September 1, 2026

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

PROPOSED CONSENT TO ASSIGNMENT OF GROUND LEASE AGREEMENT #794-2013 FOR LEASE SITE 16 WESTSIDE AT MEADOWS FIELD AIRPORT FROM PATTERSON HOLDINGS, LLC TO TCI CASING SPECIALTIES, LLC
(Fiscal Impact: None)

The Kern County Department of Airports requests your Board's consent for the Assignment of Ground Lease Agreement #794-2013 from Patterson Holdings, LLC ("Assignor") to TCI Casing Specialties, LLC ("Assignee") to acknowledge the Assignment of Ground Lease Site 16 Westside at Meadows Field Airport, Bakersfield, CA ("Assignment").

On October 15, 2013, your Board approved Lease Agreement #794-2013 ("Agreement") with Ed Patterson, for the purpose of utilizing and maintaining an aircraft hangar facility for their personal aircraft for a term of 20 years with two separate five-year options to extend thereafter. Assignor now desires to assign the Ground Lease Agreement to TCI Casing Specialties, LLC. The Assignment transfers to Assignee all of Assignor's rights, obligations, duties, title, and interest in and to the Agreement.

The Assignment has been approved as to content by the Department of Airports and signed by both Assignor and Assignee. The Assignment has been approved as to form by the Office of County Counsel.

The Department of Airports review of possible environmental effects has determined that this assignment of Ground Lease Agreement involves negligible or no expansion of use beyond that previously existing and is declared to be categorically exempt from the requirement to prepare environmental documents pursuant to Section 15301 of the California Environmental Quality Act (CEQA) Guidelines.

Therefore, IT IS RECOMMENDED that your Board approve and authorize Chairman to sign the consent to Assignment of Ground Lease Agreement #794-2013 from Patterson Holdings, LLC to TCI Casing Specialties, LLC for Lease Site 16 Westside at Meadows Field Airport.

Respectfully submitted,

Bill LaManque

Bill LaManque, CM
Director of Airports

CC: Office of County Counsel

ASSIGNMENT OF LEASE AGREEMENT BY PATTERSON HOLDINGS, LLC TO TCI CASING SPECIALTIES, LLC AND CONSENT BY THE COUNTY OF KERN

THIS ASSIGNMENT ("**Assignment**") is made on ______________________ ("**Effective Date**") by and between **PATTERSON HOLDINGS, LLC**, a limited liability company ("**Assignor**"), and **TCI CASING SPECIALTIES, LLC,** a limited liability company ("**Assignee**").

<u>RECITALS</u>:

A. On October 15, 2013, Kern County ("**County**") and Patterson Holdings, LLC, a limited liability company, entered into a Ground Lease Agreement for Site 16 Westside at Meadows Field Airport (Kern County Agreement #794-2013, "**Agreement**") for a term of 20 years, with two separate five-year options thereafter.

B. The Agreement contains a provision allowing the Lessee to assign the Agreement with the approval of the Director of Airports, and/or the County Board of Supervisors.

C. Assignor now desires to assign the Agreement to Assignee

Assignor and Assignee agree as follows:

<u>ASSIGNMENT</u>:

1. Assignor assigns and transfers to Assignee all of Assignor's rights, obligations, duties, title and interest in and to the Agreement, a copy of which is attached to this Assignment as **Exhibit "B."** Assignee agrees to and does accept this Assignment.

2. This Assignment is contingent upon, and shall be of no force or effect until Assignee has filed with County certificate(s) which indicate that Assignee has obtained the insurance coverages required by the Agreement and provided the $1,000 security deposit.

3. This Assignment is contingent upon, and shall be of no force or effect until Assignor has paid all past due amounts and any administrative processing fees under the Agreement to County.

<u>CONSENT OF LESSOR</u>:

The consent of Lessor, **COUNTY OF KERN**, a political subdivision of the State of California, is attached as **Exhibit "A."**

Assignor and Assignee have executed this Assignment as of the Effective Date.

ASSIGNOR:

PATTERSON HOLDINGS, LLC

460 Encino Dr, Oak View, CA 93022

Phone: (661) 978-6281

By: ______________________________ 8/21/2026

Ed Patterson, Managing Member

ASSIGNEE:

TCI CASING SPECIALTIES, LLC

13061 Rosedale Hwy G404, Bakersfield, CA 93314

Phone: (661) 979-9757

By: Russell Davis ______________________________ 8/21/2026

Russell Davis, Managing Member

EXHIBIT "A"

CONSENT OF LESSOR

The County of Kern is a party to the Ground Lease Agreement of Lease Site 16 Westside (Kern County Agreement #794-2013, "**Agreement**") described in the foregoing Assignment and hereby consents to the Assignment of the Agreement to TCI Casing Specialties, LLC, as Assignee, by Patterson Holdings, LLC, as Assignor. The County of Kern waives none of its rights as to Assignor or Assignee, and does not release Assignor from its obligations under the Agreement.

COUNTY OF KERN

By: ______________________________ Date: ______________________________
Chairman, Board of Supervisors

APPROVED AS TO CONTENT:
DEPARTMENT OF AIRPORTS

By: Bill LaManque Date: 8/21/2026
Bill LaManque, Director of Airports

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By: Brian Van Wyk 8/25/2026
Deputy

EXHIBIT "B" – LEASE AGREEMENT

Kern County
Agt. #794-2013

AGREEMENT FOR LEASE OF LAND
AT LEASE SITE 16 WESTSIDE AT MEADOWS FIELD AIRPORT

(County of Kern – Patterson Holdings, LLC)

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Kern County
Agt. # 794-2013

AGREEMENT FOR LEASE OF LAND
AT LEASE SITE 16 WESTSIDE AT MEADOWS FIELD AIRPORT

(County of Kern – Patterson Holdings, LLC)

THIS AGREEMENT ("**Agreement**") is executed at Bakersfield, California, on OCT 15 2013, 2013 ("**Execution Date**") by and between the **COUNTY OF KERN**, a political subdivision of the State of California ("**County**") and **PATTERSON HOLDINGS. LLC**, a California limited liability company ("**Lessee**"). County and Lessee are referred to individually as a "**Party**" and collectively as the "**Parties**."

RECITALS:

A. Pursuant to Government Code sections 26020 et set., County owns real property commonly known and referred to as Meadows Field Airport, located in Bakersfield, County of Kern, State of California ("**Airport**").

B. Lessee desires to lease a portion of the Airport for the purpose of constructing, operating, and maintaining a hangar ("**Building**").

C. It is the desire of County to utilize the Airport for the benefit of the citizens of Kern County, by allowing for the construction of the Building on the Airport.

AGREEMENT:

1. Premises: For and in consideration of the terms, covenants, and conditions contained in this Agreement, County leases to Lessee, and Lessee leases from County, the unimproved real property situated in the County of Kern, State of California, containing an approximate 10,000 square foot portion of APN 111-010-14, as legally described in **Exhibit "A"** ("**Premises**").

2. Term:

a. Initial Term – The initial term of this Agreement ("**Term**") shall commence on the Execution Date and terminate 20 years thereafter, unless sooner terminated as provided herein.

b. Extension of Term to Remove Hazardous Materials – If any Hazardous Materials are found on the Premises, County may, in its sole discretion, require Lessee to remain in possession of the Premises beyond the expiration of the Term until the County determines that such Hazardous Materials are no longer present. Hazardous Materials, as used in this Agreement, shall be defined as stated in **Exhibit "B."**

3. Options to Extend Term:

a. Options – Provided Lessee is not in default in any of the provisions of this Agreement, County hereby grants to Lessee two options to renew and extend the initial Term, each for a five-year period, from and after the expiration of the initial Term. Lessee may exercise said option by giving County written notice of its intention to do so not less than 60 calendar days prior to the expiration of the initial Term, or if the first option term is exercised, 60 days prior to expiration of the first option term. The Kern County Director of Airports ("**Director**"), at the Director's sole discretion, may accept or reject the request to extend. If an option is exercised, "Term" shall include the option term. "Term" shall also include any hold over period.

b. Increase in Rent – All terms, covenants and conditions of this Agreement, excepting the amount of rent to be paid, shall remain in full force and effect during any extension of the Term. The amount of rent to be paid during the first year of each exercised option term shall be the then-prevailing fair market rental value of the Premises (less the value of Lessee's Improvements, as defined in **Section 10**, and inventory on the Premises), as determined by County, and in no event shall the amount of annual rent be less than the amount of annual rent paid during the previous year. Thereafter, the rent during each exercised option term shall be adjusted in accordance with **Sections 6.d and 6.e**.

4. Right to Terminate: This Agreement may be terminated by mutual agreement of the Parties.

5. Hold Over: If Lessee holds over after the expiration of the Term, with the express or implied consent of County, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement, except for rental consideration. Lessee shall pay during such holding over such rent as County may determine appropriate, based on the then-prevailing fair market rental value of the Premises (less the value of Lessee's Improvements, as defined in **Section 10**, and inventory on the Premises), as determined by County, and in no event shall the amount of annual rent be less than the amount of annual rent paid during the previous year.

6. Rent:

a. Initial Term – As consideration for the lease of the Premises during the initial Term, Lessee shall pay to County in lawful money of the United States without deduction or offset, to the Director, Department of Airports ("**Airports**"), 3701 Wings Way, Suite 300, Bakersfield, CA 93308, or to such persons and at such places as may be designated from time to time by County. The annual rent shall be $3,500 ("**Base Rent**"). The first annual payment of rent shall be paid within 30 days of the Execution Date, and thereafter for the balance of the Term, shall be paid on or before the anniversary date of the Execution Date. Each annual rent payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent year.

b. Option Terms – The amount of annual rent shall be determined by County as set forth in **Section 3.b**.

c. Hold Over Term – The amount of monthly rent shall be determined by County as set forth in **Section 5**.

d. CPI Calculations – Rent may be increased annually by County, effective on the first anniversary date of the Execution Date and on each subsequent anniversary date throughout the Term. The procedure for adjusting rent shall be as follows: The Consumer Price Index - All Urban Consumers - U. S. Cities hereinafter ("**Index**") as published by the United States Department of Labor's Bureau of Labor Statistics ("**Bureau**"), will be the basis for rent adjustments. The month that occurs two months prior to the date that this Agreement commences shall be used as the "**Base Month Index**" for the entire Term. County shall review the Index annually and compare it with the Base Month Index. If there has been an increase in the Index, the rent for the succeeding year shall be increased by an amount equal to the then-current rent multiplied by the percentage of the increase over the Base Month Index. Any increase in rent shall be rounded to the nearest whole dollar. In no event shall rent be adjusted downward to an amount less than the previous year's rent. Should the Bureau discontinue the publication of the Index, or publish the Index less frequently, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

e. Fair Market Rental Value Adjustments – In addition to the annual rent adjustments based on the Index as set forth above, rent may be adjusted to fair market rental value at the discretion of County, beginning five years after the Execution Date and at the end of each subsequent five-year period during the Term, based on the then-prevailing fair market rental value of the Premises (less the value of Lessee's Improvements, as defined in **Section 10**, and inventory on the Premises), as determined by County, and in no event shall monthly rent be less than the monthly rent paid during the previous month. However, no single fair market rental value increase shall exceed 15% of the then-current rent for the next five-year period. Once a new fair market rent has been established, the annual CPI rent reviews will continue with the latest fair market rent used as the new base for CPI calculations. Fair market rent shall be defined as the then-prevailing fair market rent for comparable premises, as determined by County.

f. Penalty for Slow Pay – If money payable to County as a condition of this Agreement is not paid in full when due, a penalty of 10% of the amount due and unpaid shall be added to the amount due, and the total sum of the then-due rent payment plus penalty shall become immediately due and payable to County. A further penalty of 10% of the amount due and unpaid, including previously assessed penalties, shall be added for each additional month that said amount remains unpaid. The assessment and collection of the 10% penalty is in addition to any other rights of County, if Lessee does not faithfully perform the terms, covenants, and conditions of this Agreement.

g. Insufficient Funds – Pursuant to California law, if Lessee passes a check with insufficient funds, Lessee shall be liable to County for the amount of the check and a service fee of $25, and County may require that all payments thereafter be made with guaranteed funds (i.e., money order or cashier's check).

h. Security Deposit – On or before the Execution Date, Lessee shall deposit with the County, a security deposit made payable to Airports in the amount of $1,000. The security deposit shall be held by County during the Term. Lessee shall not use the security deposit toward payment of monthly rent. County may withhold from the security deposit such amounts as necessary to cure any defaults, including without limitation, rent, damages, cleaning, and removal of tenant property upon termination

7. Purpose:

a. In General – This Agreement is made for the purpose of allowing Lessee to construct, operate, and maintain the Building. Lessee shall not use or permit the Premises to be used for any other purpose without the prior written consent of the Director, which shall not be unreasonably withheld.

b. No Nuisance – Lessee shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of County or any others, or injure or annoy County or others. Lessee shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose. Within 72 hours of receiving written notice from County that a nuisance exists, Lessee shall abate or otherwise cause the nuisance to be abated. If Lessee has not taken corrective action within 72 hours, then County may enter and abate the nuisance at the sole cost of Lessee without any liability whatsoever to County. Lessee shall not allow any offensive matter, refuse or substance constituting an unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, to remain on the Premises or within a distance of 50 feet thereof, and shall prevent any accumulation thereof from occurring.

c. Aviation Use – If, during the Term, or any holding over thereof, the Premises becomes necessary for an aviation use, as determined solely by County, the aviation use shall supersede the use by Lessee and County, at County's sole discretion, and shall terminate this Agreement pursuant to **Section 4**.

8. Condition of Premises: 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 and/or patent. Lessee is aware that certain oil or gas pipeline easements may affect the Premises. County does not warrant or represent the Premises to be suited to Lessee's purposes.

9. Construction of Improvements:

a. Compliance with Laws – All construction shall comply with the terms and conditions of all federal, state and local rules, regulations, codes, and laws that govern the development of the Building. For any construction or work of improvement on the Premises ("**Improvements**"), Lessee shall follow the "Rules for Construction at Meadows Field," attached as **Exhibit "D."**

b. Approval of Plans - Initial and Alterations – Before commencing any construction, and within 60 days from the Execution Date, and before making any exterior or structural alterations, additions or improvements to the Premises, Lessee shall prepare and submit three sets of plans and specifications ("**Plans**") for the structures, landscaping, and the manner in which Lessee shall connect to utilities, for review and approval of the Director. Within 30 days thereafter, Lessee shall be notified of approval, disapproval, or recommended modification of the Plans. Lessee shall thereupon have 30 days in which to resubmit the appropriately revised Plans or appeal in writing to the Assistant County Administrative Officer of County of Kern ("**ACAO**") for approval or disapproval of the Plans. The ACAO's decision shall be final.

c. Commencement and Completion of Construction – Upon final approval by the Director and ACAO of the Plans, Lessee shall commence the construction of the Building within 30 days from the date of final approval, and shall diligently complete the construction, and in no event later than six months from commencement. If Lessee fails to meet those deadlines, County shall give a 15-day notice to Lessee, requiring Lessee either **(i)** to commence or complete construction, as applicable, within that 15-day period or **(ii)** to explain to the sole satisfaction of the ACAO the reason for the delay. If Lessee satisfies neither condition within the 15-day period, County, at its sole discretion after expiration of the 15-day period, may terminate this Agreement and either **(i)** take over construction of the Building or **(ii)** demolish the in-construction improvements, with all costs of construction or demolishment reimbursed by Lessee to County.

d. Force Majeure – Lessee's time for commencement and completion of construction shall be extended if Lessee's performance is prevented by Force Majeure events, as defined and provided in **Section 27**. Lessee's request for such extension of time shall be presented to the ACAO within five days immediately following the happening of a Force Majeure event, and the decision of the ACAO as to the sufficiency of the cause shown in support of such request, and as to the period of time of extension granted, shall be final.

e. Permits – Prior to any construction, Lessee shall, with all diligence and at it sole cost, seek necessary permits, and address environmental aspects and approvals of such construction.

10. Construction Assurance: For any construction of Improvements on the Premises, Lessee shall follow the "Rules for Construction at Meadows Field," attached as **Exhibit "D."** Prior to the commencement of any construction of Improvements on the Premises, Lessee shall furnish to County evidence that sufficient monies will be available to complete the Improvements. Such evidence shall represent at least the total estimated cost of construction, and such evidence may take one of the following forms:

a. A Performance Bond – to be supplied by Lessee's contractor or contractors and issued jointly to Lessee and County as Obligee. Lessee's contractor or contractors shall also submit to County a Certificate of Insurance as evidence of Workers' Compensation Insurance Coverage; or

b. An Irrevocable Letter of Credit – or other form of Banker's assurance issued to County from a financial institution licensed to do business in the State of California and covered by Federal Depository Insurance which shall remain in effect until County acknowledges satisfactory completion of construction of the Improvements; or

c. An automatically renewable Time Certificate of Deposit – made payable to County issued by a financial institution licensed to do business in the State of California and covered by Federal Depository Insurance which shall remain in effect until County acknowledges satisfactory completion of construction of the Improvements.

d. General Requirements – all Bonds, Letters of Credit and/or Time Certificates shall be acceptable to County in content and in form and shall insure Lessee's faithful performance of the terms and conditions of this Agreement which relate to the construction of the Improvements on the Premises.

11. Repair and Maintenance:

a. In General – During the Term, Lessee shall, at its sole cost, repair and maintain the Building and its FF&E in a clean, sanitary and safe condition and in compliance with the terms, covenants and conditions of this Agreement and all applicable federal, state and local laws, rules and regulations ("**Applicable Laws**"). Lessee shall maintain all fencing on the perimeter of the Premises in good working order and repair and in a safe, sanitary, and clean condition. Lessee shall remove or trim and properly dispose of vegetation that may grow or collect on the Premises, and shall remove and properly dispose of any rubbish or materials that may collect on the Premises.

b. Specific Repair and Maintenance Obligations – Lessee shall perform the regular maintenance of the Premises, including without limitation the following, if applicable.

c. Failure by Lessee to Repair and Maintain – Repair and maintenance shall be to the sole satisfaction of County, and if Lessee fails to fulfill any duty imposed under this **Section 11** within a reasonable period of time, County may, but is not required to, perform those duties at Lessee's sole cost. Lessee shall promptly cooperate with County if County undertakes to perform any such duties. No action by County taken pursuant to this **Section 11.c** shall constitute a waiver of any of Lessee's obligations under this **Section 11**. Lessee's obligations under this **Section 11** shall survive the expiration or termination of this Agreement.

12. Utilities and Services; Modification of Utilities: Lessee shall pay, during the Term, and during any extension or hold over, for all utilities used by Lessee in connection with its operations on the Premises. The term "**utilities**" for the purposes of this Agreement shall include, without limitation, gas, electricity, water, sewer, telephone or internet service, and trash and refuse disposal services. Lessee shall not modify any utilities on the Premises without the prior written consent of the Director, which may be granted or withheld at the Director's sole discretion.

13. Taxes and Assessments: Lessee shall pay all taxes, fees, charges, and assessments levied by any governmental agency upon any interest acquired by Lessee under this Agreement. Lessee is aware that certain possessory interests may be created by entering into this Agreement and that such interests will be subject to the payment of property taxes levied on such interest. Lessee is also aware that the construction of the Improvements may trigger the payment of property taxes levied on the Improvements.

14. Lessee's Furniture, Fixtures and Equipment:

a. In General – Lessee may install its own FF&E in the interior of the Building, at its sole cost. In addition to Lessee's obligations under **Section 31**, at the expiration or termination of this Agreement, Lessee shall remove its FF&E, and repair any damage to the Building as a result of removal, at Lessee's sole cost.

b. Abandonment of FF&E – Any FF&E belonging to Lessee and left on the Premises shall be kept for a reasonable time by County, but in no event longer than 30 days after County gives Lessee written notice to remove such property from the Premises. After the 30-day period, if not removed, the FF&E may be treated by County as abandoned. County shall proceed pursuant to California Civil Code section 1993, et seq. regarding the disposition of the FF&E.

c. FF&E as Security – If, at the time of expiration or termination of this Agreement, Lessee is in default of any of the terms, covenants, or conditions of this Agreement, including the payment of Rent or any other sums due under this Agreement, Lessee shall not remove from the Premises any of its FF&E, and such personal property shall remain in the Premises as security for the cure of such default, until such time as such default is fully cured by Lessee and any costs incurred by County, including attorneys' fees, are paid in full by Lessee to County.

15. Signs: Lessee, at its sole cost, shall have the right to affix and install reasonable signs on the Building to identify the Building, and such signs shall comply with all Applicable Laws, including those of County, and any installation of signage shall be approved in writing by the Director prior to installation. Any damage to the Premises occasioned by the installation and maintenance of any such sign, and the cost of removal or obliteration thereof upon the expiration or termination of this Agreement, shall be paid by Lessee.

16. Damage and Destruction: If the Premises is damaged or destroyed by fire or casualty, not the fault of Lessee or any person in or about the Premises with the express or implied consent of the Lessee, the damaged Premises shall be repaired by Lessee at its sole cost, with the use of available insurance proceeds required under **Section 22.c** or Lessee may, at its option, terminate this Agreement and assign the available insurance proceeds to County. In the event that Lessee elects to repair the damaged Premises, this Agreement shall continue in full force and effect except that certain obligations of Lessee may be subject to Force Majeure as provided in **Section 27**. The provisions of California Civil Code sections 1932(2) and 1933(4) shall not apply to this Agreement, and Lessee hereby waives the benefits thereof.

17. Condemnation: If all or any part of the Premises is taken as a result of the exercise of the power of eminent domain, this Agreement shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Party shall have the right to terminate this Agreement as to the balance of the Premises by notice to the other Party within 30 days after such date. However, a condition to the exercise by Lessee of such right to terminate shall be that the portion of the Premises taken shall be of such extent and nature, in Lessee's reasonable judgment, as substantially to handicap, impede or impair Lessee's use of the balance of the Premises. In the event of any taking, the proceeds shall belong to County.

18. Right of Inspection: County shall have the right to enter upon the Premises at all reasonable times to inspect the Premises and Lessee's operations thereon. County reserves all rights in and with respect to the Premises, not inconsistent with Lessee's use of the Premises as provided in **Section 7**, including without limitation the right of County to enter upon the Premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as County may deem desirable in connection with the development or use of the Premises. County shall compensate Lessee for damage to Lessee's FF&E caused by the exercise of the rights reserved in this **Section 18**.

19. Hazardous Materials:

a. No Hazardous Materials – Lessee shall not permit any Hazardous Materials to be stored or brought onto the Premises without the prior written consent of the Director, which may be granted or withheld in the Director's sole discretion. If Lessee spills any Hazardous Materials anywhere on the Premises, or other County-owned property, Lessee shall cleanup said spill, at its sole cost, and to the sole satisfaction of County. "**Hazardous Materials**", as used in this Agreement, shall be defined as stated in **Exhibit "B."**

b. Clean Up of Hazardous Materials – If any governmental authority or court, which has jurisdiction, demands that a cleanup plan be prepared and/or that a cleanup be undertaken because of any deposit, spill, discharge, or other release of any Hazardous Materials at, on, or from the Premises at any time during Lessee's occupancy of the Premises, or which arises at any time as a result of any uses or occupancy of the Premises by Lessee, then Lessee shall, at its sole cost, prepare and submit the required plans and all related bonds and other financial assurances and carry out all such cleanup plans in a timely manner.

c. Failure by Lessee to Clean Up – Lessee shall promptly provide all information regarding the use, generation, storage, transportation, or disposal of Hazardous Materials that is requested by County. If Lessee fails to fulfill any duty imposed under this **Section 19** within a reasonable period of time, County may, but is not required to, perform those duties at Lessee's sole cost. Lessee shall promptly cooperate with County if County undertakes to perform any such duties. No action by County taken pursuant to this **Section 19** shall constitute a waiver of Lessee's obligations under this **Section 19**. Lessee obligations under this **Section 19** shall survive the expiration or termination of this Agreement.

d. Receipt of Notice of Violation – If Lessee becomes aware of or receives notice or other communications concerning any actual, alleged, suspected, or threatened violation of any Environmental Requirements, or liability of Lessee in connection with the Premises or past or present activities of any person thereon, then Lessee shall deliver to County within 10 days of receipt of such notice or communication by Lessee, a written description of said violation, liability, correcting information, or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not create any obligation on the part of County to defend or otherwise respond to any such notification. Environmental Requirements, as used in this Agreement, shall be defined as stated in **Exhibit "B."**

20. <u>Indemnification</u>:

a. <u>In General</u> – Lessee shall indemnify and defend, upon request of County, County, its governing board, commissions, elected and appointed officials, employees, agents, volunteers, and authorized representatives, and each of them ("**Indemnified Parties**"), against any and all actions, lawsuits, proceedings, losses, costs, expenses, claims, fines, liabilities, fees (including, but not limited to, reasonable attorneys' fees of County Counsel and outside counsel retained by County, costs of County staff time, investigation, expert and consultant fees and costs), and damages, including liability for personal injuries or death or property damage, regardless of where located, including property of County, and workers' compensation claims or suits arising from or connected with any services performed under this Agreement on behalf of Lessee by any person or entity ("**Claims**"), arising out of or in any way connected with the acts or omissions of Lessee, its employees, agents, independent contractors, or invitees ("**Lessee Acts**"), unless the Claim is due to the sole default, act or failure to act, gross negligence, or willful misconduct of County or the Indemnified Parties.

b. <u>Environmental</u> – In addition, Lessee shall indemnify and defend, upon request of County, County and the Indemnified Parties against any and all Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials at any time during Lessee's occupancy of the Premises, or which arises at any time as a result of any uses at, on, or from the Premises or the occupancy of the Premises by Lessee, or as a result of Lessee's failure to provide any or all information, make any or all of its submissions, and take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements.

c. <u>Survival of Indemnification Obligations</u> – Lessee's obligations under this **Section 20** shall survive the expiration or termination of this Agreement.

21. <u>Release and Waiver; Waiver of Civil Code Section 1542</u>:

a. <u>Release and Waiver</u> – Lessee releases County and the Indemnified Parties from all Claims, and waives all Claims against County and the Indemnified Parties, that it may have as of the Execution Date, relating to this Agreement and any acts or omissions of County or the Indemnified Parties, unless the Claim is due to the sole default, act or failure to act, gross negligence, or willful misconduct of County or the Indemnified Parties.

b. <u>Waiver of Civil Code Section 1542</u> – Lessee waives all rights under California Civil Code 1542, and all rights arising under any similar laws, whether local, state, or federal. Section 1542 provides:

> "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."

22. <u>Lessee Maintenance of Insurance</u>: In order to protect County and the Indemnified Parties against Claims resulting from Lessee Acts, Lessee shall secure and maintain insurance as described below. Lessee shall not perform any work under this Agreement until Lessee has obtained all insurance required under this **Section 22** and the required certificates of insurance, and all required endorsements have been filed with the County's authorized insurance representative. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request by County, Lessee shall supply proof that such person is an authorized representative thereof, and is authorized to bind the named underwriter and company to the coverage, limits, and termination provisions shown thereon. Lessee shall promptly deliver a certificate of insurance, and all required endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the Term or as otherwise specified herein. Such certificates and endorsements shall be delivered to the County's authorized insurance representative prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof if so requested. Lessee shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by Lessee or County as an additional insured.

a. **Workers' Compensation and Employer's Liability Insurance Requirements**

1) **Workers' Compensation Insurance - Lessee Employees** – If Lessee has employees who may perform any services pursuant to this Agreement, Lessee shall submit written proof that Lessee is insured against liability for workers' compensation in accordance with the provisions of California Labor Code section 3700.

2) **Workers' Compensation Insurance - Lessee Subcontractors** – Lessee shall require any subcontractors to provide workers' compensation for all of the subcontractors' employees, unless the subcontractors' employees are covered by the insurance afforded by Lessee. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessee shall provide and/or require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

b. **Liability Insurance Requirements**

1) **In General** – Lessee shall maintain in full force and effect, at all times during the Term, the following insurance:

(a) **Commercial General Liability Insurance**, including without limitation Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with the County), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Lessee's performance of work under this Agreement. The Commercial General Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessee shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be the policy limits, which shall be at least $1,000,000 each occurrence and $2,000,000 aggregate.

(b) **Automobile Liability Insurance**, against claims of Personal Injury (including bodily injury and death) and Property Damage covering any vehicle and/or all owned, leased, hired, and non-owned vehicles used in the performance of services pursuant to this Agreement with coverage equal to the policy limits, which shall be at least $1,000,000 each occurrence and $2,000,000 aggregate.

(c) **Professional Liability (Errors and Omissions) Insurance**, for liability arising out of, or in connection with, the performance of all required services under this Agreement, with coverage equal to the policy limits, which shall be at least $1,000.000 each occurrence and $2,000,000 aggregate.

(d) **Aircraft Liability Insurance,** with coverage equal to the policy limits, which shall be at least $1,000,000 each occurrence and $2,000,000 aggregate.

2) **Additional Insureds** – The Commercial General Liability and Automobile liability Insurance required in this **Section 22.b.2** shall include an endorsement naming the County and the Indemnified Parties as additional insureds for liability arising out of this Agreement and any operations related thereto. Said endorsement shall be provided using one of the following three options: **(i)** on ISO form CG 20 10 11 85; or **(ii)** on ISO form CG 20 37 10 01 plus either ISO form CG 20 10 10 01 or CG 20 33 10 01; or **(iii)** on such other forms which provide coverage at least equal to or better than form CG 20 10 11 85.

3) **Self-Insurance Retention** – Any self-insured retentions in excess of $100,000 must be declared on the Certificate of Insurance or other documentation provided to County and must be approved by the County Risk Manager, which may be granted or withheld at the County Risk Manager's sole discretion.

4) **Claims-Made** – If any of the insurance coverages required under this Agreement is written on a claims-made basis, Lessee, at Lessee's option, shall either **(i)** maintain said coverage for at least three years following the termination of this Agreement with coverage extending back to the Execution Date; **(ii)** purchase an extended reporting period of not less than three years following the termination of this Agreement; or **(iii)** acquire a full prior acts provision on any renewal or replacement policy.

c. **Fire and Casualty Insurance** – Lessee shall, at its sole cost, maintain on the Building a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of County, Lessee, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessee, and Lessee shall apply and use such proceeds as required by **Section 16**, subject to the priority rights of any lender. Such insurance shall satisfy the requirements of **Section 22.d**, and shall be issued by a company or companies satisfying the requirements of **Section 22.e**. On or before the Execution Date, Lessee shall deliver to County certificates of insurance indicating that Lessee has complied with the provisions of this **Section 22.c**.

d. **Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessee shall be maintained until the completion of all of Lessee's obligations under this Agreement. Each insurance policy supplied by Lessee must be endorsed to provide that the coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after 10 days written notice in the case of non-payment of premiums, or 30 days written notice in all other cases. This notice requirement does not waive the insurance requirements stated herein. Lessee shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

e. Insurance Company Rating – All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum rating of A-; VII. Any exception to these requirements must be approved in writing by the County Risk Manager, which may be granted or withheld at the County Risk Manager's sole discretion.

f. Lessee Self-Insured – If Lessee is, or becomes during the Term, self-insured or a member of a self-insurance pool, Lessee shall provide coverage equivalent to the insurance coverages and endorsements required above. County will not accept such coverage unless the County Risk Manager determines, in his/her sole discretion and by written acceptance, that the coverage proposed to be provided by Lessee is equivalent to the above-required coverages.

g. Primary Insurance – All insurance afforded by Lessee pursuant to this Agreement shall be primary to and not contributing to all insurance or self-insurance maintained by County. An endorsement shall be provided on all policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against County.

h. No Limitations by Policy Limits – Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Lessee for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage, or to preclude County from taking such other actions as are available to it under any other provision of this Agreement or otherwise under Applicable Laws.

i. Failure to Maintain Insurance – Failure by Lessee to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Lessee. County, at its sole option, may terminate this Agreement and obtain damages from Lessee resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Lessee, County shall deduct from sums due to Lessee any premiums and associated costs advanced or paid by County for such insurance. If the balance of monies obligated to Lessee pursuant to this Agreement is insufficient to reimburse County for the premiums and any associated costs, Lessee shall reimburse County for the premiums and pay for all costs associated with the purchase of said insurance within 10 days of demand by County. Any failure by County to take this alternative action shall not relieve Lessee of its obligation to obtain and maintain the insurance coverages required by this Agreement.

23. Liens and Encumbrances: Lessee shall keep the Premises free from any liens and encumbrances arising out of any work performed, material furnished, or obligations incurred by Lessee, or from any other cause. If a lien or encumbrance is recorded against the Premises, and Lessee fails to remove the lien or encumbrance or post a bond to remove same within 15 days after its filing, County shall give a 15-day notice to Lessee, requiring Lessee to remove or bond around the lien or encumbrance within the 15-day period. If Lessee fails to do so within the 15-day period, County, at its sole discretion after expiration of the 15-day period, may obtain a bond, with all costs of the bond to be reimbursed by Lessee to County.

24. Breach by Lessee: In the event of the breach by Lessee of any term, covenant, or condition, Lessee shall have 30 days after written notice has been given to Lessee by County to cure, except for breach of the nuisance provisions of **Section 7**, which allows 72 hours to cure. If Lessee fails to cure within the stated time periods, County may exercise its remedies under **Section 25**.

25. Remedies of County: In the event of a breach by Lessee, County shall have the right either to terminate Lessee's right to possession of the Premises, by giving written notice of termination to Lessee, and thereby terminating this Agreement, or to have this Agreement continue in full force and effect with Lessee at all times having the right to possession of the Premises.

a. Agreement and Possession Continue – If County elects to have this Agreement continue in full force and effect, Lessee shall remain liable to perform all of its obligations under this Agreement and County may enforce all of County's rights and remedies. If Lessee abandons the Premises or fails to maintain and protect the same as herein provided, County shall have the right **(i)** to do all things necessary or appropriate to maintain, preserve, and protect the Premises, including without limitation the installation of keepers or guards or the appointment of a receiver, and **(ii)** to relet the Premises as the agent of Lessee and for Lessee's account and to do all things appropriate for such reletting. In the event of such reletting, Rent received by County shall be credited to Lessee's account. None of the foregoing acts shall be deemed to terminate Lessee's right of possession, and Lessee shall reimburse County on demand for all amounts reasonably expended by County in connection with the foregoing acts, together with interest on all amounts expended by County from time to time at the maximum legal rate from the date due until paid. Notwithstanding any such election to have this Agreement remain in full force and effect, County may at any time thereafter elect to terminate Lessee's right to possession of the Premises and thereby terminate this Agreement for any previous breach by Lessee which remains uncured or for any subsequent breach.

b. Agreement and Possession Terminate – If County gives notice of election to terminate Lessee's possession of the Premises, County shall be entitled to recover from Lessee the amounts specified in paragraph (a)(4) of section 1951.2 of the California Civil Code, as such section reads as of the Execution Date.

c. Remedies Not Exclusive – No right or remedy herein conferred upon or reserved to County is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

d. County Right to Cure – In addition to County's remedies upon Lessee's breach, upon 10 days prior written notice to Lessee by County, County may cure any breach by Lessee and, if necessary, may enter upon the Premises for such purpose. In such event, the cost of cure, plus interest at the maximum legal rate from the date due until paid, shall become immediately due and payable.

26. No Waiver of Breach: The waiver by County of any term, covenant, or condition contained in this Agreement must be in writing and shall not be deemed to be a waiver of any subsequent breach of the term, covenant or condition contained in this Agreement, and no custom or practice that may arise between the Parties during the course of this Agreement shall be construed to waive or lessen the right of County to the performance by Lessee in strict accordance with the terms of this Agreement.

27. Force Majeure:

a. Definition – Neither Party shall be held responsible or be deemed to be in default under this Agreement for any delay in performance or failure to perform any of its obligations, if such delay or failure is the result of causes beyond the control and without negligence of the Party. Such causes include, without limitation, acts of nature, strikes, lockouts, riots, insurrections, civil disturbances or uprisings, sabotage, embargoes, blockages, acts of war or terrorism, acts or failure to act by any governmental or regulatory body (whether civil or military, domestic or foreign), governmental regulations superimposed after the fact, communication line failures, power failures, fires, explosions, floods, accidents, epidemics, earthquakes, tsunamis, or other natural or man-made disasters ("**Force Majeure**"). Lack of funds shall not be a Force Majeure event.

b. Consequences – The Party affected by a Force Majeure event, upon giving prompt notice to the other Party, shall be excused from performance to the extent of such prevention, restriction, or interference, on a day-to-day basis until the Force Majeure event is removed, and the other Party shall likewise be excused from performance of its obligations which relate to the performance so prevented, restricted, or interfered with. The affected Party shall use its best efforts to avoid or remove the causes of nonperformance and to minimize the consequences thereof, and both Parties shall resume performance when the Force Majeure event is removed.

28. Quiet Possession: Lessee, in keeping and performing the terms, covenants and conditions herein contained on the part of Lessee to be kept and performed, shall at all times during the Term peaceably and quietly have, hold, and enjoy the Premises.

29. Assignment and Subletting:

a. No Assignment or Subletting – Lessee shall not sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interests granted by this Agreement, without the prior written consent of the Director.

b. Referral to Board of Supervisors – However, the Director may, at his/her discretion, refer Lessee's request to **(i)** sublease, **(ii)** assign, **(iii)** transfer, **(iv)** mortgage, or **(v)** otherwise convey this Agreement or Lessee's ground leasehold rights and interests, to County's Board of Supervisors ("**Board**") for Board consideration.

c. Failure to Obtain Consent – If Lessee shall sublease, assign, transfer, mortgage, or otherwise convey this Agreement, or its rights and interests hereunder, or attempt to do so in violation of the foregoing provision, then in addition to any and all other rights and remedies available to it, County may, at its option by written notice to Lessee, either declare such sublease, assignment, transfer, mortgage, or other conveyance void or terminate this Agreement and all rights and interests of Lessee and all other persons hereunder.

d. No Waiver or Limitation on Consent – Any consent to any sublease, assignment, transfer, mortgage, or conveyance shall not be deemed or construed as consent to any different or subsequent sublease, assignment, transfer, mortgage, or conveyance. This clause shall not be construed to limit any right or remedy which County may become entitled to as a matter of law or become entitled to by reason of Lessee's actions or failures to act.

e. Lessee in Compliance – As a condition of County's consent to any conveyance of this Agreement, Lessee must be in compliance with all terms, covenants, and conditions of this Agreement, including without limitation the payment of all monies due to County.

30. Administrative Processing Fee: Lessee shall pay to County, upon County's request, a processing fee in the amount of $1,200 for processing any request by Lessee for County to sign documents. The fee shall not be refundable and shall be paid prior to County's review of Lessee's request for signature. The fee may be waived by the Director if, in his/her opinion, the simplicity of processing such request for signature does not warrant the fee. Refusal to pay the fee is grounds for the denial of the request for signature.

31. <u>Surrender of Premises</u>: On the last day of the Term, or sooner termination of this Agreement, Lessee shall peaceably and quietly leave, surrender, and yield up to County the Premises, in as good a condition and state of repair as it existed on the Execution Date or the date of completion of the Improvements, subject to damage by Force Majeure, and shall comply with **Section 14** relating to its FF&E. Lessee shall either turn over, or remove, the Improvements constructed by Lessee thereon as directed by the Director, after seeking direction from the Board if necessary. By the expiration or termination date, Lessee shall have paid all utility bills and contacted the appropriate utility companies to have the utility services properly discontinued.

32. <u>Turn Over or Removal of Improvements</u>:

a. <u>Turn Over of Improvements</u> – If the Director directs that the Improvements be turned over to County at the expiration or termination of this Agreement, they shall be turned over in a state of good condition and repair, reasonable use and wear, and damage by Force Majeure events excepted.

b. <u>Removal of Improvements</u> – If the Director directs that the Improvements be removed, all or in part, prior to expiration or termination of this Agreement, Lessee shall remove all Improvements from the Premises, at Lessee's sole cost. Lessee shall restore the portions of the Premises from which it removes any Improvements, as nearly as reasonably possible, to a level, graded condition at Lessee's sole cost. If Lessee has not removed the Improvements, or Lessee's FF&E, within a reasonable amount of time after the expiration or termination of this Agreement, then County may, at its option, declare the Improvements to be County-owned real property, use or dispose of the remaining personal property pursuant to applicable law, and otherwise restore the Premises at Lessee's sole cost.

c. <u>Removal of Hazardous Materials</u> – All hazardous materials on the Premises used or stored by Lessee must be removed prior to the expiration or termination of this Agreement, whether or not the Improvements remain on the Premises.

33. <u>Notices</u>: All notices herein provided to be given, or which may be given, by either Party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Lessee:

Patterson Holdings, LLC
Attn: Ed Patterson
P.O. Box 2391
Bakersfield, CA 93303

To County:

County of Kern
Department of Airports
3701 Wings Way, Suite #300
Bakersfield, CA 93308

The address to which the notices shall be mailed to either Party may be changed by written notice given by such Party to the other, but nothing shall preclude the giving of any such notice by personal service.

34. Authorized Agent of County: The Director is the duly authorized agent of County for purposes of this Agreement, and as to any obligations assumed by Lessee, they shall be performed to the sole satisfaction of the Director, unless another standard is specified in this Agreement.

35. Miscellaneous Provisions:

a. Negation of Partnership – County shall not become or be deemed a partner or joint venturer with Lessee or associate in any relationship with Lessee other than that of landlord and tenant by reason of the provisions of this Agreement. Lessee shall not for any purpose be considered an agent, officer, or employee of County.

b. Conflict of Interest – The Parties have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All Parties agree that they are unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. It is further understood and agreed that if such a financial interest does exist as of the Execution Date, County may immediately terminate this Agreement by giving written notice to Lessee. The Parties shall comply with the requirements of Government Code Section 87100 et seq. during the term of this Agreement.

c. Nondiscrimination –

(1) Lessee, in the use of the Premises and in the operations to be conducted under this Agreement, shall not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, sex, or national origin in any manner prohibited by federal, state, or local laws or policies.

(2) Lessee shall furnish its accommodations and services on a fair, equal, and nondiscriminatory basis to all Users, and Lessee shall charge only fair, reasonable, and nondiscriminatory prices for its services. However, Lessee may make reasonable and nondiscriminatory rebates, discounts, or other similar price reductions to volume service Users to the extent permitted by Applicable Laws.

(3) Lessee shall make its accommodations and services available to the public on fair and reasonable terms without discrimination on the basis of race, color, creed, religion, ancestry, sex, or national origin.

(4) Lessee shall not discriminate nor allow discrimination, either directly or indirectly, in hiring or employing persons to work at the Building.

(5) Lessee shall include the language in **subsections (1) through (4)** in any agreement by which Lessee assigns or transfers any interest in the Premises or this Agreement, or grants a right or privilege to any person, firm, or corporation to use the Premises or to render accommodations and services to the public on the Premises.

(6) Non-compliance with **subsections (1) through (4)** shall constitute a material breach of this Agreement, and in addition to any other remedies provided by Applicable Laws or this Agreement, County shall have the right to terminate this Agreement without liability therefore, may seek an injunction to enforce **subsections (1) through (4)**, and may charge Lessee the sum of $25.00 per day for each incident of a failure to comply.

d. Incorporation of Prior Agreements – This Agreement contains all agreements of the Parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

e. Remedies not Exclusive – The use by either Party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive such Party of, or limit the application of, any other remedy provided by law, at equity, or otherwise.

f. Severability – If any part, term, portion, or provision of this Agreement is decided finally to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the Parties intended to enter into in the first instance.

g. Governing Law; Venue – The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Lessee or County initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

h. Compliance with Laws – Lessee shall, at its sole cost, promptly comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises. Lessee specifically agrees to observe and comply with the FAA Assurances attached as **Exhibit "C."** **Lessee is aware that Premises may be designated a "SIDA" secured area in the future and that certain security requirements dictated by air carrier flight operations may affect Lessee**. **This may necessitate that Lessee comply with requirements of the Transportation Security Agency (TSA) or such other regulatory agencies that may have jurisdiction over security issues.**

i. Successors – Subject to **Section 29,** all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

j. No Third Party Beneficiaries – This Agreement is made for the sole benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns, and no other persons shall have any right of action hereon.

k. Covenants and Conditions – Each provision of this Agreement performable by Lessee shall be deemed both a covenant and a condition.

l. Modification – This Agreement may be modified or amended only by a written document signed by both Parties.

m. Authorization – Each individual executing this Agreement on behalf of either Party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of that Party, and that this Agreement is binding upon both Parties in accordance with its terms.

n. Construction – The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

o. Recitals – Each of the recitals is incorporated in this Agreement by reference as if fully set forth in this Agreement at length, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

p. Captions – Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

q. Exhibits – All exhibits attached to this Agreement are incorporated into this Agreement by reference.

r. Time of Essence – Time is hereby expressly declared to be of the essence of this Agreement and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary, and essential part of this Agreement.

The remainder of this page has been intentionally left blank.

The Parties have executed this Agreement on the Execution Date.

APPROVED AS TO CONTENT:
Department of Airports

By______________________________
Richard Strickland, Director

COUNTY OF KERN

By______________________________
Chairman, Board of Supervisors
"County"

County Administrative Office

By______________________________
Assistant County Administrative Officer
for General Services

PATTERSON HOLDINGS, LLC, a
California limited liability company

By______________________________

Name Ed Patterson

Title member

"Lessee"

APPROVED AS TO FORM:
Office of County Counsel

By______________________________
Phillip W. Hall, Deputy

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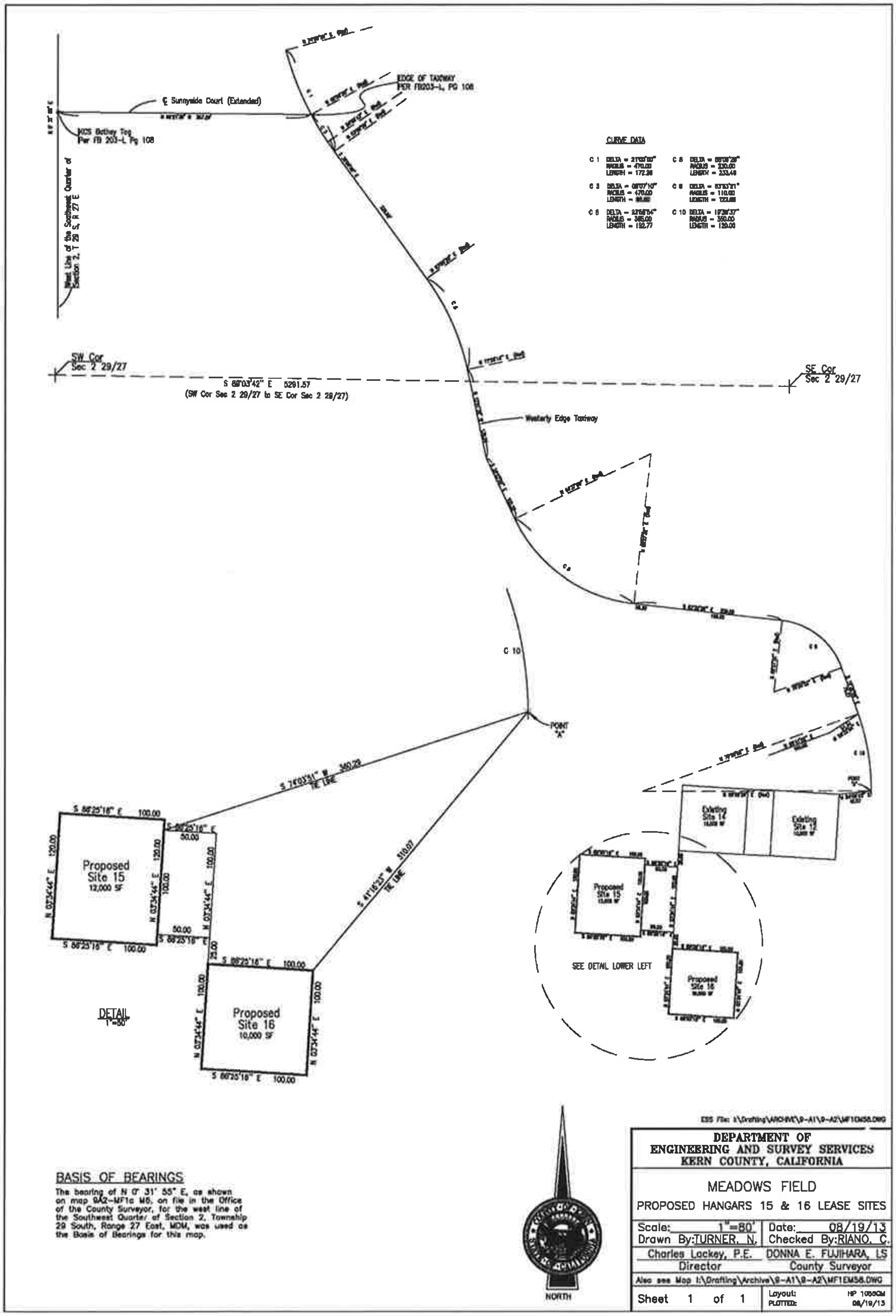
EXHIBIT "A" – PREMISES



Definition of Environmental Terms

For the purpose of this Agreement, the following terms and words shall have the meaning given below:

1. **Environmental Requirements**. All applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items of any governmental agency, department, commission, board, bureau, or instrumentality of the United States of America, California, or its political or municipal subdivisions, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human life or the environment.

2. **Hazardous Materials**. All flammables, explosives, radioactive materials, asbestos, polychlorinated bipehenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminates, hazardous waste, toxic substances or related materials, petroleum products, and any substances declared to be hazardous or toxic under any present or future Environmental Requirements or which requires investigation or remediation under any present or future federal, state, or local law, statute, regulation, environmental requirement, order, or rule.

EXHIBIT "C" – ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION

SECTION "A"

PURPOSE, CLASSES OF ACTIVITIES, APPLICABILITY OF ASSURANCES AND DEFINITION OF TERMS

1. PURPOSE

The County of Kern ("**County**"), as an airport owner subject to Federal Grant Agreement obligations, terms, covenants and conditions, is required by the Federal Aviation Administration ("**FAA**") to include specific provisions addressing, among other things, the requirements of Title VI of the Civil Rights Act of 1964, Exclusive Rights prohibitions, and Affirmative Action items contained in Title 14 Code of Federal Regulations Part 152, in all agreements ("**Agreement**"), including without limitation, leases, licenses, permits, agreements, and contracts, between County and all persons and entities which use or perform work or conduct activities on County-owned airport premises for aeronautical or non-aeronautical purposes. Therefore, the purpose of this Exhibit is to appropriately incorporate into the Agreement to which this Exhibit is attached and made a part of by reference, the 16 numbered provisions contained in **Section "B," Assurances.**

2. CLASSES OF ACTIVITY

The applicability of each of the 16 numbered provisions contained in **Section "B," Assurances**, to the Agreement to which this Exhibit is attached, is, among other things, dependent upon the type of work to be performed and/or the type of activities to be conducted at the specific airport ("**Airport**") by the party (Lessee, Licensee, Permittee, Operator, Concessionaire, etc.) named in the Agreement, pursuant to and in accordance with those certain rights, privileges, uses and operations, expressly granted and/or authorized under the Agreement. Therefore, the following activity classifications, as established by the FAA, are provided for the information and guidance of all parties to an Agreement.

a. **Direct and Supportive Aeronautical**: The following activities, commonly conducted on airports, are **AERONAUTICAL ACTIVITIES**:

1. Air Carrier
2. Charter Operations
3. Pilot Training
4. Aircraft Rental and Sightseeing
5. Aerial Photography
6. Crop Dusting
7. Aerial Advertising and Surveying

8. Aircraft Sales and Services
9. Sale of Aviation Petroleum Products (whether or not conducted in conjunction with other included activities)
10. Repair and Maintenance of Aircraft
11. Sale of Aircraft Parts
12. Any other activities which, because of their direct relationship to the operation of an aircraft, can appropriately be regarded as an "aeronautical activity."

b. **Complimentary Aeronautical**: The following activities, when conducted on airports, are **COMPLIMENTARY AIRPORT ACTIVITIES**:

1. Ground Transportation (taxis, car rentals, limousines)
2. Restaurants
3. Barber Shops
4. Auto Parking Lots
5. Recreational Facilities
6. Any other commodities, services or accommodations made available to the general public.

c. **Non-Aeronautical**: The following activities, when conducted on airports, being neither "Direct and Supportive Aeronautical" nor "Complimentary Airport," are **NON-AERONAUTICAL ACTIVITIES**:

1. Manufacturing
2. Agriculture
3. Any other activity not approximately falling within the above-said "Direct and Supportive Aeronautical" and/or "Complimentary Airport" Classification.

3. APPLICABILITY OF NUMBERED PROVISIONS IN SECTION "B," ASSURANCES TO CLASSES OF ACTIVITIES SPECIFIED IN PARAGRAPH 2

a. **Applicability:** The applicability of the numbered provisions in **Section "B," Assurances**, to the respective classes of activities specified in **Paragraphs 2.a, 2.b, and 2.c of Section "A,"** is as follows:

ACTIVITY CLASS	NUMBERED PROVISIONS APPLICABLE TO AGREEMENTS
Direct and Supportive Aeronautical	1 thru 16
Complimentary Airport	1 thru 14 and 16
Non-Aeronautical	1 thru 14 and 16

b. **Definition of Terms Used in Section "B," Assurances:** In order to facilitate ease of fulfillment of the requirements specified in **Paragraph 1 of Section "A,"** this Exhibit is designed to be attached to and made a part of all County Department of Airports ("**Department**") Agreements," including without limitation, leases, licenses, permits, agreements, and contracts. Therefore, in the event the Agreement to which this Exhibit is shall be other than a lease, or be a lease:

(1) where the parties are referred to other than "Lessor" and "Lessee," then, where the terms **"Lessor,"** "**Lessee"** and "**Lease"** appear within the 16 numbered "**Assurances**" listed in **Section "B,"** those terms shall be deemed to mean, respectively, the "**County of Kern, California**," the "**Other Party to the particular Agreement**" (e.g., Lessee, Licensee, Permittee, Operator, and Concessionaire), and the "**Agreement**" itself (regardless of title, type and/or description, including without limitation, Leases, Licenses, Permits, Agreements, and Contracts); and

(2) where the terms **"Land Leased"** and "**Leased Premises"** (and all reasonably identifiable derivations thereof) appear, those terms shall be deemed to mean the land and/or premises specifically identified in the Agreement as being that to which leasehold interests are expressly granted and/or those in, upon, to and/or from which tenancies, occupancies, uses, operations, and/or accesses by the Lessee, Permittee, Licensee, Operator, Concessionaire, etc., are expressly authorized. In all cases, where the term **Airport** appears, it shall be deemed to mean the particular airport identified in the Agreement between the parties as being the Airport to which the Agreement pertains.

SECTION "B"
ASSURANCES

1. **Lessee** for itself, and its heirs, personal representatives, successors, and assigns, as a part of the consideration thereof, does hereby covenant and agree (as a covenant running with the land if the Agreement to which this Exhibit is attached is a lease that in the event facilities are constructed, maintained or otherwise operated on the said property described in the **Lease** for a purpose for which a U.S. Department of Transportation ("**DOT**") Program or activity is extended or for another purpose involving the provision of similar services or benefits, **Lessee** shall maintain and operate all facilities and services in conjunction with all other requirements imposed pursuant to Title 49, Code of Federal Regulations ("**CFR**"), DOT, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as those Regulations may be amended.

2. **Lessee**, for itself, and its heirs, personal representatives, successors, and assigns, as a part of the consideration hereof, does hereby covenant and agree (as a covenant running with the land if the agreement to which this Exhibit is attached is a lease) that:

(1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of any facilities;

(2) in the construction of any improvements on, over, or under the land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination; and

(3) **Lessee** shall use the "**Premises**" in compliance with all other requirements imposed by or pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as those Regulations may be amended.

3. In the event of breach of any of the non-discrimination covenants contained in **Provision 2**, **Lessor** shall have the right to terminate the **Lease** and to reenter and repossess the land

and the facilities thereon, and hold the same as if the **Lease** had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

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

5. Non-compliance with **Provision 4** shall constitute a material breach thereof, and in the event of such non-compliance, County, as **Lessor,** shall have the right to terminate the **Lease** and the leasehold estate thereby created without liability therefor or, at the election of **Lessor** or the United States, either or both governmental authorities shall have the right to judicially enforce **Provisions 1, 2, 3 and 4**.

6. **Lessee** agrees that it shall insert **Provisions 1, 2, 3, 4. and 5** in any lease, license, permit, agreement, contract, etc., by which **Lessee** grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the **Leased Premises.**

7. **Lessor** reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of **Lessee** and without interference or hindrance from **Lessee**.

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

9. This **Lease** shall be subordinate to the provisions and requirements of any existing or further agreement between **Lessor** and the **FAA**, relative to the development, operation or maintenance of the **Airport**.

10. **Lessor** reserves, for itself, and its heirs, personal representatives, successors, and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the **Leased Premises**. This public right of flight shall include the right to cause in that airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from or operation on the **Airport**.

11. **Lessee** shall comply with the notification and review requirements covered in Part 77 of the FAA Regulations, in the event future construction of a building is planned for the **Leased Premises** or in the event of any planned modification or alteration of any present or future building or structure located on the **Leased Premises.**

12. **Lessee,** by accepting the **Lease,** expressly agrees, for itself, and its heirs, personal representatives, successors, and assigns, that it will not erect or permit the erection of any structure or object, or permit the growth of any tree on the **Leased Premises** which would exceed the height limits of Part 77 of the FAA Regulations. If Lessee breaches these covenants, **Lessor** reserves the right to enter upon the **Leased Premises** and to remove the offending structure or object, or cut the offending tree, all of which shall be at **Lessee's** sole cost**.**

13. **Lessee,** by accepting the **Lease,** agrees, for itself, and its heirs, personal representatives, successors, and assigns, that it will not make use of the **Leased Premises** in any manner which might interfere with the landing and/or taking off of aircraft at and/or from the **Airport** or otherwise constitute a hazard. If Lessee breaches this covenant, **Lessor** reserves the right to enter upon the **Leased Premises** and cause such interference to be abated at **Lessee's** sole cost.

14. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (40 U.S.C. 1349a).

15. The **Lease** and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the **Airport** or the exclusive or non-exclusive use of the **Airport** by the United States during the time of war or national emergency.

16. **Lessee** acknowledges and agrees that **Lessee's** right to use the aircraft apron area ("**Apron Area**"), if any, shall not be exclusive and, to the extent permitted by the provisions of the **Airport's** existing or future agreements with the United States of America granting Federal Funds for the development of the **Airport**, shall be a non-exclusive preferential right. "Non-exclusive preferential right" means that the **Airport Airports Director** or his/her designee may permit the use of the **Apron Area** by members of the general public so long as such use does not unreasonably interfere with **Lessee's** use of the **Apron Area**. As used herein, "members of the general public" does not include a competitor of **Lessee**.

EXHIBIT "D" – RULES FO... CONSTRUCTION AT MEADOWS FIELD AIRPORT

DEPARTMENT OF AIRPORTS

Lessee is required to comply with the following Terms and Conditions and to obtain County of Kern ("**County**") Department of Airports ("**Department**") approval for all listed Drawings, prior to the start of any construction at Meadows Field Airport ("**Airport**").

I. TERMS AND CONDITIONS

1. Agreement approval is required by the Department and the Board of Supervisors.

2. Where approval is required by County or Department, the approval must be in writing.

3. All improvements shall comply with all federal, state and local rules, regulations, codes and laws that govern the development. Minimum development standards are set by the Federal Aviation Administration ("**FAA**") and the County. In case of conflict, the more stringent development standards shall apply. Lessee is solely responsible for meeting all such requirements, regardless of any approval issued by the Department. Before proceeding with construction, Lessee shall notify the Department of any such regulatory requirement that conflicts with the Department's approval.

4. Lessee shall complete and submit Form 7460-1 to the FAA and receive approval from the FAA prior to the start of construction. Lessee shall meet with Department staff to discuss the processing of Form 7460-1 and submit Form 7460-1 for preliminary review by the Department prior to submitting to the FAA. (Please allow at least six weeks for your application to be processed by the FAA.)

5. Lessee shall defend and indemnify the Department against all claims arising out of the construction and use of the proposed improvements.

6. No work shall be performed without the required permits and Department approvals. All improvements shall be constructed by contractors holding valid contractor's licenses for the type of work performed. Contractors shall be insured and bonded for the full extent of the work.

7. Lessee is responsible for all due diligence in evaluating the feasibility and costs of development, and assumes the corresponding risks, including evaluation of existing conditions (adequacy of serving utilities, soils requirements, storm drainage requirements, etc.), construction limitations (height limits, etc.) and all other restrictions that bear on the project.

8. Lessee is responsible for paying all fees associated with permitting including without limitation habitat fees.

9. Construction inspection to ensure compliance with the grading and building permits shall be required. Plans must be submitted to the Department in order to obtain approval on any earth work or utilities interruptions. The County Building Inspection Department must inspect and approve all structures. The developer/ contractor for Lessee must certify that the work meets all permit requirements, and the results of testing to substantiate compliance with the plans and specifications must be submitted by the developer/contractor, including performance testing of the concrete and asphalt concrete, and compaction of base material and original ground.

10. Demolition permits and utility searches must be submitted to the Department prior to final approval. Asbestos and all other hazardous materials, if any, shall be properly removed and disposed of by Lessee in accordance with all applicable laws and regulations.

11. Lessee shall provide a copy of the Certificate of Occupancy to the Department prior to occupying the facility.

12. The Department reserves the right to demand temporary fencing around construction projects to eliminate attractive nuisances, security breaches and to maintain public safety in general. The construction site must be maintained free of all loose debris, and the developer/contractor shall be responsible for all damage to aircraft and structures resulting from unsecured debris from the construction site. Any Debris on the runways or taxiways must be immediately cleaned under supervision of Department's Operations staff.

13. Access to the Airport requires training for all individuals entering the fence line. Some Department' tenants are authorized to train their own personnel. However, this does not authorize them to train the contractor or employees of other organizations. Such individuals **must** attend training by the Department's Security.

14. If construction of any project at the Airport requires Transportation Security Agency ("**TSA**"), approval of amendments to the Department's Security Program for any changes to the fence line, access through buildings or changes to the access plan and procedures then such amendments must be submitted to TSA at least 45 days prior to the change condition, these amendments must be first reviewed and approved by the Department.

15. Lessee shall provide current insurance certificates of the types and limits described in the Agreement prior to the start of any construction.

16. All utilities are to be connected to, and metered directly from, the serving utility's lines. If utilities must be connected to the private airport system, pre-approval and sub-metering is required.

17. Lessee shall pay all assessment fees for sewer, water or any other fee required to be paid prior to developing the Premises. Lessee is solely responsible for obtaining all permits from utility companies, including without limitation water, sewer, and electric and paying any special assessments that may be required to connect to utility service.

18. Any abandoned utility lines discovered during construction shall be brought to the Department' attention. The Department may require that the abandoned utility lines be removed and capped.

19. During the course of design review, the Department may request the following:

- Spare conduit be placed under pavement or other hardscape for future power, lighting, data, or security system access, at Lessee's sole cost.
- Control valves and similar devices to isolate Lessee's utilities.

II. DRAWINGS

1. All plans and exhibits shall be signed, dated and approved by both the Department and Lessee. Department's approval is limited in scope to the work shown on the plans and is not to be construed as approval of any design errors, omissions, or conflicts with any Agreement, FAA, or code requirements.

2. All colors and materials shall be subject to the Department's approval.

3. Department' approved documents are valid for six months from the date of approval to the start of construction. Construction shall be completed within the term established in the Agreement.

4. **Minimum drawing set:**

- Cover sheet
- Site plan / Construction safety plan
- Drainage plan
- Building elevations
- Utility plans (all utilities on project)

5. **All drawings shall:**

- Be drawn to scale and dimensioned
- Indicate project name and general description
- Indicate Name, address, and phone numbers of:
  - Lessee
  - Preparer of drawing
- Indicate the North arrow
- Be dated with the revision block indicating subsequent changes with the description and date
- Contain signature lines for the Department's and Lessee's approval

6. **Cover sheet:**

- Include a location map, indicating the project limits within the Airport property
- Sheet index
- Airports Directory of all principals and designers
- Graphically show information from Form 7460: latitudes, longitudes (where located) and separations from runways, and all FAA conditions of approval
- Attach a copy of the FAA's approval of Form 7460

7. **Site/Construction Safety Plan:** Construction safety and security plans must identify who will have access, how they will enter, and where any materials will be stored as stated in FAA Advisory Circular 150/5370-2E. The site plan must also depict how unauthorized access on to the AOA will be monitored and restricted. Any crane activity shall be coordinated with the Department at least five days prior to commencement of activity.

Other Contents of the Site Plan:

- Property lines
- Leasehold lines
- Phasing of the work, if applicable
- New buildings, including:
  - Area, maximum height, and finish floor elevation
  - Setbacks from property lines, fences, and buildings
  - Basic construction materials for pavements, floor, walls, and roof
  - Code information: occupancy, type of construction, yards, whether sprinklered, etc.
- Slab and pavement sections (materials, thickness, base, etc.) for each type
- Fences including general description
- Trash enclosures, sheds, and miscellaneous structures
- Roads
  - Graphically distinguish between different paving sections
- Parking and other striping
- Existing construction (buildings, fences, roads, parking, etc.)
  - Graphically distinguish between new and existing construction
- Reference soils report
- Show staging areas, access, and means of keeping adjacent Airport property protected from construction debris and drainage

8. **Engineered Building Design:** Must be approved by the Building Inspection Department after the Agreement is approved, but prior to final Department's approval

9. **Apron, Taxiway, or Road Plan and Profile:** Must be approved by the County Department of Roads (including roadway widths, curve radii, and grades)

10. **Apron or Taxiway Structural Section:** Designed to include compaction limits, AC and base thickness.

11. **Drainage Plan:** Showing how surface runoff is being handled and where it will enter the drain system

12. **Drainage Structures:**

- Indicate how compliance with Department's hydrology requirements is achieved
- Show limits of flood plain

13. **Utility Plan:** Lessee must provide methods of providing temporary utilities to all surrounding facilities which may be interrupted during any phase of construction. All re-routing,

abandonment and/or upgrading of utilities shall be the responsibility of Lessee under approval by the County Building Inspection Department and the Department.

- Show existing and proposed utilities, including new utility points of connection
- Show existing and proposed fire hydrants
- Provide list of serving utilities and contact names and phone numbers

14. As-Built Plans: As-built plans showing any specific changes to original plans must be furnished upon project completion. As-built plans must also include infrastructure changes on utilities previously unknown, but discovered as a result of construction.

- As-built plans are to be neatly drafted and provided in both reproducible Mylar and digital DWF (AutoCAD) formats
- Lessee shall pay the cost of updating the Department' Layout Plan (ALP)

Acknowledgement

The undersigned acknowledges receipt of the Rules for Construction at Meadows Field Airport from the County of Kern, Department of Airports. The undersigned understands that failure to provide requested information in a timely manner will result in construction delays or shutdown. Lessee and/or developer/contactor may ultimately incur fines for ANY violation of FAA or TSA regulations or failure to comply with any of the terms or conditions set forth in this Exhibit.

Please return a signed original copy to Department of Airports, 3701 Wings Way, Bakersfield, CA 93308.

Ed Patterson
Authorized Lessee Representative

Ed Patterson
By

Member
Title

Date: Oct 4-13