

LONG-TERM GROUND LEASE AGREEMENT FOR AIRCRAFT STORAGE AT LOMPOC AIRPORT

This Long-Term Ground Lease Agreement for Hangar Construction and Aircraft Storage at Lompoc Airport ("Lease Agreement") is made and entered on this 1st day of August, 2023, by and between the City of Lompoc, a California municipal corporation ("City"), and Matthew Daniel Miller ("Lessee").

RECITALS

WHEREAS City owns and operates an airport commonly known as the Lompoc Airport (hereinafter referred to as "Airport"); and

WHEREAS Lessee desires to lease a portion of the Airport for the purpose of maintaining an aircraft storage hangar from the City and City desires to lease said portion of the Airport pursuant to the terms herein; and

WHEREAS, Lessee has read, understands and agrees to the rules and regulations (Lompoc Municipal Code, Chapter 4.04, Airport Operations, Federal Aviation Administration (FAA) regulations, and other applicable laws and regulations) that apply to the Lompoc Airport;

NOW, THEREFORE, incorporating the foregoing Recitals herein, it is mutually agreed as follows:

1. Premises. City hereby leases to Lessee, and Lessee hereby leases from City, upon the terms and conditions herein set forth, those certain premises located at the Airport in the City of Lompoc ("the Premises"), comprising 1,530 square feet, and more particularly identified as outlined on Exhibit A attached hereto and incorporated herein by this reference. Lessee shall, prior to building occupancy, provide an original map and legal description (8 ½ X 11), of the developed property, tied to the City of Lompoc coordinate control system, Record of Survey Book 172, pages 4 through 7, prepared and stamped by a licensed land surveyor. The map shall be delivered to the City Engineering Division, in hardcopy and computer format for transfer to the City geographic information system. Acceptable forms are: DGN, DWG and DXF, At the time Lessee takes possession of the Premises. All oil, gas and mineral rights are expressly reserved from this Lease Agreement.

2. Term. The term of this Lease Agreement shall be for a period of ten (10) years eleven (11) months and, commencing on the first day of August 2023("Effective Date") and terminating on the last day of June 2034 ("Term"), unless sooner terminated as provided in this Lease Agreement.

3. Use of Premises.

A. Lessee shall use the Premises solely for the purpose of the storage of aircraft, related aviation-related supplies, tools, and equipment and related (commercial) or (noncommercial) activities which are authorized by the City, at its sole discretion. Lessee further agrees that any activity, including but not limited to, repair and maintenance of aircraft in the storage area which violates Fire Codes, causes structural or other damage to Airport property including surfaces, or detracts from a clean and orderly appearance of the Airport or storage space is prohibited. Lessee agrees to limit all repair, maintenance, installation, or other aeronautical activity service performed on the aircraft to the extent permitted by Federal Aviation Administration, (FAA) regulations.

B. In the hangar, Lessee shall store and keep airworthy aircraft, which have a current annual inspection certificate or deemed airworthy by the Aviation/Transportation Manager, or aircraft, owned or leased by Lessee, undergoing progressive repair, construction, or restoration as approved so by the Aviation/Transportation Manager, and its associated parts and personal property.

C. Lessee agrees to notify City in writing within ten (10) days of aircraft substitution, change in aircraft ownership, and changes of Lessee's and other registered owner's addresses and/or telephone numbers.

4. Unobstructed Access. City shall ensure a taxiway exists directly in front of Lessee's hangar doorway. Said taxiway shall allow unobstructed access to one of the primary taxiways along either side of the runway. If the taxiway ceases to permanently exist because of the direct action of the city, City agrees to purchase the subject hangar. Such purchase shall be for an amount based on an independent appraisal, (appraiser to be agreed upon by both parties, cost of appraisal to be shared by both parties equally) to be completed prior to any obstruction being created. City shall provide ninety (90) days notice to Lessee of pending loss of access. City's obligation under this paragraph is subject to its receiving notice from Lessee within thirty (30) days of the obstruction of the access or other event giving rise to its purchase obligation. If no such notice is given by Lessee, all terms and conditions of this Lease Agreement shall remain in full force and effect.

5. Rent. Lessee agrees to pay to City at 100 Civic Center Plaza, Lompoc, California, as rent for the use and occupancy of the Premises, the amounts as hereinafter provided during the term of this Lease Agreement. Partial months shall not be prorated. Rent is due on the first day of each month while this Lease Agreement is in effect.

A. Initial Rent. Monthly rent for and during the first 11 months of the term of this Lease Agreement shall be at the rate of \$0.17 cents per square foot (\$260.10) and shall commence on August 1, 2023 and continuing the first day of each calendar month thereafter.

B. Rent Adjustments. Effective July 1st of each year, a new monthly rent shall be determined based upon the following adjustment:

(I) For the purpose of this adjustment, the basic index to be used for adjusting the rent shall be the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of or nearest April 1st of each year.

(II) Effective each July 1st during the term of this Lease Agreement, the monthly rent shall be increased by the then current basic index (CPI) as defined in paragraph (I), plus one (1) percent.

(III) In the event that the basic index (CPI) decreases to the point of reflecting a negative figure for that year, the rental rate shall not change.

(IV) If the foregoing index is at any time no longer available, then a comparable economic indicator shall be used to determine the annual rent adjustment.

7. Late Charges. Rent payments, and other costs and charges authorized hereunder, not received by City by the tenth day of the month when due are subject to a late penalty, without notice to Lessee, of 15 percent (15%) of the overdue amount per month. Acceptance of a late charge shall not constitute a waiver of Lessee's default with respect to the overdue amount or prevent City from exercising any of the other rights and remedies available to City.

8. Costs of Lease Agreement. Lessee shall promptly pay all costs and expenses, including all utilities, (including, but not limited to, gas, electricity, telephone, water, sewer and refuse collection services). Lessee also agrees to reimburse City for any and all expenses that City incurs in modifying existing utilities for Lessee's benefit relating to possession and use of the Premises. The possessory interest created by this Lease Agreement may be subject to taxation, and Lessee may be subject to the payment of taxes levied on such interest. Lessee acknowledges his actual knowledge of the existence of a possessory interest tax and receipt of this notice of Lessee's potential tax liability. Lessee agrees that he is solely responsible for the timely payment before delinquency of possessory interest taxes and any other tax, levy or assessment upon the Premises, the aircraft, Lessee's personal property, improvements, and fixtures upon the Premises.

9. Aircraft Lien. Lessee consents and agrees that City may levy a lien against Lessee's aircraft, improvements, fixtures, and personal property upon the Premises. Such lien shall exist and continue to secure all unpaid amounts which Lessee owes to City. Such lien shall not relieve Lessee from compliance with this Lease Agreement, including the obligation to pay rent as provided herein. If Lessee does not fully and immediately discharge all unpaid amounts, City is hereby granted and shall have the right to take and recover possession of Lessee's aircraft, improvements, fixtures, and to satisfy City's lien in accordance with California Code of Civil Procedure Sections 1208.61 through 1208.70 and any other applicable common laws or statutory provisions. City may also take and recover possession of personal property stored on the Premises and exercise its lien against the

same without notice or other action, and in addition thereto, City shall have and recover all costs and expenses including attorneys' fees in connection with repossession and disposal of the aircraft, improvements, fixtures, and personal property and enforcement of City's lien.

10. Condition of Premises.

A. Lessee has inspected the Premises and knows the extent and condition thereof and accepts same in its present condition, subject to and including all defects, latent or patent. Lessee will keep and maintain the Premises, improvements, and fixtures in a clean, safe, and orderly condition always. Lessee shall not commit or suffer to be committed any waste upon the Premises, improvements, and fixtures or commit or allow any nuisance or other act which may disturb or interfere with the Airport, its surroundings, the departure and arrival of aircraft, or other aircraft operations and uses. If Lessee shall fail to perform the obligations under this paragraph, after 21 days written notice setting forth such failure, City shall have the right to perform the same and to charge Lessee therefore, and Lessee shall pay the City such costs upon City's demand.

B. Lessee may park vehicles inside Lessee's assigned Premises.

C. If Lessee desires to use the services of another person in connection with any aircraft work or repair other than at established repair facilities at the Airport, City requires such persons, (the person actually doing the work), to provide their names, addresses, evidence of adequate liability insurance, payment of any required business fees, Federal Aviation maintenance certificate, and proof of City business license; and, lacking such information, such persons may be refused permission to conduct the work or ordered to stop work at the Airport. This shall not limit an aircraft owner's or pilot's right to work on his or her own aircraft as permitted by the Federal Aviation Regulations (FARs) in areas of the Airport so designated by City.

D. Lessee shall not use, keep, store or place in or on the Premises any petroleum products or any materials that are in any way hazardous, toxic, radioactive, or explosive, except those which are necessary and appropriate to accomplish the purpose of this Lease Agreement. All such materials shall be used, stored, handled, dispensed, and disposed of as required by applicable governmental regulations and laws. Any spills of such materials by Lessee anywhere on the Airport shall be immediately reported to the Aviation/Transportation Administrator and cleaned up by Lessee, at Lessee's sole expense, in accordance with standards of the industry and applicable governmental regulations and laws.

E. Lessee shall not construct or place signs, awnings, marquees, advertising, or promotional structures upon the Premises or Airport. If Lessee fails to remove any such signs, displays, advertisements or decorations within twenty-four (24) hours after written notice from City, then City may remove them at Lessee's sole expense.

F. Lessee hereby agrees that Lessee will not permit or suffer any liens of any kind to be filed against the Premises because of any obligation, malfeasance, negligence, or omission of Lessee, and that Lessee shall diligently take all necessary and proper steps to remove and discharge any liens which are filed.

11. Alterations. Lessee shall not alter the Premises without City's prior written consent except as herein set forth. Should City so consent, alterations shall be made at the sole cost and expense of Lessee.

12. Insurance. Lessee shall not occupy the Premises or operate any aircraft before obtaining the insurance, at his/her sole cost and expense, as specified below. Insurance amounts may be adjusted annually by the City Administrator during the Term of this Lease Agreement, and upon notice by the City of such change, Lessee agrees to procure and maintain the insurance at the adjusted insurance amounts.

A. Personal Injury. During the term of this Lease Agreement and any extension thereof, Lessee shall continuously maintain an insurance policy providing for liability insurance in amounts of not less than \$3,000,000 per occurrence for death and personal injury.

B. Aircraft Liability. For each licensed aircraft, Lessee shall maintain during the life of this Lease Agreement, at his sole expense, at least the following insurance coverage: bodily injury, including passengers, \$500,000 each person; \$500,000 property damage; and \$3,000,000 each occurrence.

C. Personal Property. Lessee understands and agrees that it is Lessee's sole responsibility to obtain insurance covering Lessee's aircraft and other personal property, which is located on the Premises.

D. Fire and Extended Coverage Insurance. Throughout the term, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured, for the mutual benefit of City and Lessee, all improvements located on or appurtenant to the Premises, whether constructed at the time of signing this Lease Agreement or not, against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use of structures, including vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either Lessee or City from becoming a co-insurer under the provisions of the policies, but in no event shall the amount be less than one hundred percent (100%) of the actual replacement cost, excluding the cost of replacing excavations and foundations, but without deduction for depreciation (herein called full insurable value). In the event payments are made for repairs, payments of proceeds for repair, restoration, or reconstruction of improvements shall be made monthly on architect's certificates until the work is completed and accepted. Any insurance proceeds remaining after complying with the provisions of this Lease Agreement relating to maintenance, repair, and reconstruction of improvements shall be the Lessee's sole property.

E. Documentation. Lessee shall present to City a certificate evidencing the required insurance coverage, naming the City of Lompoc as additional insured. All insurance required by express provisions of this Lease Agreement shall be carried only in responsible insurance companies licensed to do business in the State of California. All such policies shall be non-assessable and shall contain language, to the extent obtainable, to the effect that (1) any loss shall be payable notwithstanding any act or negligence of City that might otherwise result in failure of the insurance, (2) insurer waives the right of subrogation against City and against City's agents and representatives, (3) the policies are primary and non-contributing with any insurance that may be carried by City, and (4) the policies cannot be canceled or materially changed except after thirty (30) days notice by the insurer to City. Lessee shall furnish City with copies of all such policies upon their receipt. The failure of Lessee to obtain and maintain insurance required under this Lease Agreement or the failure to provide evidence of the required insurance coverage shall each constitute a material default by the Lessee.

13. Release and Indemnification.

A. Except as otherwise provided in Section 13.B., Lessee shall defend, indemnify and hold City free and harmless from any and all liability, claims, loss, damages, or expenses, including counsel fees and costs, arising by reason of the death or injury of any person, including Lessee or a person who is an employee or an agent of Lessee, or by reason of damage to or destruction of any property, including property owned by Lessee or any person who is an employee or agent of Lessee, caused or allegedly caused by (1) any cause whatsoever while that person or property is in or on the Premises or in any way connected with the Premises or with any improvements or personal property on the Premises; (2) Some condition of the Premises or some building or improvement on the Premises; (3) Some act or omission on the Premises of Lessee or any person in, on or about the Premises with the permission and consent of Lessee; or (4) Any matter connected with Lessee's occupation and use of the Premises.

B. Notwithstanding the provisions of paragraph 13.A. of this Lease, Lessee shall be under no duty to defend, indemnify and hold City harmless from any liability, claims or damages arising because of the City's failure to make any repairs required by this Lease to be made by the City or because of any negligence or willful acts of misconduct by the City or by any person who is an agent or employee of the City acting in the course and scope of his agency and employment. The City agrees to indemnify, defend and hold Lessee free and harmless from and against any liability, claims, or damages arising from or in connection with City's failure to make any repairs required by this Lease to be made by the City or because of any negligence or willful acts of misconduct by the City or by any person who is an agent or employee of the City acting in the course and scope of his agency or employment.

14. Right of Entry. City's authorized agents shall have the right and privilege, at all times, of entering the Premises for the purposes of inspection, determining whether the

terms of this Lease Agreement are being kept and performed, and posting notices of nonresponsibility.

15. Default or Breach. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease Agreement by Lessee, and the City may, at its discretion terminate this Lease Agreement:

(a) Failure by Lessee to make any payment of rent or any other sum when due and provided hereunder, where such failure shall continue for a period of five (5) days after written notice given by City to Lessee; or

(b) Failure by Lessee to pay or cause to be paid any tax, assessment, insurance premium, lien, claim, charge, or demand herein provided to be paid or caused to be always paid by Lessee and in the manner herein provided; or

(c) Failure by Lessee to commence or to complete the construction, repair, restoration, or replacement of the hangar and any other improvements in and about the Premises within the times and in the manners herein provided; or

(d) Failure to use, maintain, and operate the Premises as herein required where such failure shall continue for a period of thirty (30) days after written notice thereof by City to Lessee; or

(e) Default in the performance of or breach of any other covenant, condition, or restriction of this Lease Agreement herein provided to be kept or performed by Lessee, where such failure shall continue for a period of thirty (30) days after written notice thereof by City to Lessee; provided, however, that if the nature of the default involves such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Tenant commences such cure within such thirty (30) day period and thereafter diligently prosecutes said cure to completion; or

(f) Abandonment of the Premises; or

(g) Appointments of a receiver to take possession of Lessee's assets, Lessee's general assignment for the benefit of creditors, Lessee's insolvency, and Lessee's taking or suffering action under the Bankruptcy Act.

In the event of any such default or breach by Lessee, City may at any time thereafter and without notice or demand and, without limiting City in the exercise of a right or remedy City may, at its option, terminate this Lease Agreement, and, in addition to all of the remedies, the City may re-enter and re-lease the Premises, and all improvements shall become the sole property of City. Upon termination, all subleases, at the option of City, shall terminate. Such termination shall not waive any remedy available to either party because of such default or breach. Each term and condition of this Lease Agreement shall be deemed to be both a covenant and a condition. Upon default or breach by Lessee, City

may, in addition to all other remedies available in law or equity, recover all damages incurred by City by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, for reasonable attorneys' fees and costs, or the total balance of lease payment due under this Lease Agreement for the remainder of the Term, which sum shall be immediately due to City from Lessee.

16. Surrender of Premises. Upon expiration of the term or termination of this Lease Agreement, all buildings, structures, facilities, improvements, or alterations thereto constructed by Lessee shall become part of the land upon which they are erected, and title thereto shall, upon termination, automatically vest in City. Lessee shall leave the surrendered Premises and any other property in a well-maintained manner. All improvements shall be surrendered in good and clean condition.

Notwithstanding the foregoing, all uncompleted or partially or destroyed improvements shall, at City's option, be removed prior to surrender of the Premises, and the site of such improvements shall be returned to the same condition as prior to the execution of the Lease Agreement.

17. Assignment/Subletting. Neither this Lease Agreement nor any interest herein shall be assigned, either voluntarily or involuntarily, by Lessee, or by operation of law or otherwise, nor shall the Property, or any part thereof, be sublet or sold by Lessee. City shall have the right to assign or transfer this Lease Agreement or any rights in or to it. Lessee agrees that failure to maintain the required insurance, or to cause the breach of any clause in this Lease Agreement, or to fail to abide by any Airport rule or regulation, shall be deemed a material breach of this Lease Agreement.

18. Destruction of Premises. If the Premises are damaged or destroyed by fire, earthquake or other act of God or any other causes to render them unfit for occupancy, except as caused by Lessee, Lessee may terminate this Lease Agreement at his option; but should Lessee elect to reconstruct said Premises it shall do so within six (6) months from the date of destruction.

19. Security. City does not warrant the security of Lessee's property at the Airport, including but not limited to aircraft, fuels, tools, vehicles and related personal property and ground equipment.

20. Sole Agreement; Amendments. This Lease Agreement constitutes the sole and final agreement between City and Lessee respecting the lease of the Premises. No prior agreement or understanding pertaining to lease of the Premises is effective. This Lease Agreement may be modified only by a writing signed by the parties.

21. Binding on Successors. This Lease Agreement and each of its provisions shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, trustees, successors, and assigns of the parties.

22. Waiver. City's waiver of breach of any provision of this Lease Agreement shall not be treated as a continuing waiver of such provision or as a waiver of any future breach of the same or other provision of the Lease Agreement. City's acceptance of rent shall not be treated as a waiver of Lessee's previous breach of any provision of this Agreement. No custom or practice which may arise or develop between the parties during the term of this Lease Agreement shall be construed to waive or diminish City's right to insist upon Lessee's performance of all terms, covenants, and conditions hereof, or to pursue any rights and remedies City may have if Lessee defaults in performance of this Lease Agreement.

23. General. If any term or provision of this Lease Agreement or any application thereof shall be invalid or unenforceable, the remainder of this Lease Agreement and any other application of its terms or provisions shall not be affected thereby. The captions of this Lease Agreement are for the convenience of reference only and shall not define or limit any of the Lease Agreement's terms and provisions. The relationship created by this Lease Agreement is one of landlord-tenant. This Lease Agreement is not intended to create a joint venture or any relationship other than landlord-tenant.

Lessee's use of the Premises shall always fully comply with this Lease Agreement, Lompoc City Code Chapter 3, all applicable federal, state, and local laws and regulations, and all signs and lawful instructions of Airport staff. In utilizing the Premises, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, sex, religion, or national origin. Lessee is subject to the provisions of Part 15 of the Federal Aviation Regulations and any amendments thereto which are incorporated herein by this reference. Lessee acknowledges that he has read the Lompoc Airport Ordinance and agrees to abide by all the Airport rules and regulations.

This Lease Agreement shall not be deemed to grant the exclusive right of any Airport use forbidden by Section 308 of the Federal Aviation Act of 1958, any other federal statute or regulation, or state or local law or other directive.

24. Attorneys' Fees: In any action or proceeding by either party to enforce this Lease Agreement or any provision thereof, the prevailing party shall be entitled to all costs incurred and to reasonable attorneys' fees.

25. Notices. Any notice required by law or pursuant to this Lease Agreement shall be deemed to be fully given when written and dispatched by registered mail, return receipt requested, postage prepaid, to the parties at the addresses below. Notices shall be deemed served on the date of postmark.

CITY OF LOMPOC

LESSEE

Attn: Aviation/Transportation
100 Civic Center Plaza
Lompoc, CA 93436

Matthew Daniel Miller
958 Brookside Ave.
Santa Maria, CA 93455

26. Compliance with Law. Lessee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and other governmental rules, regulations or requirements now in force or which may hereinafter be enacted or promulgated, relating to, or affecting Lessee's use of occupancy of the Premises.

27. Governing Law. This Lease Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

28. Jurisdiction. If any legal action is necessary to enforce the terms and conditions of this Lease Agreement, the parties agree that a court of competent jurisdiction in the County of Santa Barbara shall be the sole venue and jurisdiction for the bringing of such action.

29. Counterparts. This Lease Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall be deemed but one and the same instrument, and a facsimile copy of such execution shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement as of the date first above written.

APPROVED AS TO FORM:

CITY OF LOMPOC

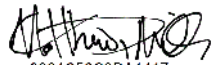
Jeff Malawy
City Attorney

By _____
Jenelle Osborne
Mayor

ATTEST:

LESSEES:

Stacey Haddon
City Clerk

DocuSigned by:

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Print Name Matthew Miller

EXHIBIT A

PROPERTY DESCRIPTION

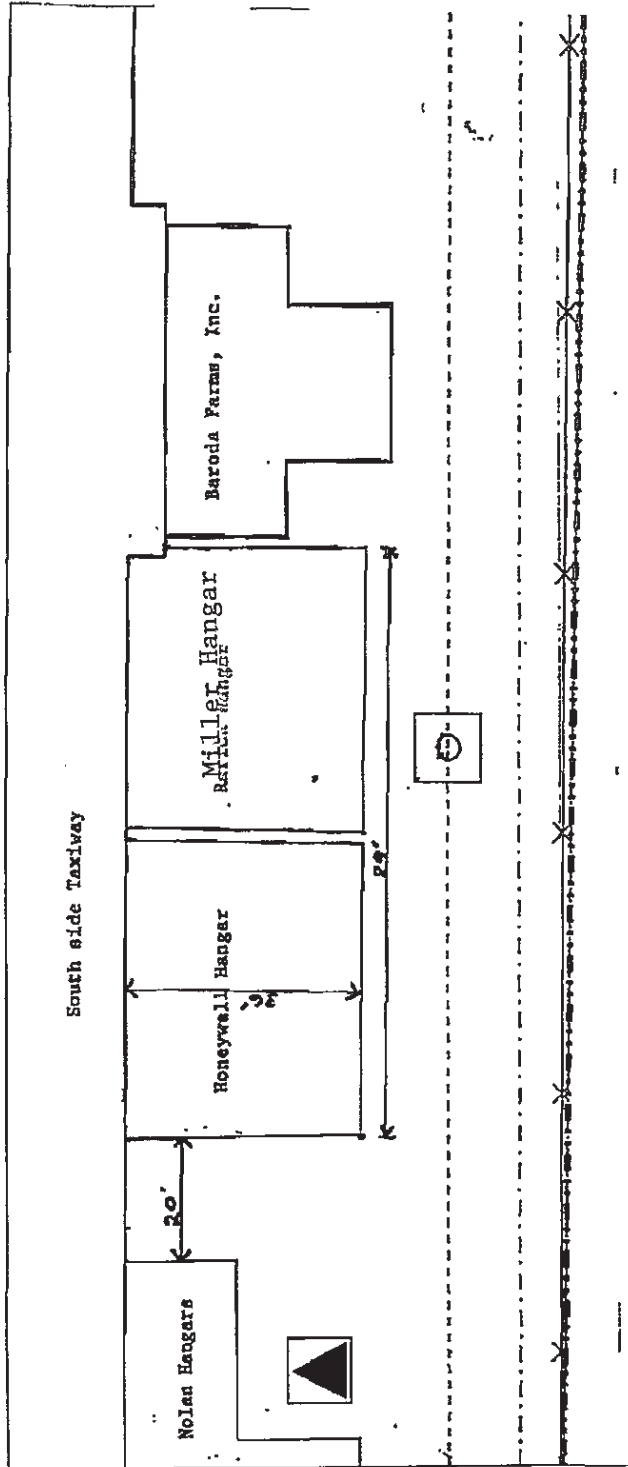


Exhibit A

Scale: 1" = 20'