

**FIXED BASE OPERATOR'S LEASE AND SERVICE AGREEMENT
BETWEEN
MACY'S FLYING SERVICE, INC.
AND
COUNTY OF SHASTA FOR FALL RIVER MILLS AIRPORT
SHASTA COUNTY, CALIFORNIA**

THIS AGREEMENT is made between **Macy's Flying Service, Inc.** hereinafter referred to as "Lessee," and the **County of Shasta**, a political subdivision of the State of California, hereinafter referred to as "County."

1. PREMISES.

COUNTY hereby leases to Lessee that certain real property, herein referred to as the Premises located at Fall River Mills Airport, County of Shasta, State of California, consisting of 10,000 square feet described in Exhibit "A", and illustrated in Exhibit "B", attached hereto and made a part hereof ("the Premises).

2. SERVICES.

2.1 Lessee shall have the exclusive use and right to occupy the Premises for the purpose of conducting a general fixed base operator ("FBO") business in accordance with Exhibit "C" of this agreement attached hereto and incorporated herein.

2.2 Pending the timely completion of the Construction of Improvements as set for in Section 8 of this agreement, Lessee may conduct a general fixed base operator ("FBO") business in accordance with Exhibit "C" of this agreement upon execution of this agreement on a portion, or portions, of Fall River Mills Airport outside the Premises but only within a location, or locations, specifically designated and methods approved, in writing, by the County's Airport Manager.

3. TERM AND TERMINATION.

3.1 Initial Term. The term of this agreement commences upon execution of agreement and ends August 1, 2041, or such earlier date as this agreement is terminated in accordance with its terms, except that if the termination date falls on a Sunday or a holiday, then this agreement shall end at 12:00 o'clock noon on the business day next preceding that day.

3.2 Holding Over. Any holding over shall be on a month-to-month tenancy at the then rental price, and all other provisions of this agreement shall remain in full force and effect on a month-to-month tenancy unless and until either party gives 30 days written notice to the other, and Lessee's tenancy shall terminate 30 days following the last day of the month in which such notice is given.

4. RENT.

4.1 Rent. The rent to be paid by Lessee for the Premises shall be \$0.22 a square foot annually for 10,000 total square feet. Rent shall be paid in advance on the first day of each month of the term and any extensions of this agreement. Annually, thereafter beginning on June 1,

2020, the rent shall be adjusted in an amount equal to one hundred percent (100%) of the percentage change in the Consumer Price Index U.S. City Average for the twelve month period ending the preceding July; provided, however, that the annual adjustment shall not exceed six percent (6%) in any one year.

4.2 Prorated Rent. If the term begins on other than the first day of the calendar month, the rent payment for the partial month shall be prorated on a per diem basis based upon the number of days of occupancy during the month.

4.3 Delinquent Payments. Any payments required by this agreement shall be considered delinquent thirty days after the date they are due and payable. A service charge of 1-1/2% per month from the date due shall be charged for such delinquencies. Any payments which are delinquent for more than thirty days shall constitute a default.

5. USE OF PREMISES.

5.1 Conduct of FBO Business. Lessee shall use and occupy the Premises solely for the purpose of conducting the FBO business as provided in Section 2 of this agreement. The use of the premises for the storage and operation of aircraft under the ownership and/or control of Lessee or its officers shall be deemed to be within the scope of the FBO business.

5.2 Agreements with United States; Change in Use of Airport.

This agreement shall be subordinate to the provisions of any existing or future agreement (a "Federal Agreement") between County and the United States relative to the use, operation, or maintenance of the Airport, the execution of which has been or may now or hereafter be required as a condition precedent to the expenditure of federal funds for the development of the Airport. Lessee hereby agrees that, to the extent that any such Federal Agreement shall affect Lessee and its use of the Premises and the Airport, Lessee shall act in compliance therewith. If the Airport ceases to permanently exist or function as a public airport, this agreement shall terminate as of the date the Airport ceases to operate as a public airport. In that event, Lessee shall have the right to remove any hangars or improvements constructed on the Premises by Lessee.

5.3 County Rules and Regulations. County shall retain the authority to revise, issue, and publish rules and regulations for the use of the Airport and Premises by all persons. Lessee shall use the Premises and provide FBO services in accordance with all such rules and regulations.

5.4 Compliance with Federal, State and Local Laws, Rules and Regulations.

5.4.1 Flight and Ground Activities. Lessee shall conduct all flight and ground activities on the Airport in accordance with proper rules and regulations of all authorities having jurisdiction over such operations including, but not limited to, the Federal Aviation Administration, and the California Division of Aeronautics.

5.4.2 Applicable Licenses and Permits. Lessee shall obtain and pay for all licenses, permits, approvals, fees, or other similar authorizations or charges required under federal, state, or local laws or regulations necessary to use the Premises and perform services pursuant to this agreement.

5.4.3 Applicable Laws. Lessee shall comply with all applicable federal, state and local laws and regulations governing this Lease and the services provided by Lessee.

5.4.4 Lessee's Compliance with Child, Family and Spousal Support Reporting Obligations. Lessee's failure to comply with state and federal child, family, and spousal support reporting requirements regarding Lessee's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family, and spousal support obligations shall constitute a default under this agreement. Lessee's failure to cure such default within 90 days of notice by County shall be grounds for termination of this agreement.

5.5 Non-Discrimination Requirements.

5.5.1 Lessee not to Discriminate. Lessee shall not discriminate in employment practices or in the delivery of services on the basis of race, color, creed, religion, national origin, sex, age, marital status, sexual orientation, medical condition (including cancer, HIV and AIDS) physical or mental disability or use of family care leave.

5.5.2 Compliance with Non-Discrimination Statutes and Regulations.

5.5.2.1 Lessee represents that Lessee is in compliance with and agrees that Lessee shall continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. section 12101, *et seq.*), the Fair Employment and Housing Act (Government Code sections 12900, *et seq.*), and regulations and guidelines issued pursuant thereto. In addition to any other obligations of this Lease, Lessee's obligation set forth in this section shall include the obligation to indemnify, defend, and hold County harmless from any and all claims or actions arising from violations of the Americans With Disabilities Act or the Fair Employment and Housing Act.

5.5.2.2 Lessee shall use the Premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

5.6 Non-Exclusive Right. Lessee acknowledges that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and County reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature at the Fall River Mills Airport.

6. SERVICES AND UTILITIES.

6.1 Lessee's Obligations. Lessee shall pay all charges for electricity, gas, telephone, garbage removal, and custodial services associated with its use of the Premises during the term of this agreement and any extensions of the term.

7. MAINTENANCE AND REPAIRS.

7.1 Lessee's Obligations.

7.1.1 Duty to Maintain and Repair. During the term of this agreement or any extension of the term, Lessee shall, at Lessee's own cost, maintain the Premises in good repair and tenantable condition. As used in this subsection 7.1.1, the "Premises" includes all appurtenances, rights, privileges and easements belonging or appertaining thereto including, but not limited to, the following: landscaping, building structural integrity, paving, parking lots,

fencing, irrigation systems, walks, roof, exterior walls and doors, windows, and other outside elements of the Premises.

7.1.2 Security of Premises. Lessee shall keep secure the premises and the airport property including, but not limited to, locking and securing all gates and points of entry into the airport property. Nothing in this paragraph, or in this agreement, shall be construed to impose upon Lessee a duty to provide overall security services for the airport. It is intended that Lessee shall maintain the security of the premises and the airport to the extent that security is affected by Lessee and the operations of Lessee provided for in this Lease.

7.2 Compliance with Law.

7.2.1 Lessee and County shall each do all acts required to comply with all applicable laws, ordinances, regulations and rules of any public authority relating to their respective maintenance obligations as set forth herein. Any costs associated with compliance shall be paid by Lessee unless such costs are directly related to the conduct of County's business within the Premises.

8. CONSTRUCTION OF IMPROVEMENTS; ALTERATIONS.

8.1 Construction Allowed by Agreement. Lessee shall construct the following improvements in accordance with Lessee provided plans and specifications that are approved, in writing, prior to construction, by the Shasta County Airport Manager: taxilane to taxiway minimum of 25 ft wide and 90 ft long six inch subgrade with three inch asphalt Caltrans Class A, ½ or ¾ inch max, with 18 inch storm pipe; other asphalt paved areas on premises constructed similarly; minimum 40' x 40' reinforced 6" concrete wash and loading pad for tie-down of ag plane and containing all leakage, runoff or spill from operations and transfers of fuel or ag materials; water line (approval required from Fall River Community Services District); minimum sixteen foot chain link access gate; and gravel access road extension, fourteen feet wide, with minimum 10 inches of subgrade. The aforementioned construction shall be fully completed on or before May 1, 2019. Failure to complete the aforementioned construction on or before May 1, 2019 shall be deemed a material breach of this agreement and may be deemed a breach and default under section 13 of this agreement.

8.2 Other Alterations to Premises. Except as specifically provided in subsection 8.1 above, Lessee may, with County's prior written consent, make other alterations to the Premises.

8.3 Ownership of Improvements. All improvements made by Lessee to the Premises which are attached to the Premises so that they cannot be removed without material injury to the Premises shall become the property of County upon installation. Not later than the last day of the term of this agreement, Lessee shall, at Lessee's expense: remove all of Lessee's personal property and those improvements made by Lessee which have not become the property of County, including trade fixtures, cabinet work, moveable paneling, partitions and the like; repair all damage resulting from the installation or removal of such property and improvements; remove at Lessee's expense any signs, notices or displays placed or installed by Lessee; remove all hazardous materials from Premises and areas adjacent to the Premises or in other portions of the Fall River Mills Airport area affected by Lessee's use of hazardous materials; and surrender the Premises in as good order, condition or repair as they were in at the beginning of the term, except for reasonable use and wear thereof, and damage by fire, the elements, casualty, act of God or other cause not due to the misuse or neglect of Lessee or Lessee's officers, agents, employees or visitors.

8.4 Provisions Applicable to Construction. Any construction on the Premises shall be performed in accordance with all applicable laws and regulations. In addition to any other indemnification provision of this agreement, Lessee shall indemnify and hold County harmless from and defend County against any and all claims of liability arising in part or in whole from the failure of Lessee, its agents, contractors, or employees, to comply with the duties proscribed by this subsection.

9. ASSIGNMENT AND SUBLETTING.

9.1 County's Consent Required. Lessee shall not assign this, or any interest therein, and shall not lease or sublet said Premises, or any part thereof, or any right or privilege appurtenant thereto, without the written consent of County. A consent to one assignment or subletting shall not be construed as consent to any subsequent assignment or subletting. Unless such consent has been obtained, any assignment or transfer, or attempted assignment or transfer of this agreement, or of any interest therein, or subletting, either by voluntary or involuntary act of Lessee, or by operation of law or otherwise, shall, at the option of County, be an event of default under Section 13, and any such purported assignment, transfer or subletting without such consent shall be null and void.

9.2 Release of Lessee. In the event of an assignment of this agreement, which is approved by County, whereby such successor in interest agrees to be bound by all the terms, covenants and conditions of the agreement, Lessee shall be relieved from all obligations and liabilities occurring thereafter on the part of the new tenant.

10. INDEMNITY.

Lessee shall indemnify and hold Lessor harmless from and defend against any and all claims, suits, actions, costs, expenses (including but not limited to reasonable attorney's fees of Lessor Counsel and counsel retained by Lessor, expert fees, litigation costs, and investigation costs), damages, judgments or decrees for any injury, death, or damage to any person or property occurring in, on, or about the premises when such injury, death, or damage is caused in part or in whole by the neglect, fault, or omission of any duty with respect to the same by Lessee, its agents, contractors, subcontractors or employees except when the injury or loss is caused by the sole negligence or intentional wrongdoing of Lessor. Lessee shall further indemnify and hold Lessor harmless from and against any and all claims, suits, actions, costs, expense (including but not limited to reasonable attorney's fees of County Counsel and counsel retained by Lessor, expert fees, litigation costs, and investigation costs), damages, judgments or decrees arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this lease, or arising from any negligence or wrongdoing of Lessee, or any of its agents, contractors, subcontractors or employees. If an action or proceeding is brought against Lessor by reason of any such claim, Lessee, upon notice from Lessor, shall defend the same at Lessee's expense provided, however, that Lessee shall not be liable for damage or injury occasioned by the sole active or sole passive negligence or intentional acts of Lessor or its agents or employees. Lessor shall be required to provide notice to the Lessee within 10 days of receipt or notice of any claim.

11. INSURANCE.

11.1 Without limiting Lessee's duties of defense and indemnification, Lessee shall obtain, from an insurance carrier authorized to transact business in the State of California, before

Lessee's use of Premises including placing an aircraft on the premises or beginning any improvements to the Premises, and maintain during the remaining term of this lease and any extension of this lease:

11.1.1 Commercial General Liability Insurance, including coverage for owned and non-owned automobiles, and other insurance to protect the County and the public with limits of liability of not less than \$1 million combined single limit bodily injury and property damage; such insurance shall be primary as to any other insurance maintained by County.

11.1.2 A policy of Airport Premises Liability Insurance for the building and premises with limits no less than \$1 million combined single limit bodily injury and property damage. If Lessee is storing third-party aircraft, Lessee shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain during the term of this lease and any extension of this lease, a policy of Hangar keepers' Liability Insurance, with limits of no less than \$1 million per occurrence and \$1 million aggregate. If Lessee is operating a flight school or flying club, Lessee shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain during the term of this lease and any extension of this lease, a policy of Comprehensive Airport Liability Insurance for bodily injury (including death) and property damage including owned and non-owned aircraft coverage of \$1 million per occurrence and \$3 million aggregate.

11.1.3 Lessee shall obtain and maintain continuously required Workers' Compensation and Employer's Liability Insurance to cover Lessee, Lessee's partner(s), and Lessee's employees with an insurance carrier authorized to transact business in the State of California covering the full liability for compensation for injury to those employed by Consultant or subcontractor. Each such policy shall be endorsed to state that the Workers' Compensation carrier waives its right of subrogation against the County, its elected officials, officers, employees, agents, and volunteers which might arise in connection with this agreement. Consultant hereby certifies that Consultant is aware of the provisions of section 3700 of the Labor Code, which requires every employer to insure against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and Consultant shall comply with such provisions before commencing the performance of the work or the provision of services pursuant to this agreement.

11.1.4 Lessee shall maintain throughout the term of this lease and any extension of the term, fire and extended coverage insurance to protect Lessee's interest in the premises and common areas.

11.2 With regard to all insurance coverage required by this lease:

11.2.1 Any deductible or self-insured retention exceeding \$25,000 for Lessee shall be disclosed to and be subject to approval by the Lessor's Risk Manager prior to the effective date of this lease.

11.2.2 Lessee shall provide Lessor an endorsement or amendment to Lessee's policy of insurance as evidence of insurance protection before the effective date of this lease. The endorsement or amendment shall name Lessor, its elected officials, officers, employees, agents, and volunteers as additional insureds. If the endorsement or amendment does not reflect the limits of liability provided by the policy, Lessee shall also provide Lessor a certificate of insurance reflecting those limits.

11.2.3 In the event any insurance coverage expires at any time during the term of this lease, Lessee shall provide, at least 20 days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of this lease or for a period of not less than one year. In the event Lessee fails to keep in effect at all times insurance coverage as herein provided and a renewal endorsement or policy amendment is not provided within 10 days of the expiration of the endorsement or policy amendment in effect at inception of this lease, Lessor may, in addition to any other remedies it may have, terminate this lease upon 30 days notice.

11.2.4 Lessee shall require subcontractors to furnish satisfactory proof to County that liability and workers' compensation and other required types of insurance have been obtained and are maintained similar to that required of Lessee pursuant to this agreement.

11.2.5 All insurance (except workers' compensation and professional liability) shall include an endorsement or an amendment to the policy of insurance which names *Shasta County, its elected officials, officers, employees, agents, and volunteers as additional insureds* and provides that coverage *shall not be reduced or canceled without 30 days written prior notice certain to the County*. Any available insurance proceeds in excess of the specified minimum limits and coverage pursuant to the terms of this agreement shall be applicable to the Additional Insured. The additional insureds coverage shall be equal to Insurance Service Office endorsement CG 20 10 for on-going operations, and CG 20 37 for completed operations.

11.2.6 Each insurance policy (except for workers' compensation and professional liability policies), or an endorsement thereto, shall contain a "separation of insureds" clause which shall read:

"Separation of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each suit insured against whom a claim is made or suit is brought."

11.2.7 Lessee shall provide the County with an endorsement or amendment to Lessee's policy of insurance as evidence of insurance protection before the effective date of this agreement.

11.2.8 If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Lessee shall maintain such insurance coverage with an effective date earlier or equal to the effective date of this lease and continue coverage for a period of three years after the expiration of this lease and any extensions thereof. In lieu of maintaining post-lease expiration coverage as specified above, Lessee may satisfy this provision by purchasing tail coverage for the claims-made policy. Such tail coverage shall, at a minimum, provide the insurance coverage required hereunder for claims received and reported three years after the expiration date of this lease.

11.2.9 Any of Lessee's Excess Insurance shall contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the County.

11.3 Lessee releases Lessor from liability for loss or damage covered by Lessee's insurance coverage, and each such policy shall be endorsed to state the insurer waives its right of subrogation against the County, its elected officials, officers, employees, agents and volunteers.

12. DAMAGE OR DESTRUCTION.

In the event of any damage to or destruction of the Premises, or any portion of the Premises, at any time during the term or extended term of this agreement, Lessee will promptly repair, replace, restore, and renew the good condition, order, and repair of the Premises. Lessee or County may, in writing delivered to the other party within 30 days after the damage or destruction, terminate the agreement as of the date of the damage or destruction if the repair, replacement, restoration, or renewal would likely require more than three months to complete or if the damage or destruction occurs within the final 12 months of the term.

13 DEFAULT AND TERMINATION

13.1 Termination and Unlawful Detainer. In the event of a Lessee default under this lease, and if said default is not cured within the time specified in this agreement, County may terminate this lease by written notice to Lessee and may also do the following:

(a) Bring an action to recover from Lessee the worth at the time of award of the unpaid rent that had been earned at the time of termination of the lease; and

(b) Bring an action, in addition to or in lieu of the action described in subsection (a) of this section, to reenter and regain possession of the Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

13.2 Breach and Default by Lessee. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby leased to Lessee. Should Lessee fail to perform any covenant, condition, or agreement contained in this lease and the default is not cured within 30 days (unless a different time is specified herein for a given default) after written notice of the default is served on Lessee by County, then Lessee shall be in default under this lease. In addition to Lessee's failure to perform any covenant, condition, or agreement contained in this lease within the cure period permitted by this section, the following shall constitute a default by Lessee under this lease:

(a) The appointment of a receiver to take possession of the Premises or Improvements, or of Lessee's interest in, to, and under this lease, the leasehold estate or of Lessee's operations on the Premises for any reason, including, without limitation, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, when not released within 180 days;

(b) An assignment by Lessee for the benefit of creditors; or the voluntary filing by Lessee or the involuntary filing against Lessee of a petition, other court action, or suit under any law for the purpose of (1) adjudicating Lessee as bankrupt, (2) extending time for payment, (3) satisfaction of Lessee's liabilities, or (4) reorganization, dissolution, or arrangement on account of, or to prevent, bankruptcy or insolvency; provided, however, that in the case of an involuntary proceeding, if all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within 180 days after the filing or other initial event, then Lessee shall not be in default under this Section; and

(c) The subjection of any right or interest of Lessee to or under this lease to attachment, execution, or other levy, or to seizure under legal process when the claim against Lessee is not released within 180 days.

13.3 Cumulative Remedies. The remedies given to County in this Section shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this lease.

13.4 Waiver of Breach. The waiver by County of any breach by Lessee of any of the provisions of this lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee of either the same or a different provision of this lease.

13.5 Surrender of Premises. On expiration or earlier termination of this lease, Lessee shall surrender the Premises and all Improvements in or on the Premises to County in as good, safe, and clean condition as practicable, reasonable wear and tear excepted.

14. NOTICES.

All notices required by law or by this agreement to be given to either party shall be in writing and may be given personally or by depositing the same in the United States mail, postage prepaid, and addressed to either party as set forth below. If notice is mailed, notice shall be deemed to have been given three days after mailing.

If to Lessee: MACY'S FLYING SERVICE
 PO BOX 277
 TULELAKE, CA 96134

If to County: PUBLIC WORKS DIRECTOR
 COUNTY OF SHASTA
 1855 PLACER STREET
 REDDING, CALIFORNIA 96001-1759

15. GOVERNING LAW/VENUE.

All questions with respect to construction of this agreement and the rights and liabilities of the parties hereto shall be governed by the laws of the State of California. Any dispute arising hereunder or relating to this agreement shall be litigated in the State of California and venue shall lie in the County of Shasta.

16. CONSTRUCTION OF AGREEMENT.

Nothing herein contained shall be construed in any way that would be in violation of the rules and regulations of the Federal Aviation Administration, the California Division of Aeronautics, or any other state or federal authority with jurisdiction over the Airport or the funds used in the construction or improvements of said Airport. In the event that any of the provisions herein contained should conflict with such rules and regulations, then such rules and regulations shall prevail.

17. NOTICE OF CLAIM/APPLICABLE LAW/VENUE.

If any claim for damages is filed with Lessee, or if any lawsuit is instituted against Lessee's performance under this agreement, and that, in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect County, Lessee shall give prompt and timely notice thereof to County. Notice shall be prompt and timely if given within 30 days following the date of receipt of a claim or 10 days following the date of service of process of a lawsuit.

18. INUREMENT.

Subject to the restrictions on assignments as herein contained, this agreement shall inure to the benefit of, and shall be binding upon the assigns, successors in interest, personal representatives, estates, and heirs of the respective parties hereto.

19. ENTIRE AGREEMENT.

This instrument along with any exhibits or attachments hereto constitutes the entire agreement between Lessee and County. This agreement and any exhibits or attachments may be altered, amended or revoked only by an instrument in writing signed by both Lessee and County. Lessee and County agree that all prior or contemporaneous oral agreements between their agents or representatives relative to the leasing of the Premises are written into or revoked by this agreement. If any provision contained in an exhibit or attachment to this agreement is inconsistent with any other provision herein, the provision contained in the exhibit or attachment shall control, unless otherwise provided in the exhibit or attachment.

20. AMENDMENTS.

No changes, amendments or alterations to this agreement shall be effective unless in writing and signed by both parties. However, minor amendments that do not result in a substantial or functional change to the original intent of this agreement may be agreed to in writing between Lessee and County's Public Works Director.

21. ATTORNEY'S FEES.

If any legal action is brought by either party for the enforcement or interpretation of this agreement, for remedy due to its breach, for recovery of the Premises, or in any other way arising from the terms of this agreement, the prevailing party shall be entitled to recovery reasonable attorney fees (including fees of County Counsel), costs and other litigation expenses which shall become a part of any judgment in the action.

22. SUBORDINATION TO AGREEMENTS BETWEEN SHASTA COUNTY AND UNITED STATES AND/OR STATE OF CALIFORNIA.

This agreement shall be subordinate to the provisions of any existing or future agreement between County and the United States, relative to the operation and maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport. In the event any agreement existing or entered into in the future pursuant to this paragraph, conflicts with any material term of this agreement in a substantial manner, than upon mutual agreement of the parties this agreement may be modified to comply, or at the option of either party, it may be terminated, with 60 days prior written notice to the other party.

23. ACCESS TO RECORDS/RETENTION.

County, federal, and state officials shall have access to any books, documents, papers, and records of Consultant that are directly pertinent to the subject matter of this agreement for the purpose of auditing or examining the activities of Lessee or County. Except where longer retention is required by federal or state law, Lessee shall maintain all records for five years after County makes final payment hereunder.

24. PERFORMANCE STANDARDS.

Lessee shall perform the services required by this agreement in accordance with the industry and/or professional standards applicable to Lessee's services.

25. CONFLICTS OF INTEREST.

Lessee and Lessee's officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income that could be financially affected by or otherwise conflict in any manner or degree with the performance of the work or services required under this agreement.

26. ENTIRE AGREEMENT; HEADINGS.

26.1 This agreement supersedes all previous agreements relating to the subject of this agreement and constitutes the entire understanding of the parties hereto. Lessee shall be entitled to no other benefits other than those specified herein. Lessee specifically acknowledges that in entering into and executing this agreement, Lessee relies solely upon the provisions contained in this agreement and no others.

26.2 The headings that appear in this agreement are for reference purposes only and shall not affect the meaning or construction of this agreement.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties have executed this agreement on the dates set forth below. By their signatures below, each signatory represents that he/she has the authority to execute this agreement and to bind the party on whose behalf his/her execution is made.

COUNTY OF SHASTA

Date: _____

LES BAUGH, CHAIRMAN

Board of Supervisors
County of Shasta
State of California

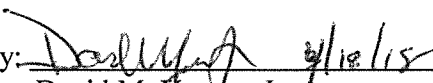
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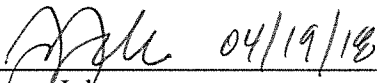
LAWRENCE G. LEES
County Executive Officer

Date: _____

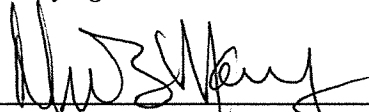
Approved as to form:
RUBIN E. CRUSE, JR
County Counsel

RISK MANAGEMENT APPROVAL

By: 
David M. Vorton, Jr.
Senior Deputy County Counsel

By:  04/19/18
James Johnson
Risk Management Analyst III

LESSEE
Macy's Flying Service Inc.

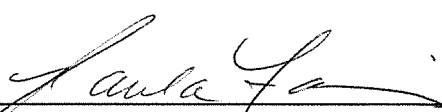
By: 

Print Name: NICK S MACY

Title: President

Date: 4-16-2018

Tax I.D. #: 68-0057405

By: 

Print Name: Paula Fanning

Title: Chief Financial Officer

Date: 04-16-2018

Legal Description - Macy's Flying Service, Inc.
Fall River Mills Airport Property Lease

EXHIBIT "A"

All that portion of real property situated in the northeast one-quarter of Section 30, Township 37 North, Range 5 East, M.D.B. & M., in the unincorporated area of County of Shasta, State of California,

COMMENCING at the northeast corner of Parcel 4, as shown on that certain Parcel Map Number 326-78, filed June 2, 1978, in Book 15 of Parcel Maps at Page 27, Shasta County Records; **THENCE** North 8°1'41" East a distance of 532.91 feet to a point on the Fall River Mills Airport Property Lease Parcel, said point being the most southerly corner of said leased parcel, said point also being the **POINT OF BEGINNING** of this description; **THENCE** North 55°33'24" West a distance of 125.00' to a point on the Building Restriction Line for said property; **THENCE** along said Building Restriction Line North 34°26'36" East a distance of 80.00 feet; **THENCE** South 55°33'24" East a distance of 125.00 feet; **THENCE** South 34°26'36" West a distance of 80.00 feet to the **POINT OF BEGINNING**, said point also being the **POINT OF TERMINATION** of this description.

Being a portion of APN 018-540-050

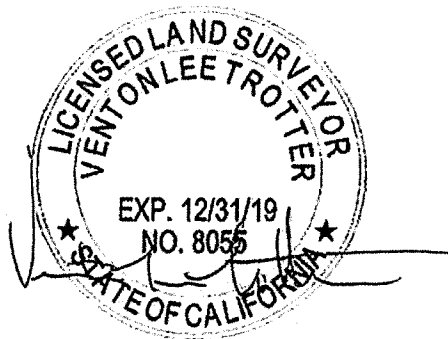


EXHIBIT "B"

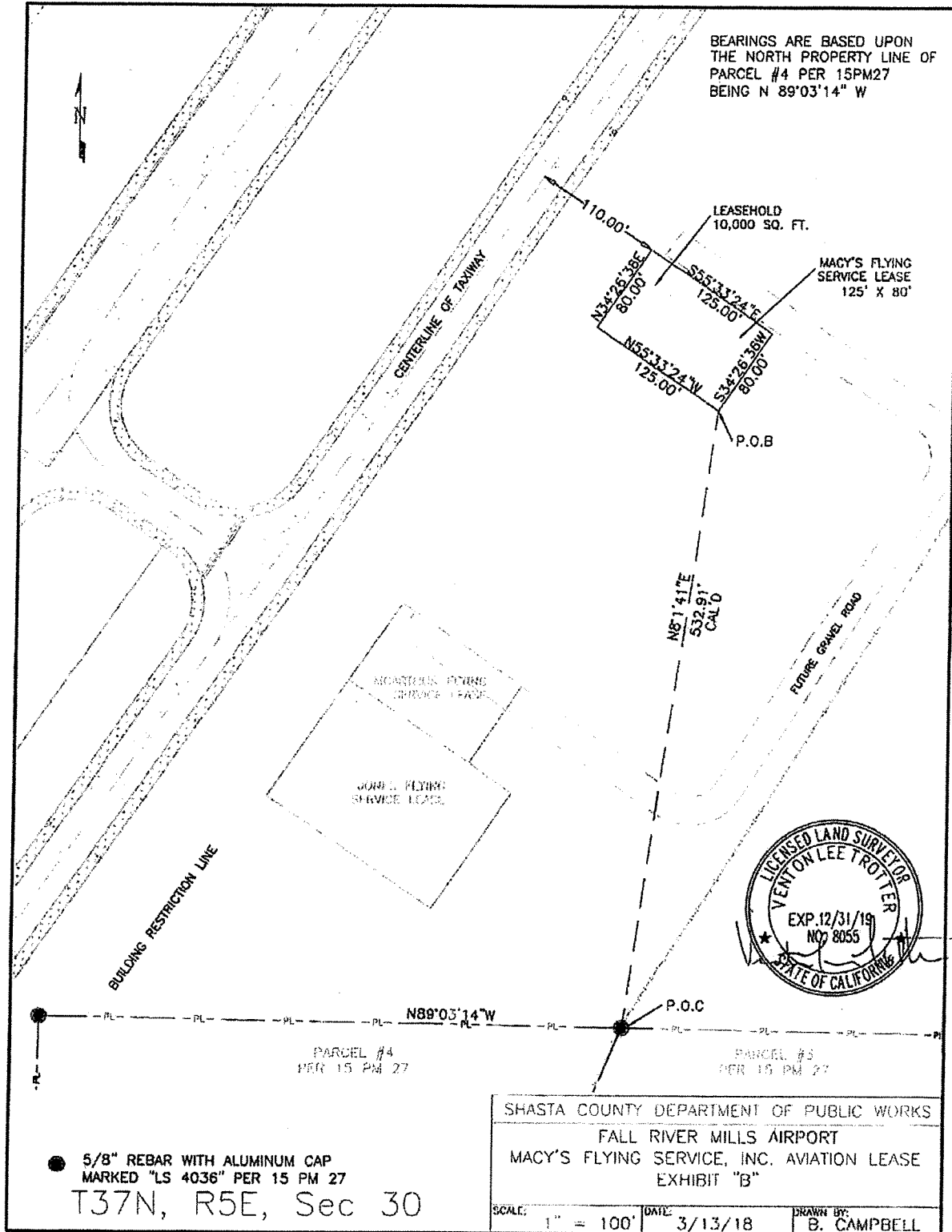


EXHIBIT "C"

FBO Services

1. The FBO business shall include ground operations and aeronautical activity of aerial application, also known as crop dusting, based at the Fall River Mills Airport. Any other services provided shall require the written consent of County.
2. In addition to the Premises, Lessee is permitted to use, in common with others, the aeronautical facilities open to general aviation on the airport property. These shall include, but not be restricted to, the landing area, its extensions and additions, the access roadway, the runways, the apron, the taxiways, the public air navigation facilities, such radio aids, beacons, signals, flood lights, landing lights, and all other facilities and equipment for flying, landing, and the taking off of aircraft on the airport property.
3. Aerial application operations on the airport will be conducted in accordance with procedures approved by the Airport Manager and made known to all persons conducting aerial application operations with or for the Lessee. Said operations shall be conducted only at the areas of the airport designated by the Airport Manager. Chemicals used in agricultural operations shall be properly handled and the designated dispensing area shall be cleaned daily during operations; with all empty chemical containers disposed of in accordance with label directions. Agricultural application materials, fuel and similar materials shall not be stored on the Premises or other Airport property unless that storage is approved specifically in writing by the Airport Manager. These materials may only be on site on day of active use by Lessee. The loading, unloading, and washing of agricultural aircraft and equipment; and flushing of agricultural aircraft spray tanks or hoppers will be accomplished in accordance with the standards of the Environmental Protection Agency and the California Regional Water Quality Control Board in an area so designated by the Airport Manager. Unused materials and contaminated products from cleaning are the property of Lessee and shall be removed from Premises and Fall River Mills Airport and disposed of in accordance with rules and regulations of all authorities having jurisdiction. Aerial application aircraft operators shall not exceed the maximum gross hopper weight stamped on the agricultural aircraft's hopper by the manufacturer or listed in the aircraft's specifications. Agricultural aircraft shall not take off or land on the dirt or grass between the runway lights and the property line fence(s).