

SALINAS MUNICIPAL AIRPORT OFFICE LEASE

Pursuant to the provisions of Chapter 4 of the Salinas City Code, the City of Salinas, a municipal corporation, (the "Owner"), hereby grants permission to ABC Solutions, (the "Lessee") upon the terms and conditions hereinafter set forth, for the access of facilities at the Salinas Municipal Airport (the "Airport").

This Lease is issued by Owner and is accepted by Lessee upon the following terms, covenants, and conditions, and the breach of any of said terms, covenants or conditions, shall be deemed to be sufficient cause for the termination of the Lease without the necessity of any notice of termination to Lessee.

1. **Lessee.** This Salinas Municipal Airport Use Lease is hereby granted to:

Company Name: ABC Solutions, Inc.

Mailing Address: 1320-B South Amain Street #240

City: Salinas **State:** CA. **Zip Code:** 93901

Telephone Number: (831) 406-1616 **Email Address:** achan@cprpacific.com

2. **Description of Airport Use.** Lessee is hereby granted permission to operate and engage in the use office space.

2a. **Location of office space at the Salinas Municipal Airport: Building 240, Office 204**

3. **Term of Lease.** The term of this Lease shall commence on September 1, 2024 ("Effective Date") and shall terminate on August 31, 2025, and continue as a month-to-month basis thereby unless terminated sooner as provided herein. In the event the term of this Lease commences on a day other than the first day of the month, the first month's Rent shall be prorated to reflect the actual period of occupancy for that first month.

3. **Permit Fee.** N/A

4. **Rent.** Lessee agrees to pay as rent for Building 240: Office 204 in the sum of **\$300.00** per month, ("Rent") beginning the date of this Lease. The fee for the first month shall be paid in advance; fees for succeeding months shall be paid on or before the fifth day of each month thereafter and are delinquent if not paid by the 10th day of such month. In the event Lease Holder fails to pay any fees due City under this Lease, Lease Holder's property will be subject to a Claim of Lien and upon at least 30 days' notice may be sold at Lien Sale to satisfy the lien, if the fees, storage and other charges due remain unpaid for ninety (90) consecutive calendar days or may be removed to another storage site at Lease Holder's expense. The parties agree that if City is given a lien, that City may sell such property at a duly constituted Lien Sale subject to the above-stated conditions, and that any property on which no bids are received may be disposed of as worthless. The City will not sell or dispose of any of Lease Holder's property while the parties are engaged in good faith negotiations or dispute resolution process. It is understood that Lease fees are subject to periodic adjustments

5. Non-Transferable. This Lease is not transferable to any other person or entity (other than a subsidiary of Lessee) without the prior written approval of Owner. Any transfer made in violation of this provision shall be null and void, and shall have no effect and shall not be binding upon the Owner.

6. Mutual Consent Required. This Lease shall not be effective unless and until the written consent of both Owner and Lessee is affixed hereto.

7. Airport Rules and Regulations. Lessee shall at all times abide by and faithfully comply with any and all rules and regulations established for the Airport by the Salinas Airport Commission, the Salinas City Council, the Airport Manager, including the “Standards for Commercial Operators at the Salinas Municipal Airport,” and all rules and regulations of established by the Federal Aviation Administration, whether any of such rules and regulations are now in force or may hereafter be adopted.

8. Non-Exclusivity. This Lease shall not be construed or interpreted as conveying any “exclusive right” within the meaning, intent or interpretation of 49 U.S.C. 40103(e). For the sake of clarity, for the duration of the Lease, Lessee will have uninterrupted and exclusive right to use and occupy the rented rooms.

9. Lease Subordinate to Rights of the United States of America. This Lease to use Airport premises is subject to any and all rights which the United States of America, or any branch or agency thereof, may have or acquire in the use of said premises for governmental purposes, and Lessee agrees to abide by any orders of the United States of America. In the event the United States of America or any branch or emergency thereof shall require the use of said premises at any time, Lessee agrees to surrender possession thereof to owner upon demand.

10. Indemnification. Lessee shall indemnify, defend, and hold Owner and its officers, employees, and agents harmless from and against any and all liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life or damage to any property, or violation of any relevant federal, state or municipal law or ordinance, or other cause in connection with any activity related to this Lease, except from any such damages arising from the negligence or willful misconduct of the Owner.

Acceptance of insurance certificates and endorsements required under this Lease does not relieve Lessee from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

Lessee shall reimburse the Owner for all costs and expenses (including but not limited to reasonable attorneys’ fees, and fees for other professionals, and court costs) incurred by the Owner in enforcing the provisions of this section.

Owner shall indemnify, defend, and hold Lessee and its officers, employees, and agents harmless from and against any and all liability, claims, suits, actions, damages, and causes of action arising out of any personal injury, bodily injury, loss of life or damage to any property, or violation of any relevant federal, state or municipal law or ordinance, or other cause in connection with any activity related to this Lease, except from any such damages arising from the negligence or willful misconduct of the Lessee.

11. Authority of Airport Manager. Lessee shall at all times comply with all directions and requirements of the Airport Manager with respect to the use of Airport facilities.

12. Breach or Default.

(a) By Lessee: In the event Lessee shall fail to comply with any material terms, covenants, Leases, and conditions of this Lease, Owner shall have the right, after providing Lessee with 60 days' notice and opportunity to cure, to forthwith declare this Lease terminated and ended, and said Lease shall thereupon terminate and end, and thereafter Lessee shall have no further right, title, estate or interest in this Lease or in or to any premises or facilities of the Airport, and Lessee shall thereupon pay to Owner the amount of any and all damages arising out of, or resulting from, such breach of or default on the part of Lessee, and, in addition thereto, Owner shall be entitled to such other legal remedy or redress as the law may provide in such instance.

(b) By Owner: In the event Owner fails to comply with any material terms of this Lease, including but not limited to providing quiet enjoyment of the rented rooms in a habitable condition to Lessee, then, after 60 days' notice and opportunity to cure, Lessee will be entitled to rent abatement until Owner has rectified such breach.

13. Liens. Lessee shall never at any time suffer, Lease or allow any mechanic's or materialmen's or laborer's liens to attach to any premises or facilities of the Airport.

14. Termination. Either Owner or Lessee may terminate this Lease at any time during the term hereof, by giving the other thirty (30) days written notice of intention to do so. Upon the expiration of said thirty (30) day period, this Lease shall be fully and finally terminated and both Owner and Lessee relieved of all further rights and obligations. Such notice shall be given by email and United States mail, return receipt requested, and shall be deemed to have been given on the date of mailing. Lessee understands and acknowledges that in the event this Lease is terminated prior to the completion of the Lease Term, or any renewal thereof, Lessee shall have no right or claim to a refund, whether partial or in whole, of any Lease Fees paid for prior use, but Lessee will not be liable or obligated to pay any Lease Fees for future use, to which Lessee would be entitled a refund. Upon expiration of the Lease Term, or upon termination as herein provided, Lessee agrees to deliver immediate possession of all premises or facilities to Owner in the manner prescribed herein.

15. Insurance.

A. Lessee shall, throughout the duration of this Lease, maintain commercial general liability and property insurance covering all operations of the Lessee, its agents and employees, performed in connection with this Lease including but not limited to premises and automobile.

B. Lessee shall maintain the following limits:

1a. Airport Premises Liability - *(and/or Commercial General Liability, see below no. 1b)* On an "occurrence" basis, including, property damage, bodily injury with limits no less than \$1,000,000 per occurrence, including owned and non-owned aircraft coverage.

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1b. Commercial General Liability *(and/or Airport Premises Liability, see above no. 1a)* – Insurance Services Offices covering Commercial General Liability on an "occurrence"

basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. **Automobile Liability** - Insurance Services cover any owned automobiles or if lessee has hired, and non-owned automobiles with \$1,000,000 each occurrence for bodily injury and property damage.
- C. **Additional Insured Endorsement** - The liability policies shall include the City of Salinas, its elected and appointed officials, officers, employees, representatives, volunteers, and agents (hereinafter collectively the "City") as Additionally Insured via endorsement.
- D. **Waiver of Subrogation Endorsement** - Owner/Operator hereby grants to Entity a waiver of subrogation which any insurer may acquire against Entity, its officers, officials, employees, and volunteers, from Owner/Operator by virtue of the payment of any loss. Owner/Operator agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Entity has received a waiver of subrogation endorsement from the insurer. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the Entity for all work performed by the Owner/Operator, its employees, agents, and subcontractors.
- E. **Primary and Non-contributing Coverage** - All required insurance policies and all renewals thereof shall be primary and non-contributing; the required insurance policy shall be primary over any other insurance, deductible, or self-insurance maintained by the City and non-contributory with respect to the City.
- F. **Cancellation** - Required insurance policies shall not be cancelled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.
- G. **Broader Coverage/Higher Limits** - If the Lease Holder maintains broader coverage and/or higher limits than the minimums shown above, the Lease Holder requires and shall be entitled to the broader coverage and/or higher limits maintained by the Lease Holder. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.
- H. **Acceptability of Insurers** - Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best rating of no less than A: VII, unless otherwise acceptable to the City.
- I. **Verification of Coverage** - Lease Holder shall furnish the City with original Certificates of Insurance including an additional insured endorsement and all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Pages of the liability policies listing all policy endorsements to City before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Lease Holder's obligation to provide them. The City reserves the

right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

J. Special Risk or Circumstances - City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

K. Self-Insured Retentions - Self-insured retentions must be declared to and approved by the City of Salinas. At the option of the City, the Owner/Operator shall provide coverage to reduce or eliminate such self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Owner/Operator shall provide evidence satisfactory to the City guaranteeing payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City of Salinas.

16. Accounts and Records. Lessee shall at all times maintain accurate and complete accounts of all revenue income arising out of its operations under this Lease. Lessee's books, accounts, and records shall at all times be open to inspection and examination by authorized officers, agents, and employees of Owner, and shall be kept in such form as to enable authorized officers, agents, and employees to ascertain and determine financial facts relative to operations under this Lease. Lessee shall maintain all preparatory books, records, documents, accounting ledgers, and similar materials relating to Lessee's use and occupation of Airport premises and facilities and services performed under this Lease on file for at least three (3) years following the termination or end of this Lease.

17. Hazardous Substances.

(A) Pursuant to Health and Safety Code §25359.7, Lessee shall notify Owner in writing within a reasonable time of any material release of hazardous substances and of any hazardous substances that have come to be located beneath the Airport.

(B) Prior to the expiration of this Lease, Lessee shall at its sole cost and expense, remove all items of personal property including, but not limited to, all flammable substances and hazardous materials and wastes as defined by state or federal law at the time of expiration of this Lease.

(C) Lessee shall make available for inspection to the Owner, all records relating to the maintenance, release, mitigation, and cleanup of any hazardous substances on the Airport premises. Lessee shall maintain all records and reporting required under federal, state or local law regarding the storage, placement, use, and application of any and all hazardous substances including, but not limited to, pesticides.

(D) Lessee shall comply with all federal, state, and local laws and regulations relating to hazardous materials and wastes, and shall timely comply with the orders of any governmental agencies relating thereto.

(E) Owner may reasonably enter upon and inspect the premises at any time, with or without prior notice to the Lessee.

18. Assignment. This Lease is personal to Lessee and shall neither it nor any of the rights or privileges granted hereunder may be assigned or sublet by Lessee without express written approval of the Owner.

19. Subleases; Conflicts with Airport Lease. In the event Lessee is to be a sublessee under an Airport Lease entered into between Owner and an Airport tenant (“Sublessor”), the acceptance of such subletting and the consent of Owner thereto shall be evidenced herein by the execution of this Lease by authorized representatives of Owner, Lessee, and Sublessor. Lessee’s rights and privileges under this Lease shall be taken pursuant and subject to the covenants, terms, and conditions of the Airport Lease, and all activities of the Lessee conducted or performed pursuant to this Lease shall be conducted in conformity with the Airport Lease. In the event there is a conflict between any of the terms of this Lease and any of the terms of the Airport Lease, the terms of the Airport Lease shall control the respective duties and liabilities of the Owner and the Lessee.

20. Modification. This Lease may only be modified upon the mutual written consent of the Owner and Lessee.

21. Jurisdiction. This Lease shall be administered and interpreted under the laws of the State of California. In the event of any dispute arising out of Lessee’s use of Airport premises or facilities pursuant to this Lease, or in the event of any dispute concerning the interpretation of this Lease, Jurisdiction of litigation arising therefrom shall be in the State of California, in the County of Monterey or in the appropriate federal court with jurisdiction over the matter. In case suit shall be brought to interpret or to enforce this Lease, or because of the breach of any other covenant or provision herein contained, the prevailing party in such action shall be entitled to recover their reasonable attorneys’ fees in addition to such costs as may be allowed by the Court. Owner’s attorneys’ fees, if awarded, shall be calculated at the market rate.

22. Compliance with Laws, Rules, and Regulations. Activities conducted by and services performed by Lessee on Airport premises or facilities pursuant to this Lease shall be performed in accordance and full compliance with all applicable federal, state, and City laws and any rules or regulations or regulations promulgated thereunder.

IN WITNESS WHEREOF, the undersigned, as authorized representatives of Owner and Lessee have executed this Lease.

CITY OF SALINAS

Matt Nelson, Airport Manager

Date

LESSEE

By: Aaron Chan
Its: President

Date