

AIRPORT LEASE AGREEMENT

THIS LEASE is made this 16th day of May, 2017, between the City of Visalia, a Municipal Corporation, hereinafter referred to as "LESSOR" and Federal Express Corporation, hereinafter referred to as "LESSEE."

1. LEASE

For and in consideration of the payment of rent, taxes, and other charges and of performances of the covenants and conditions hereinafter set forth, LESSOR hereby leases to LESSEE AND LESSEE hereby leases from LESSOR the Premises hereafter described.

2. DEMISED PREMISES

A. DEFINITION. Except as expressly provided to the contrary in this Lease, reference to "Demised Premises" is to the described land plus any described appurtenances, including any improvements such as the hangar and office facilities, now or hereafter located on the Demised Premises, without regard to whether ownership of the improvements is in the LESSOR or in the LESSEE.

B. DESCRIPTION. The real property situated in the City of Visalia, County of Tulare, State of California which is depicted on Exhibit "A" attached hereto and which is described as follows:

Parcel No. 1: Beginning at a point which is 630 feet South of the NW corner of the NE 1/4 of Section 32, R. 18, T. 24, M.D.B. &M., situated in the County of Tulare, State of California, thence due East 155 feet; thence due South 195 feet; thence due West 190 feet to a point 35' West of the westerly line of the NE 1/4 of Section 32, R. 18, T. 24; thence North 195 feet along a line parallel to said quarter section line; thence East 35' to the point of beginning.

Parcel No. 2: Beginning at a point which is 630 feet South and 35' due West of the NW corner of the NE 1/4 of Section 32, R. 18, T. 24, M.D.B. & M, situated in the County of Tulare, State of California, which is also known as the NW corner of the above described existing parcel No. 1, thence South 195 feet along the W'ly line of said parcel No. 1,

thence due West 177.35 feet to a point that is parallel and 5' East of a "V" gutter, thence North 195 feet parallel to said "V" gutter, thence due East 177.35 feet to the point of beginning.

Parcel No. 3: Beginning at a point which is 630 feet South along the quarter section line of the NW corner of the NE 1/4 of Section 32, R. 18, T. 24, M.D.B. & M. situated in the County of Tulare, State of California; Thence East 155 feet to the NE corner of Parcel No. 1; Thence South 30.80 feet to be the True Point of Beginning; Thence South 260.15 feet along the East line of Parcel No. 1 to the SW corner of said Parcel No.3; Thence North 84° 57' 57" East a distance of 91.31 feet to a point on a non-tangent curve with a Radius of 48.31 feet concave to the South East, with a Radial bearing of South 61° 26' 23" East through said point; Thence North and East along said curve, 78.92 feet having a central angle of 93° 35' 40"; Thence North 37° 22' 39" East a distance of 11.59 feet; Thence North 28° 47' 13" West a distance of 256.65; Thence West a distance 42.48 feet to the true Point of Beginning.

3. TERM

The term of this LEASE shall be for a period of five (5) years commencing on the 1st day of April, 2017 and ending on the 31st day of March, 2022, unless sooner extended or terminated as provided for herein. LESSEE shall have one (1) renewal option for a period of five (5) additional years, which may be exercised by LESSEE by providing written notice as provided herein to LESSOR prior to January 1, 2022.

4. LEASE RENT

A. MINIMUM RENT. LESSEE shall pay without abatement, deduction or affect, a net minimum annual rent of One Hundred and Nineteen Thousand and Four Hundred Dollars (\$119,400.00) all due and payable in equal monthly installments of Nine Thousand and Nine Hundred and Fifty Dollars (\$9,950.00) beginning on the 1st day of April, 2017 and continuing thereafter throughout the entire term of this agreement (including any renewals thereof), subject to the rent adjustments specified in subsection (B) below.

B. RENT ADJUSTMENTS. The minimum annual rent shall be adjusted each and every anniversary date of the Lease term, to reflect the percentage change in the

Consumer Price Index. For purposes of this agreement, the Consumer Price Index shall be the California Consumer Price Index (all urban consumers, all items) as released by the California Division of Labor Statistics and Research. Said adjustment shall be calculated as follows: The minimum annual rent in effect immediately prior to the anniversary date in question shall be multiplied by one plus the percentage increase in the Consumer Price Index for the last month released prior to such anniversary, as compared to the same month one year prior, the result of such calculation constituting the new minimum annual rent. In no event shall the minimum annual rent be decreased.

The Consumer Price Index as used herein is based on the 1982-84=100 index. Should the Division of Labor Statistics and Research change the 1982-84=100 index, the above referenced formula shall be converted to reflect said change.

D. DELINQUENCY. In the event LESSEE is delinquent in remitting the rent by the tenth (10th) day of the month for which rent is due and such delinquency continues five (5) days after LESSEE's receipt of written notice from LESSOR of such delinquency, then the rent not paid when due shall bear interest at the rate of five percent (5%) per annum from the date due until paid, provided that LESSOR shall only be required to deliver two (2) such notices in any calendar year and such interest shall accrue immediately upon any subsequent failure to pay when due all or any portion of the rent during such calendar year.

E. LESSEE may elect to make payments of rent to LESSOR by means of electronic funds transfer. The election must specify whether the payments will be by wire transfer or by use of the automated clearing house. LESSEE will deliver to LESSOR written notice of its election to make payments of rent in that manner and, in response to that notice, LESSOR shall deliver to LESSEE written notice of the name of the bank and the number of the account into which LESSOR wishes LESSEE to make those payments. LESSOR may change the name of the bank and the number of the account into which

LESSOR wishes LESSEE to make payments of rent at any time by delivering written notice to LESSEE at least thirty (30) days in advance of the date the change becomes effective. If LESSEE elects to make payments of rent to LESSOR by means of electronic funds transfer, LESSEE shall cause the transfer of each monthly installment of rent to be made on the first day of each calendar month or, if the first day of a calendar month is a non-banking day or a United States holiday that LESSEE observes, on the next business day following the first day of the calendar month. Having made an election to make payments of rent by means of electronic funds transfer, LESSEE has no obligation to continue to make payments in that manner and may cease making payments in that manner after delivering written notice of its election to LESSOR. LESSOR shall indemnify and hold LESSEE and its directors, officers and employees harmless from and against any loss sustained by reason of any error, mistake or fraud in the payment information LESSOR furnishes to LESSEE.

5. USE OF PREMISES

LESSEE shall have the right to use said premises for the purpose of operating an air cargo facility, with the right to maintain and service aircraft and vehicles stored therein. LESSEE shall not have the right or obligation to use the Demised Premises for any other purpose, nor shall LESSEE provide any other service without express written consent of the LESSOR.

6. ASSIGNING OR SUBLETTING

Except as otherwise permitted herein, the LESSEE may not assign or sublet this LEASE or any part of said Demised Premises without the prior written consent of LESSOR (such consent not to be unreasonably conditioned, delayed, or withheld). Notwithstanding any provision to the contrary, LESSEE shall have the right, without LESSOR's consent, to assign

this Lease or sublet this LEASE or any part of said Demised Premises to (i) any entity which, directly or indirectly, controls, is controlled by, or under the common control of LESSEE (an "Affiliate"); (ii) any entity resulting from the merger, reorganization or consolidation of LESSEE or an Affiliate; or (iii) any entity which acquires all or substantially all of the assets, partnership or other equity interests of LESSEE or an Affiliate (the above transactions are deemed "Permitted Transfer(s)" and the entities with whom such Permitted Transfers shall be made are deemed "Permitted Transferee(s)"), and in the event of an assignment of this Lease to a Permitted Transferee, the assignor tenant shall be released from all obligations to the extent thereafter arising under this Lease.

7. REPAIRS AND MAINTENANCE

A. Throughout the LEASE term, LESSEE shall, at LESSEE's sole cost and expense, maintain, with the exception of LESSOR's repair and maintenance obligations as set forth below, the Demised Premises and all improvements now existing and hereafter erected thereupon in good condition and repair, ordinary wear and tear excepted and in accordance with all applicable rules, laws, ordinance, orders and regulations of federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, including specifically, but not limited to, to the extent arising as a result of LESSEE's use and occupancy of the Demised Premises, the Americans with Disabilities Act of 1990, as amended ("ADA").

B. Throughout the LEASE term, LESSOR shall, at LESSOR's sole cost and expense, maintain, repair, and replace the structural portions of the Demised Premises, the roof, roof system, gutters, and downspouts, skylights, the foundation, the exterior of the building, parking areas, exterior lighting, utilities up to connection at the building, paving, fencing, common areas of the airport, taxiways and runways, and air-traffic

control facilities, vehicles and equipment so as to keep the same in good, working condition and in compliance with all applicable rules, laws, ordinance, orders and regulations of federal, state, county, municipal, and other governmental agencies.

C. Notwithstanding any provision to the contrary, LESSEE shall at its own cost maintain the HVAC system servicing the Demised Premises in good order and repair and shall enter into a service agreement with a qualified HVAC service provider for scheduled, routine service to the HVAC system to occur not less frequently than quarterly (the "Service Agreement"); provided, however, in the event the HVAC system servicing the Demised Premises fails for any reason other than LESSEE's negligence or willful misconduct, and provided LESSEE has maintained the required Service Agreement as addressed herein, LESSOR shall be responsible for repair and/or replacement costs that exceed \$2,000.00 in any one instance or that, in the aggregate, exceed \$5,000.00 per calendar year.

D. LESSOR has agreed to complete the improvements to the Demised Premises identified in Exhibit "B" and incorporated herein by this reference, in accordance with the specifications for said improvements identified in Exhibit "C" and incorporated herein by this reference, at the sole cost of LESSOR upon full execution of this LEASE. LESSOR will diligently complete all such improvements in a good, workmanlike manner, and in compliance with all applicable rules, laws, ordinance, orders and regulations of federal, state, county, municipal, and other governmental agencies. LESSEE has assumed responsibility for removal and reinstallation of all personal property necessary for LESSOR to complete the improvements specified in this Section, including but not limited to computers, fax machines, telephone systems and any associated cables. If LESSOR's completion of such improvements is later than 120 days after the date of this Lease Agreement (the "Target Delivery Date"), except to the extent attributable to a delay caused by LESSEE, then for each day thereafter until the date of such delivery,

LESSEE shall be entitled a credit against the payment of monthly minimum rent (the "Late Delivery Credit") on a day-for-day basis, which Late Delivery Credit, if applicable, shall be applied against monthly minimum rent next due.

E. Notwithstanding any provision to the contrary, unless otherwise expressly pre-approved in writing by LESSEE (such approval not to be unreasonably withheld), in no event shall LESSOR perform any maintenance, repair, replacement, or improvements installation work required hereunder between the period of November 15 and January 15 of any applicable calendar years if such work is reasonably anticipated to cause any material impairment or interference with Tenant's conduct of its business from the Demised Premises.

8. INSURANCE - LIABILITY

Throughout the term of this LEASE, at LESSEE's sole cost and expense, LESSEE shall keep or cause to be kept in force, for the mutual benefit of LESSOR and LESSEE, comprehensive broad form general liability insurance against any and all claims and liability for personal injury, death, or property damage arising out of the use, occupancy, disuse or condition of the Demised Premises, personal property and improvements thereon, providing combined single limit of at least One Million Dollars (\$1,000,000.00), for any one accident or occurrence, for bodily injury or death to one or more persons, and at least Five Hundred Thousand Dollars (\$500,000.00) for Property damage.

9. INSURANCE - WORKERS' COMPENSATION

LESSEE shall maintain Workers' Compensation insurance with statutory limits, and employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000.00) per accident or occurrence.

10. INSURANCE - GENERAL REQUIREMENTS

All insurance required by express provisions of this LEASE shall be carried only in responsible insurance companies qualified or admitted to do business in the State of California. All such policies shall be nonassessable and shall contain language, to the extent obtainable, to the effect that

- A. Any loss shall be payable notwithstanding any act or negligence of LESSOR that might otherwise result in a forfeiture of the insurance.
- B. The insurer waives the right of subrogation against LESSOR and against LESSOR's agents and representatives.
- C. The policies are primary and noncontributing with any insurance that may be carried by LESSOR.
- D. They cannot be canceled or materially changed except after 30 days notice (except ten (10) days with respect to non-payment of premium) by the insurer to LESSOR or LESSOR's designated representative.
- E. LESSEE shall furnish LESSOR with certificates evidencing such required insurance. LESSEE may effect for its own account any insurance not required under this LEASE. LESSEE may provide by blanket insurance covering the Premises and any other location or locations any insurance required or permitted under this LEASE, as further provided below. LESSEE shall deliver to LESSOR, in the manner required for notices, copies of certificates of all insurance policies required by this LEASE, within the following time limits:

- (1) For insurance required at the commencement of this LEASE, within 30 days after execution of this LEASE;
- (2) For insurance becoming required at a later date, at least 15 days before the requirement takes effect, or as soon thereafter as the requirement, if new, takes effect;

- (3) For any renewal or replacement of a policy already in existence, at least 30 days before expiration or other termination of the existing policy.

LESSOR reserves the right to require complete, certified copies of all required insurance policies, except for the workers' compensation policy, including endorsements required by these specifications, at any time, provided however that the CONTRACTOR may redact copies of all policies requested by the AGENCY to prevent disclosure of confidential information not germane to the insurance coverage provided by the CONTRACTOR.

F. LESSOR, and LESSOR's elected and appointed officials, agents, representatives, and employees are to be named as additional insureds as respects operations of the named insured and as their interests may appear under the policy.

Notwithstanding any provision contained in this Lease to the contrary and for so long as LESSEE maintains a self-insurance program, LESSEE shall have the option to maintain self-insurance and/or provide or maintain any insurance required by this Lease under blanket insurance policies maintained by LESSOR or its parent corporation, or through a captive insurance program, or provide or maintain insurance through such alternative risk management program as LESSEE may provide or participate in from time to time (such types of insurance programs being herein collectively and severally referred to as "self-insurance"), provided that (i) such self-insurance provides adequate, enforceable and long-term coverage for LESSOR and the risks to be insured against by LESSEE pursuant to this Lease, (ii) LESSEE warrants and represents it is adequately self-insured for all purposes under this Lease which warranty and representation shall be deemed made and continued hereunder throughout any period during the Term that the self-insurance is in place, and (iii) such self-insurance shall provide LESSOR with the same rights and privileges to which LESSOR is otherwise entitled under the terms of

this Lease when there is a third-party insurer including, but not limited to, being named as an additional insured under any such self-insurance.

If LESSEE fails or refuses to procure or to maintain insurance as required by this LEASE or fails to furnish LESSOR with required proof that the insurance has been procured and is in force and paid for, LESSOR shall have the right, at LESSOR's election and on five (5) days notice to LESSEE, to procure and maintain such insurance. The premiums paid by LESSOR shall be treated as added rent due from LESSEE with interest at the rate of 6% per year, to be paid on the first day of the month following the date on which the premiums were paid. LESSOR shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers, and interest shall run from the date of the notice.

LESSOR shall maintain special form/"all risks" coverage, including earthquake and flood, covering the replacement cost of the Demised Premises, in an amount equal to the full replacement cost thereof.

To the full extent permitted by law, the parties hereto waive all rights to recover against each other for any loss or damage to their respective tangible personal or real property (whether owned or leased) from any cause covered by insurance maintained by each of them. The parties will cause their respective insurers to issue appropriate waivers of subrogation rights endorsements to all property insurance policies to be maintained by each party hereunder.

11. INDEMNIFICATION

LESSEE hereby agrees to and shall protect, indemnify, and hold harmless the LESSOR and all officers, agents, representatives, and employees thereof from any and all liability, claims, or damages of whatsoever kind or character, including attorneys' fees and costs of all types incurred in defense of any of the said parties from said claims or liability, because of or arising out of the acts or omissions of the LESSEE, LESSEE's independent contractors, employees, representatives, agents and invitees during the term of this Lease. Said indemnification and

hold harmless provisions shall be in full force and effect regardless of whether or not there shall be insurance policies covering and applicable to such damages, claims, or liability.

LESSOR hereby agrees to and shall protect, indemnify, and hold harmless the LESSEE and all officers, agents, representatives, and employees thereof from any and all liability, claims, or damages of whatsoever kind or character, including attorneys' fees and costs of all types incurred in defense of any of the said parties from said claims or liability, because of or arising out of, directly or indirectly, the acts or omissions of the LESSOR, LESSOR's independent contractors, employees, representatives, agents and invitees during the term of this Lease. Said indemnification and hold harmless provisions shall be in full force and effect regardless of whether or not there shall be insurance policies covering and applicable to such damages, claims, or liability.

The indemnification obligations hereunder shall survive the expiration or sooner termination of this Lease.

12. TAXES AND ASSESSMENTS: "PUBLIC CHARGES"

A. OBLIGATIONS OF LESSEE. LESSEE understands and acknowledges that this LEASE creates a possessory interest, and LESSEE is subject to taxation by the County of Tulare and other taxing authorities. From and after the date of execution of this LEASE, LESSEE shall pay or cause to be paid all real estate taxes, assessments, and other governmental charges, general and special, ordinary and extraordinary, of any kind and nature whatsoever applicable to the possessory interest of LESSEE in the leased Premises, as created and established by this LEASE, and the building improvements thereon, including but not limited to assessments for public improvements or benefits which shall for any period subsequent to the execution of this LEASE and during the term hereof be laid, assessed, levied or imposed upon or become due and payable and a lien upon said possessory interest and building and improvements

thereon (specifically excepting therefrom any and all surface rights, if any, held or used by others who may have or claim any of the same, LESSEE assuming no liability whatsoever for the taxes, general and special assessments or other charges levied or assessed thereon), all of which taxes, assessments, levies and other governmental charges to be paid by LESSEE are referred to in this LEASE as "public charges"; provided however, that if by law any such public charges are payable or may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such public charge), LESSEE may make such payments in installments as the same respectively become due and before any fine, penalty, or cost may be added thereto for the non-payment of any such installment; and provided further that any public charge relating to a fiscal period of the taxing authority expiring after the termination or expiration of this LEASE, any part of which fiscal period is included within the time prior to termination or expiration of this LEASE, shall (whether or not during the period prior to termination or expiration of this LEASE such public charge shall be paid, assessed, levied or posed upon or become due and payable) be apportioned between the parties.

B. TIME OF PAYMENT. All payments to be made by LESSEE pursuant to the provisions hereof shall be made before any fine, penalty, interest or cost may be added thereto for the non-payment thereof; and the LESSEE shall furnish LESSOR within sixty (60) days after the dates when the same are payable, as herein provided, with official receipts or other evidence satisfactory to LESSOR that such public charges or excise on rents or other tax or assessments in lieu thereof as aforesaid has, to the extent of the aforesaid, been paid.

C. CONTEST. LESSEE may contest the legal validity or amount of any public charges for which LESSEE is responsible under this LEASE and may institute such proceedings as LESSEE considers necessary. If LESSEE contests any such public

charges, LESSEE may withhold or defer payment or pay under protest but shall protect LESSOR and the Premises from any lien by adequate surety bond or other appropriate security.

LESSOR appoints LESSEE as LESSOR's attorney in fact for the purposes of making all payments to any taxing authorities and for the purpose of contesting any such public charge.

D. EXCLUSIONS. LESSEE's obligation to pay public charges levied or charged against said possessory estate or buildings or improvements or against specified personal property, shall not include the following whatever they may be called: business income or profit taxes levied or assessed against LESSOR by federal, state or other governmental agencies; estate, succession, inheritance, or transfer taxes of LESSOR; or corporation, franchise, or profit taxes imposed on any owner of the fee title of the Premises.

E. EVIDENCE OF PAYMENT. The certificate, advise or bill of the appropriate official designated by law to make or issue the same and to receive payment of any such public charge shall be prima-facie evidence that such public charge is due and unpaid at the time of the making or issuance of such certificate, advise, or bill; and the written receipt of such official shall be prima-facie evidence that the public charge therein described has been paid. LESSOR shall authorize and instruct the assessing authority to forward to LESSEE all bills covering such public charge.

13. UTILITIES

Water, , electricity and natural gas are paid for by LESSOR. Any additional utilities required by LESSEE are to be paid for by LESSEE.

14. SIGNS

The LESSEE shall not erect, maintain or display any signs on the Airport or the Premises without the prior written approval of the City. Prior to the erection, construction or placing of any such sign, LESSEE shall submit drawings, sketches, designs and dimensions of such signs to City for approval. All such signs shall be consistent with the over-all sign ordinance of the City of Visalia. Any condition, restriction or limitation with respect to the use of such signs as may be stated by the City in writing, shall become part of this LEASE. The term "signs" as used herein means any advertising signs, billboards, identification signs or symbols, posters or other similar devices. Notwithstanding any provision to the contrary, LESSOR acknowledges and agrees that LESSEE's signage existing at the Demised Premises immediately prior to the date of this Lease is approved by LESSOR.

15. DEFAULT

A. The LESSEE agrees that if a default shall be made in the payment of rent or if any of the covenants of this LEASE are violated by LESSEE, LESSOR shall give written notice to LESSEE of default. If any default by LESSEE continues for more than ten (10) days or a reasonable period of time, agreed to by LESSOR and LESSEE, after said notice, LESSOR may at LESSOR'S election terminate this LEASE by giving LESSEE thirty (30) days written notice of termination. Thirty (30) days from the giving of the written notice, all LESSEE'S rights in the Premises and in all improvements shall terminate. Promptly thirty (30) days after notice of termination, LESSEE shall surrender and vacate the Premises and all improvements in broom-clean condition, and LESSOR may reenter and take possession of the Premises. Termination under this paragraph shall not relieve LESSEE from the payment of any sum then due to LESSOR or from any claim for damages previously accruing against LESSEE. Notwithstanding any provision to the contrary, if however, LESSEE is diligently proceeding in good faith to eliminate such default, then the period for correction shall be extended for such length of time as is reasonably necessary to complete such correction.

B. Notwithstanding any provision herein to the contrary, in the event LESSOR fails to perform any obligation hereunder or in the event of any cause outside LESSEE's reasonable control or any act or omission of Landlord or its agents or contractors which materially and adversely impairs or interferes with LESSEE's business operations from the Demised Premises, or renders the Demised Premises untenable in excess of thirty (30) days within any twelve (12) month period, or is reasonably anticipated by LESSEE to do so, thereafter, in addition to any remedies provided at law or equity to LESSEE, LESSEE shall have the right to immediately terminate this Lease without penalty as against LESSEE by written notice to LESSOR within 30 days after such event and all rent due hereunder shall abate on a per diem basis from the date of such default until the date of cure.

16. NOTICES

All notices must be in writing. Notice is considered given either (a) when delivered in person to recipient or agent of those named as below, or (b) on the date shown on the return receipt after deposit in the United States mail in a sealed envelope or container, either registered or certified mail, return receipt requested, postage and postal charges prepaid, addressed to the party or person intended as follows;

Notice to LESSOR: City of Visalia
 220 N. Santa Fe
 Visalia, CA 93291

copy to: Visalia Municipal Airport
 9501 Airport Drive
 Visalia, CA 93277

Notice to LESSEE: Federal Express Corporation

3680 Hacks Cross Road
Building H, 3rd Floor
Memphis, TN 38125
Attn: Manager, Real Estate

17. REGULATIONS

LESSEE shall not conduct, or allow to be conducted upon the Premises, any dangerous or hazardous activities outside of LESSEE's normal course of business, or any activities considered to be a nuisance to the airport or its tenants and neighbors, and LESSEE agrees to abide by all applicable F.A.A. and U.S. Government rules and regulations, including, but not limited to the following:

A. The LESSEE and its successors in interest and assigns, as a part of the considerations hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the premises described herein for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the LESSEE shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted programs of the Department of Transportation and as said regulations may be amended.

B. The LESSEE for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

(1) No person on the grounds of race, color, sex, age or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of said facilities; and

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

(3) That the LESSEE shall use the demised Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted programs of the Department of Transportation, as said Regulations may be amended.

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

D. Intentionally omitted.

E. Subject to the terms of Sections 7.E and 15.B hereof, the LESSOR reserves the right (but shall not be obligated to LESSEE) to maintain and keep in repair and to further develop or improve the landing area of the airport and all publicly owned facilities of the airport. In all events LESSOR shall use commercially reasonable efforts in exercising its rights under this Lease so as to minimize any impairment or interference with LESSEE's business operations:

F. Intentionally omitted.

G. The LESSOR reserves the right to take any action it considers necessary to protect aerial approaches of the airport against obstruction, together with the right to prevent LESSEE from erecting, or permitting to be erected, any building or other structure on the airport which in the reasonable opinion of the LESSOR would limit the usefulness of the airport or constitute a hazard to aircraft.

H. During the time of war or national emergency the LESSOR shall have the right to enter into an agreement with the United States Government for military or naval use of

part or all of the landing area, the publicly owned air navigation facilities and/or other areas or facilities of the airport in connection with such war or emergency purposes. If any such agreement is executed, the provisions of this LEASE, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

I. It is understood and agreed that the rights granted by this LEASE to LESSOR will not be exercised in such a way as to interfere with or adversely affect the use, operation, maintenance or development of the airport by LESSEE.

J. There is hereby reserved to the LESSOR, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for passage of aircraft in the airspace above the surface of the Premises herein conveyed, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or landing at, taking off from, or operating on or about the airport.

K. The LEASE shall become subordinate to provisions of any existing or future agreement between the LESSOR and the United States of America, or any agency thereof relative to the operation, development, or 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 connection with any subordination or attornment by LESSEE with respect to this Lease, LESSEE's quiet possession shall not be disturbed so long as LESSEE is not in default hereunder beyond any applicable notice and cure period, and, LESSOR shall cause all such interest holders to deliver to LESSEE a non-disturbance agreement in favor of LESSEE, in commercially reasonable form and substance, which shall provide that so long as LESSEE is not in default under this Lease (after notice and expiration of any applicable

cure period) such holder shall not disturb LESSEE's quiet possession of the Demised Premises hereunder or LESSEE's rights under the Lease.

L. LESSEE agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation 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 situated on the leased Premises. Any future construction, modification, or alteration shall be in compliance with the Airport Master Plan and will be subject to airport approval.

M. The LESSEE by accepting this expressly agrees for itself, its successors, and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land leased hereunder above the limits specified in Part 77 of the Federal Aviation Regulations. In the event the aforesaid covenants are breached, LESSOR reserves the right to enter upon the land leased hereunder and to remove the offending structure or object or cut the offending tree, all of which shall be at the expense of the LESSEE.

18. ADDITIONS OR MODIFICATIONS

A. LESSEE agrees that any additions or modifications structurally on the leasehold Premises by LESSEE can only be instituted by first obtaining the written approval of the LESSOR (such approval not to be unreasonably withheld, conditioned or delayed).

B. LESSEE agrees that LESSOR may from time to time make alterations, additions and modifications structurally to the Premises which may require LESSEE to be temporarily inconvenienced (but in no event relocated without LESSEE's prior written consent). LESSOR agrees to pay for actual reasonable expenses incurred by LESSEE as a result of any inconvenience or temporary relocation. LESSOR further agrees that it shall make every reasonable effort to minimize LESSEE'S inconvenience and shall not

relocate or diminish LESSEE'S Premises in such a manner as to restrict LESSEE'S ability to operate at LESSEE's reasonable level of satisfaction. Notwithstanding any provision to the contrary, the foregoing shall be subject to Sections 7.E, 15.B, and 17.E of this Lease.

19. TERMINATION

In addition to any other provision in this LEASE, this LEASE may be canceled or terminated upon the following:

A. This LEASE and the tenancy hereby granted may be terminated or canceled, in part or whole, at any time by LESSEE by giving to LESSOR not less than ninety (90) days prior written notice.

B. This LEASE shall terminate automatically if either party hereto fails to remedy any breach or any term or condition of this LEASE within thirty (30) days after receiving written demand from the other party to do so. If however, either party is diligently proceeding in good faith to eliminate such default, then the period for correction shall be extended for such length of time as is reasonably necessary to complete such correction.

C. LESSEE agrees at the end of the LEASE term or in the event of an early termination, as provided for herein, to quit and deliver up said Premises in as good condition as they are upon the date of this Lease, ordinary wear and tear expected.

20. NON-WAIVER OF RIGHTS

No failure by LESSOR to insist upon the strict performance of any covenant, agreement, term or condition of this LEASE or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rents or fees during the continuance of any such

breach, shall constitute a waiver of any breach or of such covenant, agreement, term or condition.

No receipt of monies by LESSOR from LESSEE after the termination of this LEASE, or after the giving of any notice of termination of this LEASE (unless such receipt cures the event of default which was the basis for the notice) shall reinstate, continue or extend the term or effect any notice theretofore given to LESSEE, or operate as a waiver of the right of LESSOR to enforce the payment of rents or fees payable by LESSEE hereunder or thereafter falling due, or operate as a waiver of the right of LESSOR to recover possessions of the Premises by proper remedy.

21. ATTORNEYS' FEES

If either party brings any action or proceeding to enforce, protect, or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs. Non-judicial, alternative dispute resolution is not an action or proceeding for the purpose of this provision.

22. BINDING ON SUCCESSORS

Subject to the provisions of this LEASE on assignment and subletting, each and all of the covenants and conditions of this LEASE shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns, and personal representatives of the respective parties.

23. SURRENDER ON TERMINATION

At the expiration or earlier termination of the term, LESSEE shall surrender to LESSOR the possession of the Demised Premises in as good condition as they are upon the date of this Lease, ordinary wear and tear expected. LESSEE agrees to remove all of its trade fixtures,

personal property and such other improvements as expressly required hereunder; provided, however, with respect to improvements for which LESSOR's approval is provided, notice of such removal requirement shall be delivered to LESSEE at the time of such approval. All property that LESSEE is required to surrender shall become LESSOR's property at the termination of the LEASE. All property that LESSEE is not required to surrender but that LESSEE does abandon shall, at LESSOR's election, become LESSOR's property at termination. If LESSEE fails to surrender the Demised Premises at the expiration or sooner termination of this LEASE, LESSEE shall defend and indemnify LESSOR from all actual and direct, non-consequential liability and expense resulting from the delay or failure to surrender.

24. HOLDOVER

This LEASE shall terminate without further notice at expiration of the LEASE term. Any holding over by LESSEE after either expiration or termination shall not constitute a renewal or extension, or give LESSEE any rights in and to the Leased Premises, unless as provided in paragraph 2B above. If LESSEE, with LESSOR's consent, remains in possession of the leased Premises after expiration or termination of the term or after the date in any notice given by LESSOR to LESSEE terminating this LEASE, such possession by LESSEE shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' notice given at any time by either party. During any such month-to-month tenancy, LESSEE shall continue to pay all rent required by this LEASE at the rate in effect immediately prior thereto. All other provisions of this LEASE, except those pertaining to term, shall apply to the month-to-month tenancy.

25. TIME IS OF THE ESSENCE

Time is of the essence in the performance of each and all of the terms and provisions of this LEASE.

26. ACCEPTANCE OF PREMISES

By signing this LEASE, LESSEE represents and warrants that LESSEE has independently inspected the Premises and made all tests, investigations and observations necessary to satisfy itself of the condition of the Premises. LESSEE agrees it is relying solely on such independent inspection, tests, investigations and observations in making this LEASE. Except with respect to LESSOR's improvements work required under this Lease, LESSEE further acknowledges that the Premises are in the condition called for by this LEASE.

27. CURRENT AND FUTURE AIRPORT REGULATIONS

This LEASE and all rights conferred thereby shall at all times be subject to current and future regulations governing any and all activities at the Visalia Municipal Airport to the same extent that such current and future regulations govern the activities of all persons using the facilities of the Visalia Municipal Airport and occupying structures thereon. Notwithstanding any provision to the contrary, the foregoing shall be subject to Sections 7.E, 15.B, and 17.E of this Lease and (a) such rules and regulations shall not require payment of additional monies by LESSEE; (b) such rules and regulations do not unreasonably and materially interfere with LESSEE's conduct of its business or LESSEE's use and enjoyment of the Demised Premises; (c) LESSOR shall provide reasonable advance written notice of any modifications to such rules and regulations; and (d) such rules and regulations shall be uniformly enforced in a non-discriminatory manner.

28. MISCELLANEOUS

A. This LEASE contains the entire agreement between the parties. No promise, representation, warranty, or covenant not included in this LEASE has been or is relied on by either party. Each party has relied on his own examination of this LEASE, counsel of his own advisors and the warranties, representations, and covenants in the LEASE

itself. The failure or refusal of either party to inspect the Premises or improvements, to read the LEASE or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection or advice.

B. If any provision of this LEASE is invalid or unenforceable with respect to any party, the remainder of this LEASE or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, shall not be affected and each provision to this LEASE shall be valid and enforceable to the fullest extent permitted by law.

C. This LEASE shall be governed by the laws of the State of California.

D. In any case where the approval or consent of one party hereto is required, requested or otherwise to be given under this LEASE, such party shall not unreasonably delay or withhold its approval or consent.

E. All Riders and Exhibits annexed hereto form material parts of this LEASE.

F. Implementation Clause: To carry into full force and effect each and every agreement, condition, covenant and terms contained in this LEASE, each party agrees that he and she will execute and deliver any and all documents, assignments, releases, receipts and other documents reasonably required by the other without undue delay or expense.

G. Cooperation: LESSOR and LESSEE agree to provide any further documentation and to cooperate in any way necessary to carry out the basic intent of the LEASE.

H. Venue: The parties agree that the contract is to be performed in Tulare County, and any action arising out of the contract will be venued in Tulare County. The parties agree to submit themselves to the jurisdiction of the court in any action relating to this LEASE or the enforcement or interpretation hereof. LESSEE expressly waives any right

to remove any action from Tulare County which he might have pursuant to Section 394 of the Code of Civil Procedure.

I. Effective Date: This LEASE shall be and become effective as of the date first set forth above.

J. Waiver: No waiver of any breach of any term, condition or provision of this LEASE shall constitute a waiver of any other breach of any other term, condition or provision. No consent of one party to any departures by the other shall be effective unless such waiver shall be in writing and shall be signed by the non-waiving party or a duly authorized agent thereof and the same shall be effective only for a period, on the conditions and for the specific instances and purposes specified in such writing. No notice to or demand to the non-waiving party in any case shall entitle the non-waiving party to any other for further notice or demand in similar or other circumstances.

K. The terms of the Agreement are the product of negotiation between the parties and the parties agree, notwithstanding Civil Code Section 1654, that in the event of uncertainty the language of the Agreement will not be construed against the party causing the uncertainty to exist.

L. Execution in Counterparts: This LEASE may be executed in counterparts, each of which shall be deemed an original, but all which taken together shall constitute but one and the same instrument.

M. Title or Captions: Titles or captions contained in this LEASE are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of the LEASE or the intent of any provision hereof.

N. Consents: Except as otherwise expressly provided herein, with respect to all approvals or consents required or permitted of LESSOR or LESSEE hereunder, such shall not be unreasonably withheld, conditioned or delayed.

[Signatures on following page]

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

FEDERAL EXPRESS CORPORATION, LESSEE

Dated: May 2, 2017

by: Wiley Johnson Jr.
Printed Name: Wiley Johnson Jr.
Title: Managing Director

APPROVED
ACCOUNTING DEPARTMENT

JW 4/27/17

CAB
5/1/17

Approved
Legal Department

5/1/17

5/1/17
(Reviewed by Butler Law)

CITY OF VISALIA, LESSOR

Dated: 5/16, 2017

by: [Signature]
Michael Olmos, City Manager

APPROVED AS TO FORM:

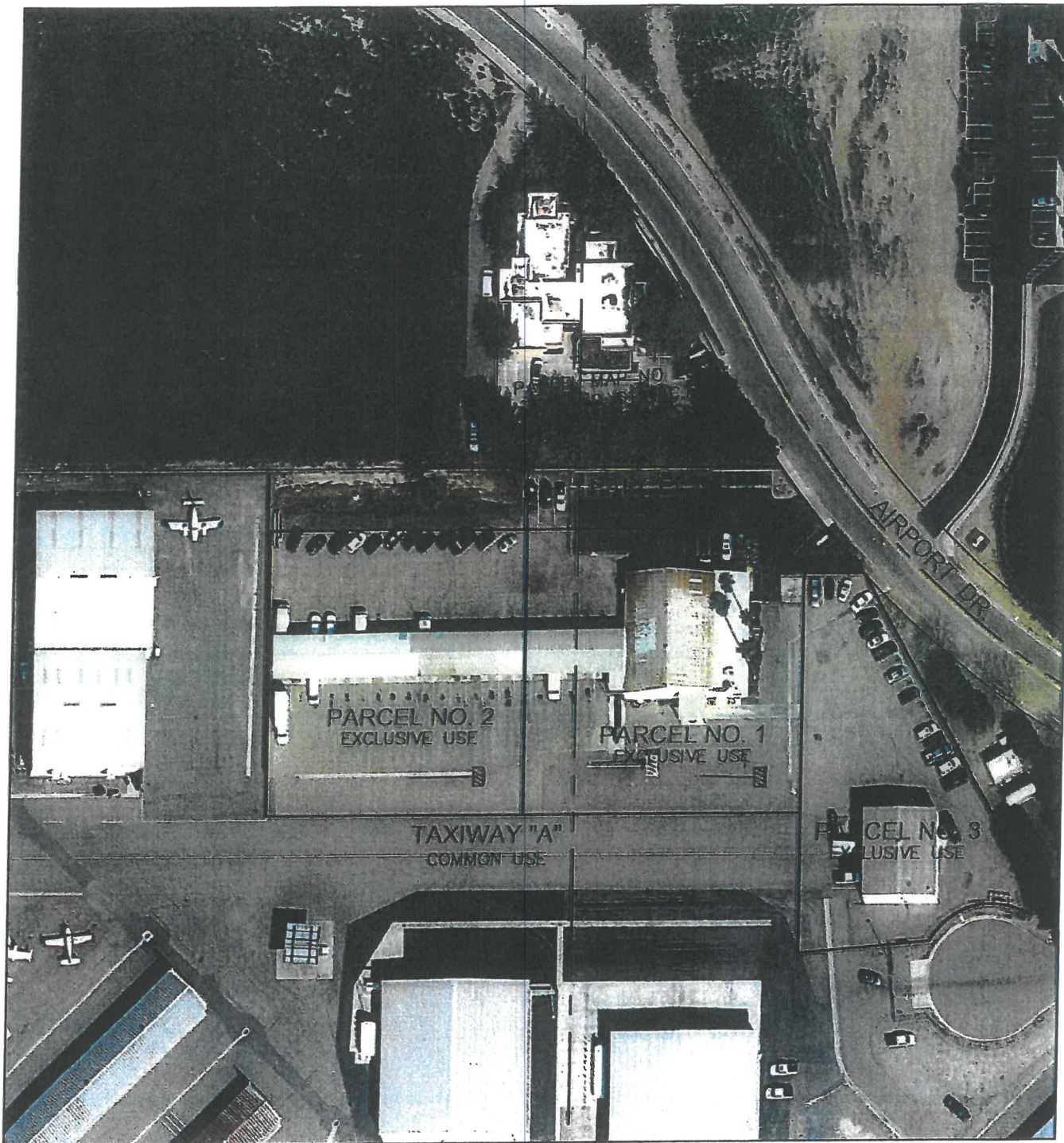
Dated: 5-10, 2017

by: [Signature]
Kenneth J. Richardson, City Attorney

Dated: 5-11, 2017

by: [Signature] for CD
Charlotte Dunn, Risk Management

EXHIBIT "A"



DATE: 3/13/17
 JOB NO.: AIRPORT
 DRAWN BY: JL
 SCALE: 1"=100'
 SHEET NO.: EXHIBIT A

DESCRIPTION: A. P. N. 081-080-027
 N 1/2 SEC. 32-18/24
 TITLE: EXHIBIT "A"
 TO AIRPORT LEASE AGREEMENT



EXHIBIT "B"

LESSOR Improvements

- All paved areas to be sealed and restriped (after first fixing the areas of alligator cracking, potholes forming, and crack filling).
- The metal exterior side of the warehouse and the metal roof of the main building are in poor shape, unsightly and rusty. The exterior metal walls and main roof should be primed and painted, and the missing metal downspouts replaced.
- Vehicle Maintenance Evaporative Cooler is rusted through, and should be replaced.
- Many of the warehouse lights, and all of the awning lights outside, are the old T12 type. They also have plastic diffusers over them, which fill-up with bugs, and often fall off. These fixtures should be replaced with energy efficient TS fixtures without diffusers. The wire-cage type of diffusers could be used, or no diffuser at all (the tubes would have to be inside clear plastic protective sleeves in this case).
- The cement warehouse floor has two problems, it has large gaps at the seams, and it has large chips of the surface broken off. Both the seams and the chips should be filled with the appropriate filler.
- Carpet in break room is worn down to the nub and needs replaced.
- Cabinets in the hallway by the manager's office should be replaced.
- The old skylights in the warehouse are very dark and dingy, they are dirty and they are made of green fiberglass. These should be replaced with new ones made of white Fiberglass.

EXHIBIT "C"

Specifications for LESSOR Improvements

I. Painting

Painting and finishing shall include all interior exposed items and surfaces throughout the demised premises. Pre-finished items are excluded from this scope such as roof deck, beams, and joists. All walls are to be prepared to receive finishes by the patching, spackling, and smoothing of any irregular surfaces and holes. Removing the wallpaper from the office walls or painting over the wallpaper is required. Prepare the walls for painting and adhere to guidelines below:

- A. Interior office walls, including papered walls, shall receive:
 - 1. One primer coat Prime over Vinyl WC color: wht/Problock Alkyd Odorless B49w20.
 - 2. Office Walls Gypsum Bd color: Pratt & Lambert 2207 Antique/SW Super Paint hit Satin A87w51 (formula 2 below)
- B. Lobby/Customer Service Area is to be finished in accordance with FedEx standards as follows:
 - 1. Alternate WSC/Customer Lobby (requires approval for specific site): Sherwin Williams Argos B9W951 Harmony w/Eggshell Base Argos (7605). Contact: Stacy Stachler @ Sherwin Williams 415-575-1491.
Cover Plates: Paint with regular paint as referenced above in Paragraph A.
NOTE: Zolatone no longer used.
- C. Door Frames (interior metal):
 - 1. Hollow Metal Frames color: Fed Ex Grey/DTM Alkyd B55w113 (formula 1 below.)
- D. Doors (interior wood doors and windows):
 - 1. Wood Doors and Windows color: clear/Wood Classics Clear Varnish A66f390
- E. Restrooms:
 - 1. Urinal Screens and Partitions color: white/Pro Class Alkyd Semigloss 1333w221.
- F. All interior steel columns shall be painted "safety yellow" to a height of 10 ft. Exterior bollards and ladders color: Safety Yellow/Industrial Enamel B54y37 (unless local codes require other color).
- G. Warehouse: Warehouse Block Walls color: white/Water-based Catalyzed Epoxy Gloss Sheen B70w200. (Painting only required if requested).

H. Exterior Painting:

1. Prep and repaint with matching color all exposed exterior metal items, including but not limited to doors, downspouts, handrails, lintels, window frames, stairs, ladders, fascia and parapet caps (excepting any pre-finished items in good condition) to a uniform and clean appearance.

Exterior: Dryvit Walls/Synthetic Stucco color: match/Exterior Super Paint Satin A89w51.

Exterior: Metal and Wood color: match/Exterior Super Paint Satin A89w51.

I. Doors (exterior metal)

1. Metal Frames color: Match existing color or Fed Ex Grey/DTM Alkyd B55w113(formula 1 below/unless local codes require other color).

Formulas:

1. "FedEx Grey Formula"- DTM Alkyd B55w113

B1	4 oz	5/32	1/128
Ni	60/32	1/128	
R2	2/32	1/128	
Y3	21/32	1/64	
R3	5/32		
LI	2/32		

2. Pratt & Lambert 2207/Antique White- A87w51

Ni	17/32
Y1	7/32

II. Floor Finishes

Floor finishes for office areas and ship centers is described below. New vinyl cove wall base shall be installed where specified.

A. Carpet Flooring:

1. Offices: One of the following:
 - a. Interface SuperFlor, #603059 Anthracite. Contact: Christi Hitch 901-219-5746 Christi.Hitch@interface.com.
 - b. Mohawk Lees — First Step 508 Charcoal Grey.
Contact: Tony Simmons 901-246-9851
Tony_Simmons@mohawkind.com.
 - c. Shaw Path 549. Contact: Helen Balch Drinkard 901-240-9085
Helen.Drinkard@shawinc.com.