to perform those acts in respect of which Lessee is in default at Lessee's expense. Lessee shall reimburse City, with interest at the rate of 10 percent per annum, within 30 days of invoice by City.

d. Continuation After Default

Even though an event of default may have occurred, this Lease shall continue in effect for so long as City does not terminate Lessee's right to possession under this section. City shall have the remedy described in California Civil Code Section 1951.4 ("Lessor may continue lease in effect after Lessee's breach and abandonment and recover Rent as it becomes due, if Lessee has the right to sublet or assign, subject only to reasonable limitations"), or any successor code section. Accordingly, if City does not elect to terminate this Lease on account of any event of default by Lessee, City may enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due. Acts of maintenance, preservation or efforts to lease the Premises or the appointment of a receiver under application of City to protect City's interest under this Lease or other entry by City upon the Premises shall not constitute an election to terminate Lessor's right to possession.

e. 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.

32. 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, obligation, benefit or restriction of this lease.

33. EFFECT OF HOLDING OVER

Any holding over after the expiration of the End of Term of this lease, shall be construed to be a tenancy from month-to-month at 150 percent of 1/12th of the annual rent at the End of Term to be paid by Lessee to City pursuant to the terms of this lease and shall otherwise be subject to the covenants and conditions herein provided by this lease, insofar as applicable.

34. 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
150 Airpark Blvd. Suite 110
Chico, CA 95926
- b. To Lessee: All notices to Lessee shall be sent to the Lessee's address listed on the coversheet.

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.

35. AMENDMENTS

This lease may be modified or amended only by a writing duly authorized and executed

by both City and Lessee, or their successors-in-interest. 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.

36. 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.

DRAFT

EXHIBIT A
Lease Area

DRAFT

EXHIBIT B
Easements

DRAFT

EXHIBIT C
General Conditions

DRAFT

EXHIBIT C
General Conditions

Lessee Name:
Hangar No/Address:
Commencement Date:

COVERSHEET. IDENTIFICATION OF STORED AIRCRAFT

Not Applicable

2. USE OF PREMISES

The Premises shall be used by Lessee for the purposes stated under the Non-Aviation Lease Types section under Proposed Use. This includes all ancillary uses within the normal course of business for any uses indicated on the Coversheet. Any particular uses that are prohibited by any applicable laws, rules, ordinances, or regulations shall not be considered invalid.

3(a). LEASE TERM - COMMENCEMENT DATE

The initial term of this lease shall commence on the 1st day of the month following the latter of (i) approval of this agreement by Chico City Council; or (ii) full execution of the Agreement.

8. USE OF COMMON AREAS

Unless indicated with a “Y” in the “Common/Hangar Area access needed (y/n)” question of the Non-Aviation Lease Types section of the Coversheet, any non-aviation Lessee shall not be permitted access to the Common Areas described under Section 8. Use of Common Areas of the Lease.

9. RIGHT OF ACCESS TO AIRCRAFT HANGAR AREA

Unless indicated with a “Y” in the “Common/Hangar Area access needed (y/n)” question of the Non-Aviation Lease Types section of the Coversheet, any non-aviation Lessee shall not be permitted access to the Hangar Area described under Section 9. Right of Access to the Aircraft Hangar Area of the Lease.

EXHIBIT C
General Conditions

Lessee Name:
Hangar No/Address:
Commencement Date:

COVERSHEET. IDENTIFICATION OF STORED AIRCRAFT

Not Applicable

2. USE OF PREMISES

The Premises shall be used by Lessee for the purposes stated under the Non-Aviation Lease Types section under Proposed Use. This includes all ancillary uses within the normal course of business for any uses indicated on the Coversheet. Any particular uses that are prohibited by any applicable laws, rules, ordinances, or regulations shall not be considered invalid. Lessee shall be allowed to construct a structure on the Premises subject to the procedures and required approvals under Section 17. Improvements.

3(a). LEASE TERM - COMMENCEMENT DATE

The initial term of this lease shall commence on the 1st day of the month following the earlier of (i) issuance of final building permit; or (ii) six (6) months after full execution of the Agreement. Lessee shall provide copy of the final building permit to the City's Airport Manager promptly after issuance.

8. USE OF COMMON AREAS

Unless indicated with a "Y" in the "Common/Hangar Area access needed (y/n)" question of the Non-Aviation Lease Types section of the Coversheet, any non-aviation Lessee shall not be permitted access to the Common Areas described under Section 8. Use of Common Areas of the Lease.

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EXHIBIT C
General Conditions

Lessee Name:
Hangar No:
Commencement Date:

COVERSHEET. IDENTIFICATION OF STORED AIRCRAFT

Incident to the use of the Premises, Lessee shall, at all times, maintain a current list of all aircraft stored on the Premises which sets forth the following information in regard to such aircraft:

- a. The name of the aircraft owner;
- b. The address of the aircraft owner;
- c. Mailing address of each of the aircraft owners;
- d. Email address of each of the owners;
- e. Phone number of each of the owners;
- f. The aircraft type (make, model, year, number of engines, and number of seats);
- g. The aircraft registration number (N#).

On an annual basis, by the last day of January each year, Lessee shall provide the City's Airport Manager with a copy of such list and at any other reasonable time that the City's Airport Manager requests same, as well as at any time there is a change in the status of the stored aircraft.

2. USE OF PREMISES

The Premises shall be used by Lessee for the purpose of storing aircraft at the Chico Municipal Airport and for the storage of aviation-related property; provided, however, that Lessee may also use the hangar on the Premises for the temporary parking of a vehicle whenever the aircraft normally stored therein is in use. Lessee may also allow aircraft owner-level preventative maintenance services on aircraft stored by tenants as allowed by Federal Aviation Regulations

3(a). LEASE TERM - COMMENCEMENT DATE

The initial term of this lease shall commence on the 1st day of the month following the latter of (i) approval of this agreement by Chico City Council; or (ii) full execution of the Agreement.

8. USE OF COMMON AREAS

No additional rights or restrictions.

9. RIGHT OF ACCESS TO AIRCRAFT HANGAR AREA

No additional rights or restrictions.

EXHIBIT C
General Conditions

Lessee Name:
Hangar No:
Commencement Date:

COVERSHEET. IDENTIFICATION OF STORED AIRCRAFT

Incident to the use of the Premises, Lessee shall, at all times, maintain a current list of all aircraft stored on the Premises which sets forth the following information in regard to such aircraft:

- a. The name of the aircraft owner;
- b. The address of the aircraft owner;
- c. Mailing address of each of the aircraft owners;
- d. Email address of each of the owners;
- e. Phone number of each of the owners;
- f. The aircraft type (make, model, year, number of engines, and number of seats);
- g. The aircraft registration number (N#).

On an annual basis, by the last day of January each year, Lessee shall provide the City's Airport Manager with a copy of such list and at any other reasonable time that the City's Airport Manager requests same, as well as at any time there is a change in the status of the stored aircraft.

check here and attach separate sheet if identification of additional aircraft needed.

2. USE OF PREMISES

The Premises shall be used by Lessee for the location and construction of a hangar thereon for the purpose of storing aircraft and providing commercial airline service at the Chico Municipal Airport and for the storage of aviation-related property; provided, however, that Lessee may also use the hangar erected on the Premises for the temporary parking of a vehicle whenever the aircraft normally stored therein is in use. Lessee may also allow aircraft owner-level preventative maintenance services on aircraft stored by tenants as allowed by Federal Aviation Regulations.

3(a). LEASE TERM - COMMENCEMENT DATE

The initial term of this lease shall commence on the 1st day of the month following the latter of (i) approval of this agreement by Chico City Council; or (ii) full execution of the Agreement.

8. USE OF COMMON AREAS

No additional rights or restrictions.

9. RIGHT OF ACCESS TO AIRCRAFT HANGAR AREA

No additional rights or restrictions.

EXHIBIT C
General Conditions

Lessee Name:
Hangar No:
Commencement Date:

COVERSHEET. IDENTIFICATION OF STORED AIRCRAFT

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- b. The address of the aircraft owner;
- c. Mailing address of each of the aircraft owners;
- d. Email address of each of the owners;
- e. Phone number of each of the owners;
- f. The aircraft type (make, model, year, number of engines, and number of seats);
- g. The aircraft registration number (N#).

On an annual basis, by the last day of January each year, Lessee shall provide the City's Airport Manager with a copy of such list and at any other reasonable time that the City's Airport Manager requests same, as well as at any time there is a change in the status of the stored aircraft.

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3(a). LEASE TERM - COMMENCEMENT DATE

The initial term of this lease shall commence on the 1st day of the month following the earlier of (i) issuance of final building permit; or (ii) six (6) months after full execution of the Agreement. Lessee shall provide copy of the final building permit to the City's Airport Manager promptly after issuance.

8. USE OF COMMON AREAS

No additional rights or restrictions.

9. RIGHT OF ACCESS TO AIRCRAFT HANGAR AREA

No additional rights or restrictions.

EXHIBIT C
General Conditions

Lessee Name:
Hangar No:
Commencement Date:

COVERSHEET. IDENTIFICATION OF STORED AIRCRAFT

Incident to the use of the Premises, Lessee shall, at all times, maintain a current list of all aircraft stored on the Premises which sets forth the following information in regard to such aircraft:

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- c. Mailing address of each of the aircraft owners;
- d. Email address of each of the owners;
- e. Phone number of each of the owners;
- f. The aircraft type (make, model, year, number of engines, and number of seats);
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On an annual basis, by the last day of January each year, Lessee shall provide the City's Airport Manager with a copy of such list and at any other reasonable time that the City's Airport Manager requests same, as well as at any time there is a change in the status of the stored aircraft.

check here and attach separate sheet if identification of additional aircraft needed.

2. USE OF PREMISES

The Premises shall be used by Lessee for the location and construction of a hangar thereon for the purpose of storing aircraft and providing commercial airline service at the Chico Municipal Airport and for the storage of aviation-related property; provided, however, that Lessee may also use the hangar erected on the Premises for the temporary parking of a vehicle whenever the aircraft normally stored therein is in use. Lessee may also allow aircraft owner-level preventative maintenance services on aircraft stored by tenants as allowed by Federal Aviation Regulations.

3(a). LEASE TERM - COMMENCEMENT DATE

The initial term of this lease shall commence on the 1st day of the month following the earlier of (i) issuance of final building permit; or (ii) six (6) months after full execution of the Agreement. Lessee shall provide copy of the final building permit to the City's Airport Manager promptly after issuance.

8. USE OF COMMON AREAS

No additional rights or restrictions.

EXHIBIT C
General Conditions

Lessee Name:

Hangar No:

Commencement Date:

9. RIGHT OF ACCESS TO AIRCRAFT HANGAR AREA

No additional rights or restrictions.

DRAFT

EXHIBIT D
Special Conditions

DRAFT

EXHIBIT D
Special Conditions

Lessee Name:
Hangar No:
Commencement Date:

17. IMPROVEMENTS

Authorized Improvements (indicate if plan approval by Airport Manager required):

To Be Removed Upon Termination:

26. SALES, ASSIGNMENTS, TRANSFERS, AND SUBLEASES

If Lessee subleases the Premises for an amount that exceeds the current rent under this Lease, then Lessee shall pay fifty percent (50%) of any excess portion to City, upon receipt of sub-lease rent by the Lessee. However, if Lessee subleases the Premises without prior written consent from the City, any sublease rent in excess of the current rent under this lease shall be forfeited to the City.

27. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE PREMISES

No additional rights or restrictions.

ADDITIONAL RIGHTS AND OBLIGATIONS:

EXHIBIT D
Special Conditions

Lessee Name:
Hangar No:
Commencement Date:

17. IMPROVEMENTS

During the term of this lease, Lessee shall be entitled to erect a structure on the Premises after City's Airport Manager has reviewed and approved the plans and specifications for such structure and has determined that the external appearance is compatible with the surrounding area including, but not limited to, other hangars within the aircraft hangar area of the Chico Municipal Airport. In connection with the erection of such structure, Lessee shall be required to construct and install an acceptable foundation and to ensure all construction is in accordance with plans and specifications approved by City's Airport Manager. City agrees, however, that City Airport Manager's approval of the plans and specifications for such structure and improvements, as well as the City Airport Manager's determination that the external appearance is compatible with other buildings and structures in the area shall not be arbitrarily or unreasonably withheld. Lessee further understands and agrees, however, that approval by City's Airport Manager of the plans and specifications for such structure and improvements in the manner provided for herein shall not relieve Lessee from the duty and responsibility to obtain and pay the costs of any permit, license, or approval required under any federal, state, or local laws, rules, or regulations prior to the construction and installation of such improvements. Any approval or determination by the City Airport Manager, shall not be construed as granting approval or consent for such improvements on behalf of any other governmental or regulatory entity with applicable jurisdiction.

Authorized Improvements (indicate if plan approval by Airport Manager required):

To Be Removed Upon Termination:

26. SALES, ASSIGNMENTS, TRANSFERS, AND SUBLEASES

If Lessee subleases the Premises for an amount that exceeds the current rent under this Lease, then Lessee shall pay fifty percent (50%) of any excess portion to City, upon receipt of sub-lease rent by the Lessee. However, if Lessee subleases the Premises without prior written consent from the City, any sublease rent in excess of the current rent under this lease shall be forfeited to the City.

27. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE PREMISES

Lessee may encumber, by mortgage, deed of trust, or other security instrument, its leasehold

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Special Conditions

Lessee Name:
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Commencement Date:

estate and interest in and to the Premises together with all improvements thereon as security for a loan, the proceeds of which are to be used to construct the improvements on the Premises required by this lease without City's consent. The execution of such mortgage, deed of trust, or other security instrument, or any transfer, sale, or assignment thereunder, either by judicial proceedings or by virtue of a power reserved in such mortgage, deed of trust, or other security instrument, or the transfer, sale, or assignment by Lessee of its leasehold estate and interest in and to the Premises to the holder of such indebtedness as well as any subsequent sale, transfer, or assignment by the holder of such indebtedness of Lessee's right to the leasehold estate and interest in and to the Premises shall not be a violation of the covenants and conditions of this lease notwithstanding anything in this lease to the contrary; provided that any purchaser, transferee, or assignee of Lessee's right to the leasehold estate and interest in and to the Premises shall be liable to perform the obligations of Lessee under this lease so long as such purchaser, transferee, or assignee holds title to the leasehold estate and Lessee's interest in and to the Premises. Any such encumbrance by mortgage, deed of trust, or other security instrument, is subject and subordinate to all rights and interests of the City and shall only be an encumbrance or lien on the Lessee's interest in the lease and leasehold estate, and not the City's fee interest in the Property.

If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall, at Lessee's expense, immediately cause such mortgage to be recorded in the Office of the Recorder, County of Butte, State of California.

If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall provide City with notice of the existence of the encumbrance, and the proper notice address for the holder of the indebtedness secured by such encumbrance. City will deliver to such holder, at such address, a duplicate copy of all notices of default or other notices in writing which City may, from time to time, give or serve on Lessee under and pursuant to the provisions of this lease. Such holder may, at its option and at any time before the rights of Lessee under this lease shall be terminated as hereinafter provided for, assume any obligations of the Lessee under the terms and conditions of this lease to prevent the termination hereof. All payments so made, and all things so done and performed by such holder shall be as effective to prevent a termination of the rights of Lessee under this lease as if the same would have been done and performed by Lessee.

ADDITIONAL RIGHTS AND OBLIGATIONS:

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Special Conditions

Lessee Name:
Hangar No:
Commencement Date:

17. IMPROVEMENTS

Authorized Improvements (indicate if plan approval by Airport Manager required):

To Be Removed Upon Termination:

23(b). Disposition of Insurance Proceeds

In the event the improvements now or hereafter constructed and installed on the Premises or any facilities appurtenant thereto are damaged or destroyed from a risk covered by the insurance policy required by this Lease, 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 the 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 contractor retained by Lessee to perform the repair or restoration work as such work progresses, such payments to be made upon presentation of a certificate or voucher from any responsible architect or engineer having supervision of the repair or restoration work showing the amount due. 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 the 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

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Lessee Name:
Hangar No:
Commencement Date:

promptly commence and within reasonable time complete such repair or restoration work.

In the event Lessee shall at any time by mortgage, deed of trust, or other security instrument, encumber its leasehold estate or interests in and to the Premises as hereinafter provided for, and authorize the mortgagee or trustee named therein to enter upon the Premises on Lessee's behalf and undertake or prosecute the work of repairing or restoring any improvement on the Premises or any facilities appurtenant thereto damaged or destroyed by fire or other cause, and to have and receive for its use for such purposes such insurance proceeds, such insurance proceeds shall be fully available to such mortgagee or trustee as to Lessee as above provided and it shall in like manner and to like extent be applied by such mortgagee or trustee to such repair or restoration work.

26. SALES, ASSIGNMENTS, TRANSFERS, AND SUBLEASES

If Lessee subleases the Premises for an amount that exceeds the current rent under this Lease, then Lessee shall pay fifty percent (50%) of any excess portion to City, upon receipt of sub-lease rent by the Lessee. However, if Lessee subleases the Premises without prior written consent from the City, any sublease rent in excess of the current rent under this lease shall be forfeited to the City.

27. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE PREMISES

No additional rights or restrictions with regards to encumbering the Leasehold premises.

ADDITIONAL RIGHTS AND OBLIGATIONS:

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Lessee Name:
Hangar No:
Commencement Date:

17. IMPROVEMENTS

Authorized Improvements (indicate if plan approval by Airport Manager required):

To Be Removed Upon Termination:

23(b). Disposition of Insurance Proceeds

In the event the improvements now or hereafter constructed and installed on the Premises or any facilities appurtenant thereto are damaged or destroyed from a risk covered by the insurance policy required by this Lease, 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 the 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 contractor retained by Lessee to perform the repair or restoration work as such work progresses, such payments to be made upon presentation of a certificate or voucher from any responsible architect or engineer having supervision of the repair or restoration work showing the amount due. 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 the Risk Manager, it being the option of City, in

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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.

In the event Lessee shall at any time by mortgage, deed of trust, or other security instrument, encumber its leasehold estate or interests in and to the Premises as hereinafter provided for, and authorize the mortgagee or trustee named therein to enter upon the Premises on Lessee's behalf and undertake or prosecute the work of repairing or restoring any improvement on the Premises or any facilities appurtenant thereto damaged or destroyed by fire or other cause, and to have and receive for its use for such purposes such insurance proceeds, such insurance proceeds shall be fully available to such mortgagee or trustee as to Lessee as above provided and it shall in like manner and to like extent be applied by such mortgagee or trustee to such repair or restoration work.

26. SALES, ASSIGNMENTS, TRANSFERS, AND SUBLEASES

If Lessee subleases the Premises for an amount that exceeds the current rent under this Lease, then Lessee shall not be responsible to pay any excess portion to City. However, if Lessee subleases the Premises without prior written consent from the City, any sublease rent in excess of the current rent under this lease shall be forfeited to the City.

27. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE PREMISES

Lessee may encumber, by mortgage, deed of trust, or other security instrument, its leasehold estate and interest in and to the Premises together with all improvements thereon as security for a loan, the proceeds of which are to be used to construct the improvements on the Premises required by this lease without City's consent. The execution of such mortgage, deed of trust, or other security instrument, or any transfer, sale, or assignment thereunder, either by judicial proceedings or by virtue of a power reserved in such mortgage, deed of trust, or other security instrument, or the transfer, sale, or assignment by Lessee of its leasehold estate and interest in and to the Premises to the holder of such indebtedness as well as any subsequent sale, transfer, or assignment by the holder of such indebtedness of Lessee's right to the leasehold estate and interest in and to the Premises shall not be a violation of the covenants and conditions of this lease notwithstanding anything in this lease to the contrary; provided that any purchaser, transferee, or assignee of Lessee's right to the leasehold estate and interest in and to the Premises shall be liable to perform the obligations of Lessee under this lease so long as such purchaser, transferee, or assignee holds title to the leasehold estate and Lessee's interest in and to the Premises. Any such encumbrance by mortgage, deed of trust, or other security instrument, is subject and subordinate to all rights and interests of the City and shall only be an encumbrance or lien on the Lessee's interest in the lease and leasehold estate, and not the City's fee interest in the Property.

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If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall, at Lessee's expense, immediately cause such mortgage to be recorded in the Office of the Recorder, County of Butte, State of California.

If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall provide City with notice of the existence of the encumbrance, and the proper notice address for the holder of the indebtedness secured by such encumbrance. City will deliver to such holder, at such address, a duplicate copy of all notices of default or other notices in writing which City may, from time to time, give or serve on Lessee under and pursuant to the provisions of this lease. Such holder may, at its option and at any time before the rights of Lessee under this lease shall be terminated as hereinafter provided for, assume any obligations of the Lessee under the terms and conditions of this lease to prevent the termination hereof. All payments so made, and all things so done and performed by such holder shall be as effective to prevent a termination of the rights of Lessee under this lease as if the same would have been done and performed by Lessee.

ADDITIONAL RIGHTS AND OBLIGATIONS:

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Hangar No:
Commencement Date:

17. IMPROVEMENTS

During the term of this lease, Lessee shall be entitled to erect hangar facilities on the Premises after City's Airport Manager has reviewed and approved the plans and specifications for such hangars and has determined that the external appearance of such hangars is compatible with other buildings and structures at the Chico Municipal Airport including, but not limited to, other hangars within the aircraft hangar area of the Chico Municipal Airport. In connection with the erection of such hangars, Lessee shall be required to construct and install an acceptable foundation for the hangars and to pave all portions of the Premises between the hangar foundations and any adjoining aircraft taxiways, also in accordance with plans and specifications approved by City's Airport Manager. City agrees, however, that City Airport Manager's approval of the plans and specifications for such hangars, hangar foundations and pavement, as well as the City Airport Manager's determination that the external appearance of such hangars is compatible with other buildings and structures at the Chico Municipal Airport shall not be arbitrarily or unreasonably withheld. Lessee further understands and agrees, however, that approval by City's Airport Manager of the plans and specifications for such hangars, hangar foundations, and/or pavement in the manner provided for herein shall not relieve Lessee from the duty and responsibility to obtain and pay the costs of any permit, license, or approval required under any federal, state, or local laws, rules, or regulations prior to the construction and installation of such improvements. Any approval or determination by the City Airport Manager, shall not be construed as granting approval or consent for such improvements on behalf of any other governmental or regulatory entity with applicable jurisdiction.

Authorized Improvements (indicate if plan approval by Airport Manager required):

To Be Removed Upon Termination:

26. SALES, ASSIGNMENTS, TRANSFERS, AND SUBLEASES

If Lessee subleases the Premises for an amount that exceeds the current rent under this Lease, then Lessee shall pay fifty percent (50%) of any excess portion to City, upon receipt of sub-lease rent by the Lessee. However, if Lessee subleases the Premises without prior written consent from the City, any sublease rent in excess of the current rent under this lease shall be forfeited to the City.

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27. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE PREMISES

Lessee may encumber, by mortgage, deed of trust, or other security instrument, its leasehold estate and interest in and to the Premises together with all improvements thereon as security for a loan, the proceeds of which are to be used to construct the improvements on the Premises required by this lease without City's consent. The execution of such mortgage, deed of trust, or other security instrument, or any transfer, sale, or assignment thereunder, either by judicial proceedings or by virtue of a power reserved in such mortgage, deed of trust, or other security instrument, or the transfer, sale, or assignment by Lessee of its leasehold estate and interest in and to the Premises to the holder of such indebtedness as well as any subsequent sale, transfer, or assignment by the holder of such indebtedness of Lessee's right to the leasehold estate and interest in and to the Premises shall not be a violation of the covenants and conditions of this lease notwithstanding anything in this lease to the contrary; provided that any purchaser, transferee, or assignee of Lessee's right to the leasehold estate and interest in and to the Premises shall be liable to perform the obligations of Lessee under this lease so long as such purchaser, transferee, or assignee holds title to the leasehold estate and Lessee's interest in and to the Premises. Any such encumbrance by mortgage, deed of trust, or other security instrument, is subject and subordinate to all rights and interests of the City and shall only be an encumbrance or lien on the Lessee's interest in the lease and leasehold estate, and not the City's fee interest in the Property.

If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall, at Lessee's expense, immediately cause such mortgage to be recorded in the Office of the Recorder, County of Butte, State of California.

If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall provide City with notice of the existence of the encumbrance, and the proper notice address for the holder of the indebtedness secured by such encumbrance. City will deliver to such holder, at such address, a duplicate copy of all notices of default or other notices in writing which City may, from time to time, give or serve on Lessee under and pursuant to the provisions of this lease. Such holder may, at its option and at any time before the rights of Lessee under this lease shall be terminated as hereinafter provided for, assume any obligations of the Lessee under the terms and conditions of this lease to prevent the termination hereof. All payments so made, and all things so done and performed by such holder shall be as effective to prevent a termination of the rights of Lessee under this lease as if the same would have been done and performed by Lessee.

ADDITIONAL RIGHTS AND OBLIGATIONS:

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Special Conditions

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Lessee Name:
Hangar No:
Commencement Date:

17. IMPROVEMENTS

During the term of this lease, Lessee shall be entitled to erect hangar facilities on the Premises after City's Airport Manager has reviewed and approved the plans and specifications for such hangars and has determined that the external appearance of such hangars is compatible with other buildings and structures at the Chico Municipal Airport including, but not limited to, other hangars within the aircraft hangar area of the Chico Municipal Airport. In connection with the erection of such hangars, Lessee shall be required to construct and install an acceptable foundation for the hangars and to pave all portions of the Premises between the hangar foundations and any adjoining aircraft taxiways, also in accordance with plans and specifications approved by City's Airport Manager. City agrees, however, that City Airport Manager's approval of the plans and specifications for such hangars, hangar foundations and pavement, as well as the City Airport Manager's determination that the external appearance of such hangars is compatible with other buildings and structures at the Chico Municipal Airport shall not be arbitrarily or unreasonably withheld. Lessee further understands and agrees, however, that approval by City's Airport Manager of the plans and specifications for such hangars, hangar foundations, and/or pavement in the manner provided for herein shall not relieve Lessee from the duty and responsibility to obtain and pay the costs of any permit, license, or approval required under any federal, state, or local laws, rules, or regulations prior to the construction and installation of such improvements. Any approval or determination by the City Airport Manager, shall not be construed as granting approval or consent for such improvements on behalf of any other governmental or regulatory entity with applicable jurisdiction.

Authorized Improvements (indicate if plan approval by Airport Manager required):

To Be Removed Upon Termination:

DESTRUCTION OF HANGAR OR OTHER CASUALTY

If, during the initial or extended term of this lease, the Premises or a portion thereof, is destroyed by fire or other casualty, Lessee shall immediately notify City of the damage. Lessee shall be required to promptly commence repairs to the Premises and any improvements, unless City, in its sole discretion, determines that it is not commercially reasonable to do so, or such damage is the direct result of the sole negligence or willful misconduct of the City or its agents. Any repair, replacement, or rebuilding of a damaged hangar is subject to the City's Airport Manager's

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review and approval process referred to in Section 17. The approval by City's Airport Manager of the plans and specifications for a hangar to be erected on the Premises shall not, however, relieve Lessee from the duty and responsibility to obtain and pay the costs of any permit, license, or approval required under any federal, state, or local laws, rules, or regulations prior to the construction and installation of such improvements. Any approval or determination by the City Airport Manager, shall not be construed as granting approval or consent for such improvements on behalf of any other governmental or regulatory entity with applicable jurisdiction.

If Lessee is not required by the City to repair, replace or rebuild the damaged Premises under this section, Lessee shall restore the Premises to the original condition at the time Lessee took possession, and either Lessee or City shall have the right to terminate this lease and by giving the other party at least sixty (60) days' notice of such termination. City shall refund to Lessee that prorated portion of the annual rent from the date of termination to the end of the current term. If the notice period exceeds the current term, then Lessee shall pay to City the prorated portion of the annual rent for the period that exceeds the current term, but in no event shall this be considered an extension or holdover term.

23(b). Disposition of Insurance Proceeds

In the event the improvements now or hereafter constructed and installed on the Premises or any facilities appurtenant thereto are damaged or destroyed from a risk covered by the insurance policy required by this Lease, 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 the 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 contractor retained by Lessee to perform the repair or restoration work as such work progresses, such payments to be made upon presentation of a certificate or voucher from any responsible architect or engineer having supervision of the repair or restoration work showing the amount due. 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

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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 the 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.

In the event Lessee shall at any time by mortgage, deed of trust, or other security instrument, encumber its leasehold estate or interests in and to the Premises as hereinafter provided for, and authorize the mortgagee or trustee named therein to enter upon the Premises on Lessee's behalf and undertake or prosecute the work of repairing or restoring any improvement on the Premises or any facilities appurtenant thereto damaged or destroyed by fire or other cause, and to have and receive for its use for such purposes such insurance proceeds, such insurance proceeds shall be fully available to such mortgagee or trustee as to Lessee as above provided and it shall in like manner and to like extent be applied by such mortgagee or trustee to such repair or restoration work.

26. SALES, ASSIGNMENTS, TRANSFERS, AND SUBLEASES

If Lessee subleases the Premises for an amount that exceeds the current rent under this Lease, then Lessee shall not be responsible to pay any excess portion to City. However, if Lessee subleases the Premises without prior written consent from the City, any sublease rent in excess of the current rent under this lease shall be forfeited to the City.

27. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE PREMISES

Lessee may encumber, by mortgage, deed of trust, or other security instrument, its leasehold estate and interest in and to the Premises together with all improvements thereon as security for a loan, the proceeds of which are to be used to construct the improvements on the Premises required by this lease without City's consent. The execution of such mortgage, deed of trust, or other security instrument, or any transfer, sale, or assignment thereunder, either by judicial proceedings or by virtue of a power reserved in such mortgage, deed of trust, or other security instrument, or the transfer, sale, or assignment by Lessee of its leasehold estate and interest in and to the Premises to the holder of such indebtedness as well as any subsequent sale, transfer, or assignment by the holder of such indebtedness of Lessee's right to the leasehold estate and interest in and to the Premises shall not be a violation of the covenants and conditions of this lease notwithstanding anything in this lease to the contrary; provided that any purchaser, transferee, or assignee of Lessee's right to the leasehold estate and interest in and to the Premises shall be liable to perform the obligations of Lessee under this lease so long as such purchaser, transferee, or assignee holds title to the leasehold estate and Lessee's interest in and to the Premises. Any such encumbrance by mortgage, deed of trust, or other security instrument, is

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Lessee Name:
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subject and subordinate to all rights and interests of the City and shall only be an encumbrance or lien on the Lessee's interest in the lease and leasehold estate, and not the City's fee interest in the Property.

If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall, at Lessee's expense, immediately cause such mortgage to be recorded in the Office of the Recorder, County of Butte, State of California.

If Lessee does encumber its leasehold estate and interest in and to the Premises, Lessee shall provide City with notice of the existence of the encumbrance, and the proper notice address for the holder of the indebtedness secured by such encumbrance. City will deliver to such holder, at such address, a duplicate copy of all notices of default or other notices in writing which City may, from time to time, give or serve on Lessee under and pursuant to the provisions of this lease. Such holder may, at its option and at any time before the rights of Lessee under this lease shall be terminated as hereinafter provided for, assume any obligations of the Lessee under the terms and conditions of this lease to prevent the termination hereof. All payments so made, and all things so done and performed by such holder shall be as effective to prevent a termination of the rights of Lessee under this lease as if the same would have been done and performed by Lessee.

ADDITIONAL RIGHTS AND OBLIGATIONS:

EXHIBIT E
Insurance Requirements

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EXHIBIT D Insurance Requirements

A. Aircraft Insurance

Lessee shall obtain aircraft liability insurance 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 combined single limit for each occurrence. Evidence of such coverage shall be maintained by Lessee and provided to City upon request.

B. Automobile Insurance

Lessee shall also obtain automobile insurance for all automobiles operated at the Chico Municipal Airport as required by law. Lessee shall only operate automobiles at the Chico Municipal Airport that are lawfully registered and licensed with the State of California.

C. Property Insurance

During the initial or any extended term of this lease, Lessee shall, at its sole cost and expense, maintain in full force and effect property insurance obtained from one or more insurance companies licensed to do business in the State of California and having a financial rating in Best’s Insurance Guide of at least “B” or, in the alternative, one or more unlicensed U.S. domiciled insurance companies having a rating of at least “A”; insuring all of the improvements located on the Premises and any facilities appurtenant thereto against fire, extended coverage hazards, vandalism, and malicious mischief in an amount equal to one hundred percent (100%) of the full replacement value thereof. Policy shall also name City as additional insured.

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 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 Premises 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, 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 Premises and the resulting determination shall be conclusive between the parties for purposes of this section.

EXHIBIT D Insurance Requirements

A. Aircraft Insurance

Lessee shall obtain aircraft liability insurance 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 combined single limit for each occurrence. Evidence of such coverage shall be maintained by Lessee and provided to City upon request.

B. Automobile Insurance

Lessee shall also obtain automobile insurance for all automobiles operated at the Chico Municipal Airport as required by law. Lessee shall only operate automobiles at the Chico Municipal Airport that are lawfully registered and licensed with the State of California.

C. Commercial General Liability Insurance

Lessee shall obtain Commercial General Liability Insurance 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 combined single limit for each occurrence, \$2,000,000 in the aggregate. Evidence of such coverage shall be maintained by Lessee and provided to City upon request. Policy shall also name City as additional insured.

D. Workers’ Compensation Insurance

Lessee shall obtain Workers’ Compensation Insurance 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 combined single limit for each occurrence, \$2,000,000 in the aggregate. Evidence of such coverage shall be maintained by Lessee and provided to City upon request. Policy shall also name City as additional insured.

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EXHIBIT D Insurance Requirements

insurance company or companies certifying that such insurance policy or policies is in full force and effect and all improvements located on the Premises and facilities appurtenant thereto are insured in the amount required herein.

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Lessee shall obtain Workers' Compensation Insurance 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 combined single limit for each occurrence, \$2,000,000 in the aggregate. Evidence of such coverage shall be maintained by Lessee and provided to City upon request. Policy shall also name City as additional insured.

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CITY OF CHICO
Administrative Procedure and Policy Manual

Subject: DEVELOPMENT AND APPROVAL OF PROPERTY LEASES AT THE CHICO MUNICIPAL AIRPORT		Number: 90-16
Department(s) Affected: Public Works – Operations and Maintenance		Effective:
AP&P Assigned to: Airport Manager		Supersedes: 90-16 dated 4/10/2008
Authority: Charter Section 1007.1; Airport Commission Motion dated 01/11/08		File Reference:
		Approved:

1.0 BACKGROUND

The City of Chico (City), as the owner and operator (Sponsor) of the Chico Municipal Airport (Airport) recognizes the importance of the Airport to the City, the community, the California Department of Transportation - Division of Aeronautics, the US Department of Transportation - Federal Aviation Administration (FAA), and the national aerospace system.

The Federal Aviation Administration, by way of its Airport Sponsor Assurances, requires any airport developed with Federal grant assistance to operate for the use and benefit of the public and for the airport to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. In addition, these Airport Sponsor Assurances require an airport sponsor to maintain a fee and rental structure for the facilities and services at the airport which will make the airport self-sustaining..

The City has an obligation to operate the Airport for the use and benefit of the public. Associated with this obligation is the requirement to make available suitable areas or space on reasonable terms to those who are willing and otherwise qualified to offer aeronautical services to the public or to support services to aircraft operators. Therefore, the City will:

- Operate the Airport for the use and benefit of the public, and to make it available for all types, kinds, and classes of aeronautical activity.
- Make available the opportunity to lease land (if needed) to engage in commercial aeronautical activities.
- Limit or prohibit any given type, kind, or class of aeronautical use of the Airport if such limitation or prohibition is necessary for the safe operation of the Airport or necessary to serve the civil aviation needs of the public.
- On a fair and reasonable basis, and without discrimination, impose terms and conditions on persons offering services and commodities to the public which are related to aeronautical activities.
- Make airport facilities available to the public on fair and reasonable terms without discrimination.
- Endeavor at all times to make the Airport financially self-sustaining and ensure that revenue derived from leases will be at not less than fair market value.

- Operate the Airport and all facilities which are necessary to serve the aeronautical users of the Airport at all times in safe and serviceable condition and in accordance with the minimum standards as may be required by applicable local, state and federal agencies for maintenance and operation, and not permit any activity or action which would interfere with the operation of the Airport for aviation purposes.

2.0 PURPOSE

To establish a policy and procedure for leases that contributes to the long-term financial security of the Airport Enterprise. The City of Chico encourages the use of private funds for the development of vacant airport land designated for aircraft hangers or other aeronautical use. The intended purpose of this strategy is to further promote aviation and related activities as an economic stimulus for the City of Chico and surrounding areas in a fiscally sound manner.

The policy of the City Council is for the Chico Municipal Airport (CMC) to operate as a self-sustaining enterprise fund whereby the costs of the operation and maintenance are fully supported by the revenues generated by the users of the facility. Therefore, the Airport shall charge fees and rents to users of the Airport that ensure long-term fiscal sustainability of the Enterprise. Should the Airport Enterprise Fund receive revenues in excess of the operating and maintenance costs, those excess funds shall be deposited in the Airport Fund 856 to be used for future maintenance and capital improvements at the facility, as determined by the City Council.

3.0 GENERAL PROVISIONS

Section 1007.1 of the City Charter vests in the Airport Commission the power to enter into leases of City-owned property at the Airport with a lease term of 15 years or less. Leases with a term of 15 years or more, or which encumber City funds, require the approval of the City Council.

It is the policy of the City to enter into written lease agreements for any City-owned Airport land and/or facilities to assure that:

- a. City interests in its property are protected and consistent with the public purpose;
- b. Ensure that the Airport is developed in an orderly manner and for the highest and best use;
- c. Provide sound, consistent and fair guidelines through which the Airport can respond to the interests of financially stable and responsible Lessees;
- d. Administer Airport leaseholds in accordance with its grant assurances;
- e. Foster the growth of aviation and non-aviation development on airport land;
- f. Ensure the Airport's ability to meet its obligation to provide a stable revenue source for the Airport with the goal of being self-sustaining; and
- g. Provide guidelines for Airport-related business decisions.

4.0 SCOPE OF POLICY

This Policy applies to all City-owned Airport property and defines the requirements for any Airport lease agreement made after the effective date.

5.0 POLICY

- a. Existing Tenants with Current Leases (commencing prior to the effective date of this policy).

The City may continue with existing leases that have the following end of term options:

- a. Renegotiation
- b. Remove Improvement
- c. Reversion

Renegotiation will include shorter terms to give the City an opportunity to charge market rates in lieu of improvement reversion. If an owner sells their interest in a hangar and the current lease authorizes such interest transfer, the City shall honor lease terms and the new owner will assume the existing lease agreement. Once the original lease term expires, a new lease will be negotiated on the new lease format.

- b. Existing Tenants Non-Permanent Hangars (e.g. Portable T-Hangars. Port-A-Port Hangars. temp. structures) with current leases commencing prior to July 2019 City may continue with existing leases that have the following end of term options:
- a. Renegotiation
 - b. Remove Improvement
 - c. Reversion at the City's sole discretion

Renegotiation of lease and lease terms may continue with annual renewals.

- c. New Construction Permanent Hangars (e.g. Permanent T-Hangars. Executive Hangars), New construction and new to the Airport tenants after July 2019 will be on the new standard Airport lease agreement (Lease Standard July 1, 2019) including reversion at the end of lease term (improvements revert to the City). Term of lease shall be negotiated however; the following guideline may be used to determine the expected term.

Improvement Investment	Max Lease Term Allowable
i. \$100,000- \$250,000	20 years
ii. \$250,001- \$500,000	30 years
iii. \$500,001 - \$1,000,000	40 years
iv. \$1,000,001 or greater	50 years

- d. New Construction Non-Permanent Hangars (e.g. Portable T-Hangars. Port-A-Port Hangars temporary structures) installed after July 2019:

New Leases will have 5-year terms with annual extensions after the initial term. Lease will include existing reversion options for the City to renegotiate, remove improvements, or revert to the City at the City's sole discretion upon termination of agreement. Annual extensions will not result in a total term that exceeds 50 years.

- e. Ground rent, rent and lease rates for City owed facilities shall be based on current market conditions as determined by the Airport Manager and approved by the City Manager and shall be subject to two percent (2%) annual escalations. The City shall conduct a market rent study every five (5) years, to establish market rental rates for different types of

facilities and shall increase rent amounts for those leases that have rental rates below the current market rental rates.

- f. All leases having a term of more than 15 years shall be considered for recommendation to the City Council by the Commission. and presented to the City Council for consideration and action.
- g. Except as provided herein, all leases with a lease term of 15 years or less shall be reviewed and approved by the Airport Commission prior to being executed by the Airport Manager and City Manager.
- h. Leases having a term of one year or less and that conform with an Airport Commission-approved form of lease, and the "Standards for Conducting Aeronautical Activities at Chico Municipal Airport" (Standards), if applicable, and consistent with the schedule of Airport Fees, may be negotiated and approved by the Airport Manager without prior Airport Commission review. Provided, however, that any such lease approved by the Airport Manager shall be reported to the Commission at its next regular meeting.
- i. Month-to-month leases in an approved form of lease, or that conform to currently adopted Standards, may be approved by the City Manager without prior Airport Commission Review. Provided, however, that any such lease approved by the Airport Manager shall be reported to the Commission at its next regular meeting.
- j. The assignment of any lease greater than one year but 15 years or less in term shall be reviewed and approved by the Commission prior to execution by the City Manager.
- k. An aircraft owner or the aircraft owner's employees may perform self-services (fueling, maintenance, or repair) on the aircraft owner's aircraft using the aircraft owner's vehicles, equipment, and resources (Self-Service). An aircraft owner or the aircraft owner's employees shall not perform such services for others for Compensation unless authorized to do so under the Use of Premises provisions of their lease agreement and performed in compliance with City Administrative Policies and Procedures (AP&Ps) and all applicable Legal Requirements. If the right to Self-Service is not exercised, an aircraft owner is only permitted to have the aircraft owner's aircraft fueled, maintained, repaired, or otherwise serviced at the Airport by those operators authorized to engage in such services at the Airport.
- l. All entities leasing, occupying, and/or developing Airport land and/or Improvements and/or engaging in an Aeronautical Activity at the Airport shall comply, at the entity's sole cost and expense, with all applicable Legal Requirements and City Policies and Procedures as may be amended.
- m. The City reserves the right for the use of the Airport by others pursuant to applicable Legal Requirements pertaining to the Airport and such use.
- n. The City reserves the right to designate specific Airport areas for activities in accordance with the currently approved Airport Layout Plan (ALP). Such designation shall give consideration to the nature and extent of current and/or future activities and the land and/or Improvements that may be available and/or used for specific activities and shall be consistent with the safe, secure, orderly, and efficient use of the Airport.

- o. It is the policy of the City that any occupancy, use, and/or development (construction or modification) of land and/or Improvements that is inconsistent with the ALP is undesirable. Any development that is substantially different than that depicted on the ALP could adversely affect the safe, secure, orderly, or efficient use of the Airport.
- p. The City reserves the right to develop and make any Improvements and/or repairs at the Airport that it deems necessary. The City shall not be obligated to reimburse or compensate any Operator, Lessee, Sublessee, or other entity for any cost and/or expense incurred, loss of revenue, or inconvenience that may result from such development, improvement, and/or repair unless otherwise provided for in their lease agreement.
- q. The City (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 related in any way to any natural disaster or illegal activity. During time of war or national emergency, the City shall have the right to enter into an agreement with the United States Government for military use of part or all of the landing area, the publicly owned air navigation facilities, and/or other land and Improvements of the Airport. If any such agreement is executed, any agreement with Tenant, insofar as it is inconsistent with the agreement between the City and the United States Government, shall be suspended, without any liability on the part of the City.
- r. The City will not relinquish the right to take any action the City considers necessary to protect the aerial approaches of the Airport against obstruction or to prevent a person from erecting or permitting to be erected any facility or other structure which might limit the usefulness of the Airport or constitute a hazard to aircraft.
- s. The City will not waive any sovereign, governmental, or other immunity to which the City may be entitled, nor shall any provision of any Agreement be so construed.
- t. The City is under no obligation to provide financing and/or make any improvements to Airport land and/or Improvements to facilitate any development or consummate any Agreement proposed by a current or prospective Operator, Lessee, or Sublessee. In addition, the City is under no obligation to: (a) pursue federal, state, or other available funds to contribute to such development or (b) provide matching funds to secure such funding.
- u. The City reserves the right to take such actions as it may deem necessary, appropriate, and/or in the best interest of the City including preserving the assets of the City and the Airport, protecting the safety and security of the people who work at and/or use the Airport, and maintaining the integrity of the City's mission, vision, values, goals and objectives for the City and the Airport
- v. The assignment of any lease greater than one year, but 15 years or less in term shall be reviewed and approved by the Commission prior to execution by the Airport Manager.

6.0 ELEMENTS OF THE LEASE

The Airport Lease will contain or address, but not limited to, the following:

- * Coversheet
- 1. Description of Premises

2. Use of Premises
 3. Lease Initial and Extended Term(s)
 4. Rent and Rent Escalations
 5. Late Payment of Rent
 6. Easements
 7. Quiet Enjoyment
 8. Use of Common Areas
 9. Access to Hangar Area
 10. Entry and Inspection
 11. Compliance with Laws
 12. Waste, Nuisance, and Hazardous Materials
 13. Non-Discrimination
 14. Economic Discrimination
 15. Rights of Federal Government
 16. Acceptance of Premises
 17. Improvements
 18. Utilities
 19. Maintenance and Repair
 20. Casualty
 21. Relocation
 22. Indemnification
 23. Insurance
 24. Liens
 25. Taxes and Assessments
 26. Sales, Assignments, Transfers, and Subleases
 27. Encumbrances
 28. Termination by City
 29. Bankruptcy and insolvency
 30. Default
 31. Remedies on Default
 32. Waiver of Default
 33. Effect of holding over
 34. Notices
 35. Amendments
 36. Parties bound
- Exhibit A – Lease Area
 Exhibit B – Easements
 Exhibit C – General Conditions: Identification of Stored Aircraft; Use; Commencement Date; Common Areas; Access
 Exhibit D – Special Conditions: Improvements; Casualty; Disposition of Insurance Proceeds; Subleases; Encumbrances
 Exhibit E – Insurance Requirements

The City may require other clauses as necessary to protect the interests of the City of Chico and the Airport.

7.0 DEFINITIONS

Airport Layout Plan: An FAA approved set of drawings showing airport boundaries, physical features and proposed additions to all areas owned or controlled by the sponsor for airport purposes, the location and nature of existing and proposed airport facilities and structures, and the location on the airport of the existing and proposed non-aviation areas and improvements thereon.

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 has a direct relationship to the operation of aircraft or the operation of the Airport.

Airport Master Plan: A twenty (20) year planning document that provides the concept of the long-term development of the airport.

Based Aircraft: The total number of aircraft home based at the airport. Owner and other information are required to be reported to the FAA and County.

Business or Commercial Operator: A person who provides goods or services for compensation to the public on or from the airport, such as car rental agency, restaurant, and other aviation or nonaviation activities.

FAR Part 77: Defines obstructions to air navigation and requires notice to FAA of certain types of construction on and near airports.

Fair Market Value. Fair market rents or fees for use of the airport are required for nonaeronautical use of the airport and are optional for non-airfield aeronautical use. Fair market pricing of airport facilities can be determined by reference to negotiated fees charged for similar uses of other airports or by appraisal of comparable properties.

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

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

Legal Requirements – All applicable federal, state, county, and local laws, codes, ordinances, policies, and regulations.

Market Rent Study – A study showing the rent that land or Improvements would command in the open market as indicated by rents asked and paid for at comparable land or improvements as of the date of determination.

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

Specialized Aviation Service Operator (SASO) – A Commercial Operator that provides any one or a combination of the following Activities: Aircraft Maintenance, avionics or instrument maintenance, aircraft rental or flight training, aircraft charter or aircraft management, aircraft sales, and other Commercial Aeronautical Activities.

8.0 PROCESS FOR SUBMITTING PROPOSAL TO LEASE A CITY-OWNED PROPERTY

To ensure consistency in evaluation, any request for leasing of City property will require a written request from the potential lessee or third-party facilitating a lease on behalf of another entity to be submitted to the Airport Manager.

The written request must include the following information regarding the leasing entity:

Leasing Entity

- Legal Name of Entity leasing the property;
- Other Names used by the leasing entity and commonly recognized name;
- Legal status of the entity (501c3, lie, corporation, etc.);
- Contact information for each current location of entity;
- Contact information for each principal of the entity;

City Property Information

- Identification of the specific Airport property requested;
- Term of use;
- Date when occupancy is requested to begin;
- Summary information of any capital changes that will be requested which alter or improve the property;

Intended Use

- Detailed information regarding the intended use of the property;
- Public purpose or benefits provided by the intended use of the property;
- Aeronautical or Non-Aeronautical;

Compensation

- Proposed investment amount;
- Proposed rate

The City can request the following information, but not be limited to:

- Proof of Legal Status - The organization will submit proof verifying the legal status of the entity (501c3, LLC, corporation, etc.);
- Other Leases Listing - a list of all the property the organization leases, the use of those properties, and the lease or rent paid for those leased properties;
- Projected Staff- the number of projected full-time equivalent staff the organization will use for operations;
- Financial Capabilities-Three years of documentation showing the organizations financial condition and capabilities (i.e. review of financial statements or income tax returns, etc.);
- Board of Directors - a non-profit must have a board of directors. The names, addresses and contact information for the board of directors will be provided to the city;
- Organizational Chart - an organizational chart of the organization will be provided to the City;
- Performance Measures- operational and performance measures for the organization will be provided to the City;
- Additional Information- the City may request any additional information the City feels is necessary to determining whether to lease City property to an organization;
- and

- Failure to provide any of the requested information may lead to a no recourse rejection.
- Proof of insurance in compliance with the requirements outlined in the lease agreement, including adding the City as additional insured.
- A letter of credit to ensure compliance with City required improvements.
- A Dun and Bradstreet report for the applicant.

9.0 EXCEPTIONS

This Policy cannot address every nuance within a lease agreement or property negotiation, nor does the policy language necessarily apply in certain circumstances. Thus, it is the Airport Manager's responsibility to ensure when engaging in negotiations or applying this policy to make decisions in the best interest of the City as provided under Section 3.0.

The City Manager is hereby authorized to negotiate and recommend to the City Council an agreement for a new lease that varies from the rent and lease requirements of this policy when, in the opinion of the City Manager, the new user will generate significant financial benefits toward the Council's goal of Airport self-sufficiency.

The City may charge reduced rental rates to aviation museums and aeronautical secondary and post-secondary education programs conducted by accredited education institutions to the extent that civil aviation receives reasonable tangible or intangible benefits from such use. The City may also charge reduced rental rates to Civil Air Patrol units operating aircraft at the airport.

In granting a below market rate lease, the City will consider a revenue sharing provision and document the estimated value of the benefit provided to the entity as an in-kind contribution and will require City Council approval.



CHICO AIR MUSEUM

ANNUAL REPORT for 2019

Submitted to City of Chico Airport Commission

January 15, 2020

As required by the lease dated and signed July 30, 2013, this report covers the activities related to the Chico Air Museum (501c3 Corporation) for the year 2019.

1) Income/Expenses Statement

-The CAM Profit and Loss Statement for 2019 is located at the end of this document.

2) Museum Overview

- The Museum is proud to report the number of visitors in 2019. A record 10,398 visitors enjoyed the museum in 2019. This represents an increase of 37% over 2018.

- The Museum retained its qualifications for government surplus acquisitions. CAM is qualified to receive Federal, State, and NASA surplus inventories. CAM monitors surplus inventories offered through these agencies with the goal of acquiring new artifacts and aircraft. However, a majority of the historical artifacts and aircraft acquisitions have been donated by generous individuals, mostly from within our community.

- The Chico Air Museum is managed and staffed solely by volunteers. There are no paid positions within the organization, with its structure defined within the Articles of Incorporation and Organizational Chart. The Board of Directors consists of ten volunteer members. Each member's term is two years.

- Free Admission will continue to be the goal of CAM. Thanks to local support through the Museum Partners Program, CAM Memberships, Gift Shop Sales and visitor donations, we are able to meet our operating expenses without charging admission.

3) Staff, Contributors, Supporters and Donations

- Volunteer Staff. There are currently 25 docents actively staffing CAM. Among other museum positions there are the Restoration Team, Facility Team, and Exhibit/Artifact Team which includes an additional 20 volunteers. We are extremely proud of our Staff who collectively put in 5552 volunteer hours in 2019.

- Contributors and Supporters. CAM continues to enjoy a strong willingness within the community to provide contributions in the form of historic artifacts, pictures, memorabilia, artwork, and other aviation related items. Our collection of historic artifacts and photos continues to grow and is significant.



- Supporters. Once again, 2019 saw the generosity of many individuals who graciously contributed monetarily to CAM. In addition to the support of our loyal Members, the Museum Partners Program provides an opportunity for individuals or companies to support the direct operating expenses of CAM (i.e. insurance, water, utilities, security monitoring etc.). Their important contributions are renewed yearly and allow CAM to focus fundraising efforts needed for facility improvements or aircraft acquisitions outside of the operating expenses.

- Donations. There have been many donations outside the classification of historical artifacts, such as vehicles (airplanes, boats, cars, tractors, trailers, forklifts etc.). With our wide range of expertise among our volunteers, we are able to accept, refurbish and then sell.

4) Group Visits and Events

- School Field Trips. CAM continued its popularity with local schools as a destination with over 22 school field trips conducted by CAM staff in 2019. Field Trips coordinated by CAM often included concurrent visits with Cal-Fire, Schooler Flying Service and AirSpray USA, making it a very memorable and educational experience. Schools from the surrounding counties of Glenn, Tehama and Shasta continued to make the trip to Chico. Many schools with Special Needs or Disabled students also visited.

- Retirement and Assisted Living Facilities. CAM continued to be a popular place to visit for local retirement and assisted living facilities, among them, The Oakmont, Twin Oaks Rehab, Lighthouse, and Pacific Senior. Our ease of access and unique venue makes a visit to CAM a special day for many of our senior citizens.

- Special Events. A number of special events were held at CAM. 2019 was the inaugural year for the highly successful Chico Air Museum Open House and Fly-In. It featured breakfast and lunch for the attendees. The event included classic biplane rides and flights in the Liberty Foundation's incredible P-51 Mustang WW2 aircraft. Over 70 aircraft from around the North Valley flew in, many of which were beautifully restored and rare. CAM Also participated in the Chico Chamber of Commerce Museum Crawl and hosted the Enloe Flying Ambulance Presentation. In December, CAM hosted Santa Claus when he flew in for the 4th year in a row.



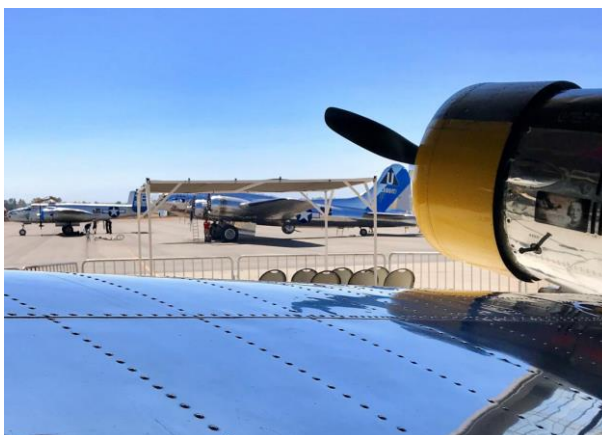


**CAM Docent Austin McCoy readies
for the CAM Open House and Fly-In 2019**

-During the week of Aug 11-18, CAM hosted the Flying Legends of Victory Tour. The Commemorative Air Force (CAF) usually chooses larger cities to bring their B-17 Flying Fortress and B-25 Mitchell Bomber to visit. When the CAF was informed that their B-17 "Sentimental Journey" was formerly an Air Tanker flown by Aero Union in the 60's and 70's, they were persuaded to add Chico to their tour schedule. With CAM leading the marketing efforts with local TV news spots and donated radio advertising, the event was a huge success and drew over 2000 people. CAM volunteers worked extremely hard during that week to accommodate the crews and visitors. Many visitors were WW2 Veterans or their families, with some emotional feelings evoked upon seeing or boarding the aircraft. Visitors could tour the aircraft or sign up for flights. The CAF flew 17 flights on Saturday and Sunday and was thoroughly impressed with hospitality and enthusiasm of Chicoans. They plan to come to Chico again on their next West Coast Tour



B -17 as Aero Union Tanker in Chico 1975



Now flying as "Sentimental Journey"



- Offsite Events. CAM participated in several off-site events including the Pioneer Day Parade



2019 Pioneer Day Parade

5) Exhibit/Display Improvements 2019

-In keeping with CAM's policy to add, improve and change exhibits and displays, a partial list includes:

-Finished restoration of Chance-Vought A-7E Corsair II jet aircraft. CAM held a dedication ceremony in March dedicating the aircraft to all Veterans presented by Combat Pilot Larry Wahl.



A-7 Corsair II before...



and after



- Converted former library room to a historic collection of military and airline uniforms
- Complete makeover of aircraft model display room. Installed five new glass display cabinets and populated them with the best aircraft models donated in the collection.
- Finished restoration of T-33 Shooting Star by installing new canopy and markings.
- Began work on Thaddeus Kearns Exhibit Improvement including model replica of his 1913 aircraft.
- Air Tanker Room improvements included the addition of a historic quilt.
- Acquired two aircraft, a two-seat biplane called the Seymore Biplane and RAF 2000 Gyrocopter.
- Acquired a Pratt and Whitney R-2800 radial engine to install on our rare Grumman AF2 Guardian.
- Received a Mariner 4 satellite model from NASA Ames Research Facility.



Lockheed T-33 Shooting Star after Restoration



6) Video History Gathered

-CAM Volunteers continued the mission to capture oral histories of personnel involved Chico Army Airfield and North Valley Aviation History. In 2019, two video interviews took place with gentlemen who were stationed at Chico Army Airfield during WW2. Maynard Hartman was a crew chief at CAAF working on his assigned BT-13. Mr. Hartman conveys vivid memories of the swarms of BT-13 aircraft buzzing around Chico every day. The second interview was with Jim Stark. He was a P-38 combat pilot in Europe who did his advanced gunnery training at CAAF. Mr. Stark later became an engineer for Sandia Labs working with nuclear weapons. In August 1944 he was an officer in Chico flying BT-13B's, P-63A's, and P-38L's and showed us his logbook to prove it. As resources allow, these high-resolution digital videos will be edited into a "documentary" that will include previous interviews produced by CAM.



Jim Stark at his home in Albuquerque 2019
7) New Entrance Construction.



Maynard Hartman at CAM 2019

-The new entrance project was delayed due to the Camp Fire and the lack of availability of responsible sub-contractors willing to perform the work. Demolition and site prep which was started in 2019 by Slater and Sons Contracting will continue early in 2020.



Planned Museum Entrance



-Memorial Walk of Honor. Preliminary design of the Memorial Walk of Honor has been completed. Even though formidable, this project will be less demanding to complete compared to the Entrance Project. Construction is scheduled to begin early in 2021.



Memorial Walk of Honor

8) In Conclusion

On behalf of the Museum board members, volunteers, contributors and supporters, I'd like to extend our sincere thanks to the Chico Airport Commission, Chico Municipal Airport Manager, Chico City Council, and City Staff who have supported development of the Chico Air Museum. We look forward to working with you in 2020 in our ongoing efforts to establish CAM as an Inspirational and Educational Aviation Institution.



Gage Beehner at the controls

Photo by Paula Schultz. paulasphotoart.com

Brian Baldrige
Board President



CHICO AIR MUSEUM

165 Ryan Avenue Chico, California 95973

Profit and Loss Statement (Cash Basis) for Calendar Year 2019


Operations/Operating Activity

Source	Amount
Merchandise sales	14,706
Memberships	2,640
Visitor donations	12,385
Museum Partners Program	9,200
Other donations	11,148
Total revenues	\$50,079

Source	Amount
Utilities	8,415
Insurance	5,328
Merchandise for sale	7,933
Maintenance of aircraft and displays	619
Administration/office/marketing	4,149
Facility maintenance and improvements	10,668
Sales and property taxes	1,095
Total expenses	\$38,207

2019 Operations profit: \$11,872

Prepared by:
Noel Wheeler, Secretary
January 02, 2020

CITY OF CHICO CITY COUNCIL MINUTE ORDER NO. <u>01-20</u>	
SUBJECT: MINUTE ORDER - AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMEDEMMENT NO. 1 TO LEASE OF REAL PROPERTY, HANGAR SPACE E-2, AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON)	
EXPLANATION PROVIDED BY: Sherry Miller, Airport Manager	Initials (<i>SM</i>)
See attached.	
RECOMMENDATION: Erik Gustafson, Public Works Director - O&M	Initials (<i>EG</i>)
The Airport Commission and the Public Works Director – Operations & Maintenance recommends approval of the Minute Order authorizing the City Manager to execute Amendment No. 1 to Lease of Property at the Chico Municipal Airport, Hangar Space No. E-2 (City of Chico/Air Carriage, Inc., Henry Roberson)	
CITY MANAGER: Mark Orme	Initials (<i>MO</i>)
CITY COUNCIL (MEETING OF 01/07/20)	
I hereby certify that the City Council took the following action on this Minute Order: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Other (explain below)	
 Deborah R. Presson, City Clerk	
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 City Clerk.	
_____ Deborah R. Presson, City Clerk	
DISTRIBUTION	
Preliminary: Clerk/Council (3) File No./Chrono	Final: File No./Chrono CM File

CITY OF CHICO
CITY COUNCIL MINUTE ORDER NO. 01-20

MINUTE ORDER - AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO LEASE OF REAL PROPERTY, HANGAR SPACE E-2, AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON)

EXPLANATION:

1. On 10/29/2019 at a meeting of the Airport Commission, a lease with Morgan Grossmann was assigned to Air Carriage, Inc. (Henry Roberson) in accordance with staff recommendation.
2. The current lease is non-standard and is unlike most of the current leases being assigned.
3. Staff and Henry Roberson discussed and negotiated three main points of the amendment: Term, Rents and Disposition of improvements at end of term.
4. Term. Lease is fifteen years from November 1, 2019 to October 31, 2034. This lease term brings this lease end date to the same time period as most other E row hangars.
5. Rents. Current rents are based on a flat rate with yearly adjustments based on the CPI increase. The rate would be based on the current rent paid with a yearly CPI increase each July 1 and a possible rent adjustment 10 years into the lease in 2029.
6. With regards to the disposition of improvements, the current lease clause states:
"Upon termination or expiration of this lease, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense; provided that if, on the 30th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of City, become the property of City without the payment of any compensation therefor."

In developing a policy to address current lessees, staff is recommending that current tenants be given three options at the end of their term.

- a. Negotiate a new lease
- b. Remove improvements
- c. Improvements revert to the City if not removed at City's option

Due to the policy proposal, staff is recommending that although the current lease is set to expire in June 2021, in order to treat all current tenants fairly and as much as possible the same, staff recommends that the lease amendment be approved to reflect similar terms and conditions as most of the current tenants enjoy.

The amended lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 30th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor, and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.

7. On October 29, 2019 the Airport Commission adopted Minute Order 12-19 recommending the City Council authorize the City Manager to execute Amendment No. 1 to a Lease of Real Property at


the Chico Municipal Airport, Hangar Space E-2 (City of Chico/Air Carriage, Inc., Henry Roberson, Lessees).

8. In accordance with AP&P 11-66: The approval of any lease greater than five years requires the City Council's approval prior to execution by the City Manager.

RECOMMENDATION:

The Airport Commission and the Public Works Director – Operations & Maintenance recommends approval of the Minute Order authorizing the City Manager to execute Amendment No. 1 to Lease of Property at the Chico Municipal Airport, Hangar Space No. E-2 (City of Chico/Air Carriage, Inc., Henry Roberson).

ATTACHMENT:
Exhibit A - Plat

CITY OF CHICO CITY COUNCIL MINUTE ORDER NO. <u>02-20</u>	
SUBJECT:	
MINUTE ORDER – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT HANGAR SPACE E-16 (CITY OF CHICO/BRYAN ELHARDT AND SCOTT ROBERSON)	
EXPLANATION PROVIDED BY: Sherry Miller, Airport Manager	Initials (<i>SM</i>)
See attached.	
RECOMMENDATION: Erik Gustafson, Public Works Director – O&M	Initials (<i>EG</i>)
The Airport Commission and the Public Works Director – Operations & Maintenance recommends approval of the Minute Order authorizing City Manager to execute a lease of real property at the Chico Municipal Airport for Hangar Space E-16 to Mr. Roberson and Mr. Elhardt.	
CITY MANAGER: Mark Orme	Initials (<i>MO</i>)
CITY COUNCIL (MEETING OF 01/07/20)	
I hereby certify that the City Council took the following action on this Minute Order: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Other (explain below)	
 Deborah R. Presson, City Clerk	
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 City Clerk.	
_____ Deborah R. Presson, City Clerk	
DISTRIBUTION	
Preliminary: Clerk/Council (3) File No./Chrono	Final: File No./Chrono CM File

CITY OF CHICO
CITY COUNCIL MINUTE ORDER NO. 02-20

MINUTE ORDER – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT HANGAR SPACE E-16 (CITY OF CHICO/BRYAN ELHARDT AND SCOTT ROBERSON)

EXPLANATION:

1. On May 23, 2017 Scott Roberson notified the City that the lease for Hangar Space E-16 at the Chico Municipal Airport which he shares with Bryan Elhardt (see attached plat) would expire on June 30, 2017. Since then, the tenants have been on a month-to-month tenancy as allowed for in the current lease.
2. It is the Airport Manager's intent to enter into a new lease agreement with these tenants and others. As the document was being written, Staff recognized that an updated Airport Leasing Policy was also necessary. The Policy is currently being developed and is near completion. The new policy specifies that current tenants may continue with existing leases and may renegotiate a new lease upon termination of the current lease.
3. City staff and Elhardt/Roberson entered negotiations using the current and amended DE Row lease (2015) template and have agreed to the following terms and conditions:
 - a. The lease will have a term of 20 years, which is in the same general termination time period as other E row hangar leases. No extensions will be allowed.
 - b. Rent payments shall be based on current rent with yearly Consumer Price Index (CPI) increases and fair market rent adjustments after 10 years. Based on the City's Master Fee Schedule, the current rent is \$1,338.40/year.
 - c. Upon termination or expiration of this lease, provided Lessee does not renegotiate a new lease with City, Lessee shall be responsible for removing all hangars erected on the leased property at Lessee's sole cost and expense.
 - d. If a hangar still remains on the property 30 days following the termination or expiration of the lease, such hangar shall become the property of the City without legal notice or compensation to the Lessee.
 - e. Thereafter, the City at its sole discretion may lease the hangar to another tenant or dispose of it in any manner.
4. On October 29, 2019 the Airport Commission adopted Minute Order 11-19 recommending the City Council authorize the City Manager to execute a Lease of Real Property at the Chico Municipal Airport, Hangar Space E-16 (City of Chico/Bryan Elhardt/Scott Roberson, Lessees).
5. In accordance with AP&P 11-66: The approval of any lease greater than five years requires the City Council's approval prior to execution by the City Manager.

RECOMMENDATION:

The Airport Commission and the Public Works Director – Operations & Maintenance recommends approval of the Minute Order authorizing the City Manager to execute a lease of real property at the Chico Municipal Airport for Hangar Space E-16 to Mr. Roberson and Mr. Elhardt.

ATTACHMENT:
Exhibit A - Plat

CITY OF CHICO CITY COUNCIL MINUTE ORDER NO. _____	
SUBJECT:	
MINUTE ORDER – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT HANGAR SPACE C-13 (CITY OF CHICO/THE DREW KEENAN REVOCABLE TRUST OF 2019, DREW KEENAN)	
EXPLANATION PROVIDED BY: Sherry Miller, Airport Manager	Initials (<i>SM</i>)
See attached.	
RECOMMENDATION: Erik Gustafson, Director of Public Works – O&M	Initials (<i>EG</i>)
The Director of Public Works – Operations & Maintenance recommends approval of the Minute Order authorizing the City Manager to execute a lease of real property at the Chico Municipal Airport Hangar Space C-13 (City of Chico/The Drew Keenan Revocable Trust of 2019, Drew Keenan).	
CITY MANAGER: Mark Orme	Initials (<i>MO</i>)
CITY COUNCIL (MEETING OF 01/21/20)	
I hereby certify that the City Council took the following action on this Minute Order: <input type="checkbox"/> Approved <input type="checkbox"/> Other (explain below)	
_____ Deborah R. Presson, City Clerk	
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 City Clerk.	
_____ Deborah R. Presson, City Clerk	
DISTRIBUTION	
Preliminary: Clerk/Council (3) File No./Chrono	Final: File No./Chrono CM File

CITY OF CHICO
CITY COUNCIL MINUTE ORDER NO. _____

MINUTE ORDER – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT HANGAR SPACE C-13 (CITY OF CHICO/THE DREW KEENAN REVOCABLE TRUST OF 2019, DREW KEENAN)

EXPLANATION:

1. On or about November 6, 2019, Drew Keenan contacted the Airport Manager stating his intent to purchase the aircraft hangar located on Hangar Space C-13.
2. The Airport Manager drafted a lease using the current lease template and negotiated the terms below. The lease has been approved by the proposed tenant, City staff and the City's Attorney.
3. The main points of the lease are as follows:
 - a. Term of 10 years. No extended terms.
 - b. Rents based on a current market rent study at an amount of \$1.02 per square foot per year totaling rent of \$1,200.54 per year.
 - c. Yearly CPI increase.
 - d. Market rent adjustment after five years.
 - e. Upon termination or expiration of this lease, provided Lessee does not renegotiate a new lease with City, Lessee shall be responsible for removing all hangars erected on the leased property at Lessee's sole cost and expense.
 - f. If a hangar still remains on the property 30 days following the termination or expiration of the lease, such hangar shall become the property of the City without legal notice or compensation to the Lessee.
 - g. Thereafter, the City at its sole discretion may lease the hangar to another tenant or dispose of it in any manner.
4. In accordance with AP&P 11-66: The approval of any lease greater than five years requires the City Council's approval prior to execution by the City Manager.

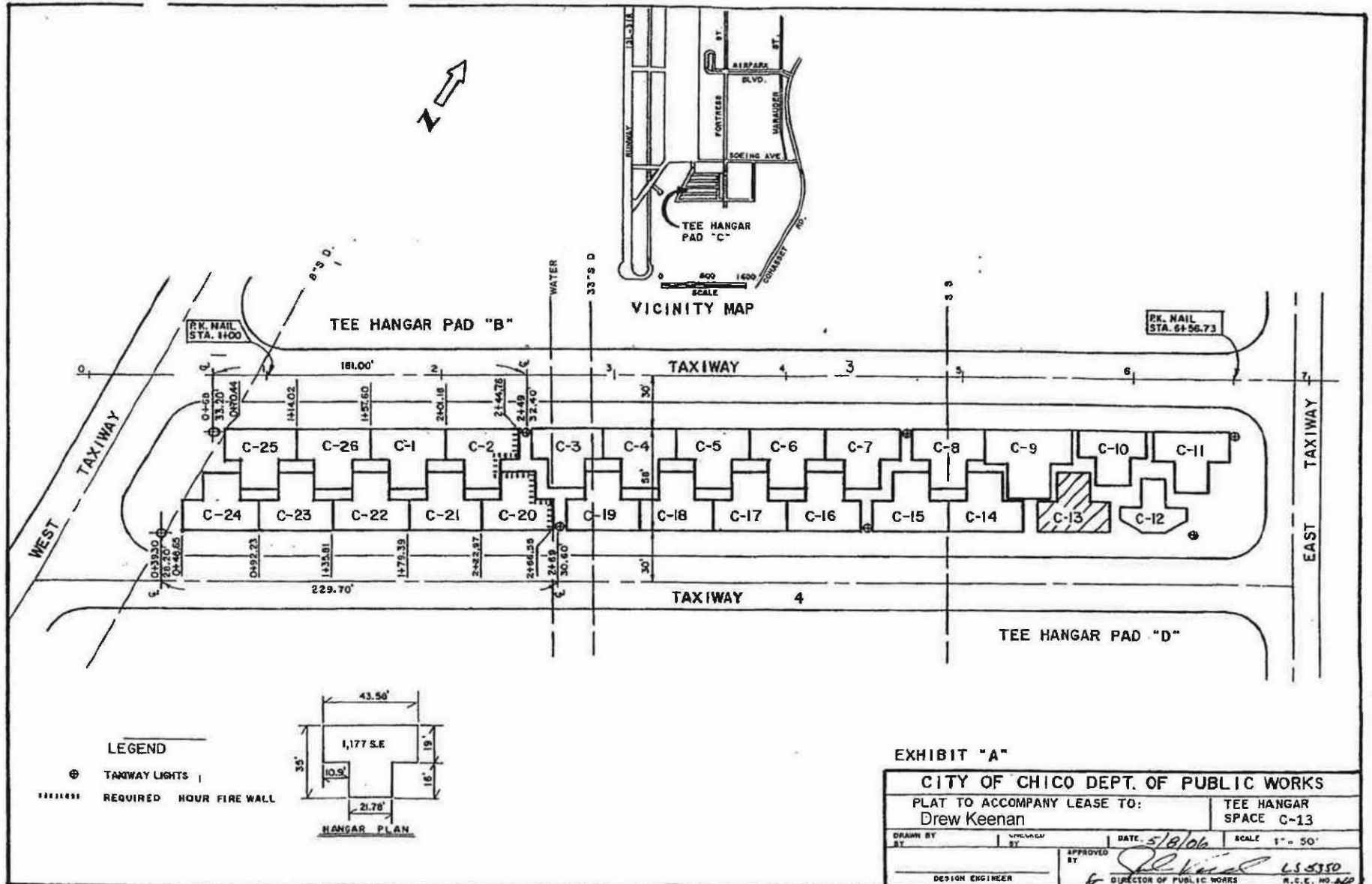
RECOMMENDATION:

The Director of Public Works – Operations & Maintenance recommends approval of the Minute Order authorizing the City Manager to execute a lease of real property at the Chico Municipal Airport Hangar Space C-13 (City of Chico/The Drew Keenan Revocable Trust of 2019, Drew Keenan).

ATTACHMENT:

Exhibit A - Plat

EXHIBIT A



LEGEND

- ⊙ TAXIWAY LIGHTS
- ▬▬▬▬▬▬ REQUIRED HOUR FIRE WALL



EXHIBIT "A"

CITY OF CHICO DEPT. OF PUBLIC WORKS			
PLAT TO ACCOMPANY LEASE TO:		TEE HANGAR SPACE C-13	
Drew Keenan			
DRAWN BY	CHECKED BY	DATE: 5/8/06	SCALE: 1" = 50'
		APPROVED BY: <i>[Signature]</i>	LS 5350
DESIGN ENGINEER		DIRECTOR OF PUBLIC WORKS	
		R.C.E. NO. 42	

CITY OF CHICO CITY COUNCIL MINUTE ORDER NO. _____	
SUBJECT:	
MINUTE ORDER – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT HANGAR SPACE C-26 (CITY OF CHICO/FERREIRA WATER SERVICE, DOUG FERREIRA AND STACEY FERREIRA)	
EXPLANATION PROVIDED BY: Sherry Miller, Airport Manager	Initials (<i>SM</i>)
See attached.	
RECOMMENDATION: Erik Gustafson, Director of Public Works – O&M	Initials (<i>EG</i>)
The Director of Public Works – Operations & Maintenance recommends approval of the Minute Order authorizing the City Manager to execute a lease of real property at the Chico Municipal Airport Hangar Space C-26 (City of Chico/Ferreira Water Service, Doug Ferreira and Stacey Ferreira).	
CITY MANAGER: Mark Orme	Initials (<i>MO</i>)
CITY COUNCIL (MEETING OF 01/21/20)	
I hereby certify that the City Council took the following action on this Minute Order: <input type="checkbox"/> Approved <input type="checkbox"/> Other (explain below)	
_____ Deborah R. Presson, City Clerk	
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 City Clerk.	
_____ Deborah R. Presson, City Clerk	
DISTRIBUTION	
Preliminary: Clerk/Council (3) File No./Chrono	Final: File No./Chrono CM File

CITY OF CHICO
CITY COUNCIL MINUTE ORDER NO. _____

MINUTE ORDER – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT HANGAR SPACE C-26 (CITY OF CHICO/ FERREIRA WATER SERVICE, DOUG FERREIRA AND STACEY FERREIRA)

EXPLANATION:

1. On or about November 4, 2019, Doug Ferreira contacted the Airport Manager stating his intent to purchase the aircraft hangar located on Hangar Space C-26.
2. The Airport Manager drafted a lease using the current lease template and negotiated the terms below. The lease has been approved by the proposed tenant, City staff and the City's Attorney.
3. The main points of the lease are as follows:
 - a. Term of 10 years. No extended terms.
 - b. Rents based on a current market rent study at an amount of \$1.02 per square foot per year totaling rent of \$1,200.54 per year.
 - c. Yearly CPI increase.
 - d. Market rent adjustment after five years.
 - e. Upon termination or expiration of this lease, provided Lessee does not renegotiate a new lease with City, Lessee shall be responsible for removing all hangars erected on the leased property at Lessee's sole cost and expense.
 - f. If a hangar still remains on the property 30 days following the termination or expiration of the lease, such hangar shall become the property of the City without legal notice or compensation to the Lessee.
 - g. Thereafter, the City at its sole discretion may lease the hangar to another tenant or dispose of it in any manner.
4. In accordance with AP&P 11-66: The approval of any lease greater than five years requires the City Council's approval prior to execution by the City Manager.

RECOMMENDATION:

The Director of Public Works – Operations & Maintenance recommends approval of the Minute Order authorizing the City Manager to execute a lease of real property at the Chico Municipal Airport Hangar Space C-26 (City of Chico/Ferreira Water Service, Doug Ferreira and Stacey Ferreira).

ATTACHMENT:
Exhibit A - Plat

City of Chico
Fund Income Statement

Data Through 1/31/2020

Budget Version 10: Working

Fund: 856 - AIRPORT

Budget Year: 2020	Prior Year's Actuals To 6/30/2019	Year To Date Actuals	Encum- brances	Budget	Balance	Percent Used Budg / Time
Revenues						
42250 Fuel Flowage Fees	38,808.86	21,221.54	0.00	35,000.00	13,778.46	61
42251 Landing Fees	33,782.89	15,407.19	0.00	35,000.00	19,592.81	44
Total - Charges for Services	72,591.75	36,628.73	0.00	70,000.00	33,371.27	52 / 58
44101 Interest on Investments	5,880.88	0.00	0.00	0.00	0.00	0
44130 Rental & Lease Income	753,894.75	639,677.26	0.00	350,000.00	(289,677.26)	183
44132 T-Hanger Rental & Lease Income	81,359.51	74,143.65	0.00	80,000.00	5,856.35	93
44140 Concession Income	48,664.45	42,048.04	0.00	60,000.00	17,951.96	70
Total - Use of Money & Property	889,799.59	755,868.95	0.00	490,000.00	(265,868.95)	154 / 58
44519 Reimbursement-Other	6,596.50	5,735.50	0.00	5,000.00	(735.50)	115
Total - Other Revenues	6,596.50	5,735.50	0.00	5,000.00	(735.50)	115 / 58
Total Revenues	968,987.84	798,233.18	0.00	565,000.00	(233,233.18)	141 / 58 Ovr
Expenditures						
4000 Salaries - Permanent	195,216.33	102,329.64	0.00	208,978.00	106,648.36	49
4020 Salaries - Hourly Pay	1,671.43	4,778.57	0.00	15,590.00	10,811.43	31
4025 Salaries - Separation Payouts	524.27	0.00	0.00	0.00	0.00	0
4050 Salaries - Overtime	1,768.30	1,214.06	0.00	4,800.00	3,585.94	25
4053 OT - Special Event/Emergency	207.96	0.00	0.00	0.00	0.00	0
4690 Employee Benefits Other	111,057.15	60,728.75	0.00	119,607.00	58,878.25	51
4790 GASB 68 - 75 Expense	673,371.00	0.00	0.00	0.00	0.00	0
Total - Salaries & Employee Benefits	983,816.44	169,051.02	0.00	348,975.00	179,923.98	48 / 58
5000 Office Expense	758.10	407.64	0.00	1,690.00	1,282.36	24
5005 Postage & Mailing	199.55	109.68	0.00	380.00	270.32	29
5010 Outside Printing Expense	0.00	0.00	0.00	500.00	500.00	0
5050 Books/Periodicals/Software	281.08	0.00	0.00	0.00	0.00	0
5100 Materials and Supplies	4,639.05	5,833.84	4,102.03	17,050.00	7,114.13	58
5105 Small Tools and Equipment	306.88	6,333.11	0.00	500.00	(5,833.11)	+
5110 Safety Equipment	424.61	0.00	0.00	400.00	400.00	0
5515 Building Maintenance/Repair	369.77	694.40	0.00	4,000.00	3,305.60	17
7320 Custodial Supplies	1,696.15	621.81	0.00	1,600.00	978.19	39
7371 Landscape Maintenance Supplies	328.00	0.00	0.00	0.00	0.00	0
Total - Materials & Supplies	9,003.19	14,000.48	4,102.03	26,120.00	8,017.49	69 / 58
5330 Contractual	105.00	0.00	2,705.00	12,705.00	10,000.00	21
5400 Professional Services	31,521.85	20,895.25	21,230.15	168,864.00	126,738.60	25
5401 Audit Services	4,397.66	3,441.32	0.00	2,690.00	(751.32)	128
5415 Landscape Maintenance	2,435.60	0.00	0.00	15,000.00	15,000.00	0
5420 Laundry Services	186.15	1,355.00	0.00	606.00	(749.00)	224
5440 Janitorial Services	12,266.05	6,634.19	0.00	11,108.00	4,473.81	60
5555 Maint Agreements Other	4,720.00	2,240.00	0.00	6,500.00	4,260.00	34
7347 Weed Control	8,569.01	6,400.00	0.00	8,000.00	1,600.00	80
7380 Pest Control	767.00	295.00	0.00	350.00	55.00	84
7383 Air Conditioning Maintenance	33.34	0.00	0.00	0.00	0.00	0
7394 Hazardous Materials Disposal	0.00	0.00	0.00	475.00	475.00	0
7413 Outside Repairs/Services Other	3,980.22	4,434.43	0.00	8,180.00	3,745.57	54
Total - Purchased Services	68,981.88	45,695.19	23,935.15	234,478.00	164,847.66	30 / 58
7992 Capital Projects OH Allocation	61.35	0.00	0.00	0.00	0.00	0
8800 Major Cap Projects-Capitalize	0.00	0.00	(0.00)	112,893.00	112,893.00	0
8801 Major Cap Proj-Non Capitalize	2,044.96	0.00	0.00	0.00	0.00	0
Total - Capital Projects	2,106.31	0.00	(0.00)	112,893.00	112,893.00	0 / 58
5140 Advertising/Marketing	0.00	150.15	0.00	2,000.00	1,849.85	8
5160 Licenses/Permits/Fees	2,151.95	552.00	0.00	3,500.00	2,948.00	16
5370 Memberships/Dues	1,025.00	75.00	0.00	945.00	870.00	8
5385 Business Expenses	13.60	162.40	0.00	500.00	337.60	32
5386 Conference Expenses	2,726.53	487.08	0.00	8,000.00	7,512.92	6
5390 Training	2,210.00	1,829.60	0.00	4,000.00	2,170.40	46
5465 Solid Waste Disposal	0.00	0.00	0.00	950.00	950.00	0
5480 Communications	9,264.25	4,579.71	0.00	8,000.00	3,420.29	57
Total - Other Expenses	17,391.33	7,835.94	0.00	27,895.00	20,059.06	28 / 58

City of Chico
Fund Income Statement

Data Through 1/31/2020

Budget Version 10: Working

Fund: 856 - AIRPORT

Budget Year: 2020	Prior Year's	Year To Date	Encum-	Budget	Balance	Percent
	Actuals					
	To 6/30/2019					Budg / Time
8900 Depreciation	1,224,145.90	0.00	0.00	0.00	0.00	0
Total - Depreciation	1,224,145.90	0.00	0.00	0.00	0.00	0 / 58
5030 Insurance	9,583.00	7,346.00	0.00	11,524.00	4,178.00	64
5260 Fuel	3,083.10	1,392.12	0.00	7,021.00	5,628.88	20
5455 Electric	46,855.09	22,591.52	0.00	76,756.00	54,164.48	29
5456 Natural Gas	6,812.48	1,474.64	0.00	6,143.00	4,668.36	24
5460 Water	21,798.99	15,030.12	0.00	32,597.00	17,566.88	46
5510 Vehicle Maintenance/Repair	31,308.81	5,223.23	0.00	31,382.00	26,158.77	17
7993 Indirect Cost Allocation	152,724.98	65,052.90	0.00	156,127.00	91,074.10	42
7994 Building Main Allocation	10,780.00	3,713.00	0.00	12,720.00	9,007.00	29
7996 Info Systems Allocation	4,890.00	2,672.00	0.00	5,204.00	2,532.00	51
Total - Allocations	287,836.45	124,495.53	0.00	339,474.00	214,978.47	37 / 58
Total Expenditures	2,593,281.50	361,078.16	28,037.18	1,089,835.00	700,719.66	36 / 58
Excess Deficiency Before						
Financing Sources / (Uses)	(1,624,293.66)	437,155.02	(28,037.18)	(524,835.00)	(933,952.84)	-78 / 58
Other Sources / Uses						
Operating Transfers IN						
3001 General	392,700.00	35,555.40	0.00	85,333.00	49,777.60	42
Total Transfers IN	392,700.00	35,555.40	0.00	85,333.00	49,777.60	42 / 58
Operating Transfers OUT						
9857 Airport Improvement Grants	(662,249.25)	0.00	0.00	0.00	0.00	0
9932 Fleet Replacement	(77,713.00)	(31,192.10)	0.00	(74,861.00)	43,668.90	42
Total Transfers OUT	(739,962.25)	(31,192.10)	0.00	(74,861.00)	43,668.90	42 / 58
Total Other Financing Sources	(347,262.25)	4,363.30	0.00	10,472.00	6,108.70	42 / 58
Excess Deficiency After						
Financing Sources / (Uses)	(1,971,555.91)	441,518.32	(28,037.18)	(514,363.00)	(927,844.14)	
Beginning Fund Balance	15,826,212.59	13,854,656.68	0.00	13,854,656.68		
Ending Fund Balance	13,854,656.68	14,296,175.00	(28,037.18)	13,340,293.68		
Ending Cash Balance	381,465.48	793,475.46				