

LEASE AGREEMENT
BETWEEN
THE CITY OF SALINAS AND
AT&T SERVICES, INC.



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LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into this 1st day of February, 2024 (the "Effective Date") by and between the **City of Salinas**, a California charter city and municipal corporation of the State of California ("Lessor"), and **AT&T Services, Inc.**, a Delaware corporation ("Lessee").

WITNESSETH:

A. Lessor owns and operates the Salinas Municipal Airport in the City of Salinas, State of California; and

B. Lessee desires to lease a portion of Airport for the uses permitted and upon the terms and conditions herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants set forth in this Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

The following capitalized terms have the meanings set forth in this Section 1.1 whenever used in this Agreement unless otherwise provided:

- (a) "Additional Improvements" has the meaning given in Exhibit D.
- (b) "Airport" means the Salinas Municipal Airport in the City of Salinas, State of California.
- (c) "Base Rent" has the meaning given in Section 2.4.
- (d) "Building" has the meaning given in Section 2.1.
- (e) "Cancellation Date" has the meaning given in Section 2.3(c).
- (f) "Cancellation Fee" has the meaning given in Section 2.3(c).
- (g) "City Code" has the meaning given in Section 3.2(b).
- (h) "Claims" has the meaning given in Section 5.1.
- (i) "Clean and in Good Condition" has the meaning given in Section 6.9.
- (j) "Commercial Property" means property that is offered for rent or lease to persons operating, or intending to operate, a place of public accommodation as defined in Section 202 of Chapter 2 of Part 2 of Title 24 of the California Code of Regulations, or a facility

to which the general public is invited, at those premises and has the meaning given in Section 5.4.

(k) "Event of Default" means any material breach of this Lease beyond applicable notice and cure periods.

(l) "Extended Term" or "First Extended" has the meaning given in Section 2.3(b).

(m) "FAA" means the Federal Aviation Administration.

(n) "Land Use Plan" has the meaning given in Section 3.2(a).

(o) "Lease" means this Agreement, as set forth in the opening paragraph.

(p) "Lessee" means AT&T Services, Inc., a Delaware corporation, as set forth in the opening paragraph.

(q) "Lessee Released and Indemnified Parties" means Lessee and its directors, officers, employees, agents, representatives, volunteers, and assigns and as set forth in Section 5.1(b).

(r) "Lessor" means the City of Salinas, a California charter city and municipal corporation, as set forth in the opening paragraph.

(s) "Lessor Released and Indemnified Parties" means Lessor and its elected and appointed officials, officers, employees, representatives, volunteers, and agents and as set forth in Section 5.1(a).

(t) "Original Term" has the meaning given in Section 2.3(a).

(u) "Part 21" has the meaning given in Section 3.3(c)(1).

(v) "Part 77" has the meaning given in Section 3.3(d) and Title 14 Aeronautics and Space, Chapter I, Subchapter E, Part 77 – Safe Efficient Use, and Preservation of the Navigable Airspace.

(w) "Premises" means the Building leased to Lessee pursuant to Section 2.1.

(x) "Rules" is defined in Section 3.2(a).

Section 1.2 Exhibits.

The following exhibits are attached to this Lease and are incorporated into it by this reference; provided, however, that any conflict between an exhibit and the main body of this Lease will be construed in favor of the latter:

Exhibit A	Legal Description of the Premises
Exhibit B	Depiction of the Premises
Exhibit C	Permitted Uses of the Premises

Exhibit D	Description of the Lessee Improvements
Exhibit E	Insurance Requirements
Exhibit F	Rental Schedule

ARTICLE 2. LEASE PROVISIONS

Section 2.1 Premises.

(a) Demise of the Premises. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, approximately 6,356 square feet of building space in the building (“Building”) located at 445 Airport Boulevard, Salinas, CA 93905 (the "Premises"). Additionally, the Premises includes an adjacent parking area consisting of approximately 38 parking spaces. The Premises is described more particularly in Exhibit A and Exhibit B.

Section 2.2 Use of the Premises.

The Premises will be used only for the purposes described in Exhibit C. The Premises may not be used for any other purpose without Lessor's written authorization, in Lessor's sole discretion. Lessee may, at no additional rent, use a portion of the Premises, including the roof, to install, operate and maintain telecommunications antennae, satellite dishes or microwave, radio or other telecommunications equipment. Such installation shall be subject to the approval of the appropriate governing agencies, including the Salinas Planning Commission and the Salinas City Council. In the event Lessee determines to erect or install any telecommunications equipment on the roof portion of the Premises, Lessee shall be responsible for any improvements necessary to support the installation, operation and maintenance of any such telecommunications equipment and or any repairs to the roof caused by the installation, operation and maintenance of any such telecommunications equipment and shall also be responsible for restoring the Premises to its original condition at the expiration of its tenancy. Upon prior written approval of Lessor, which approval shall not be unreasonably withheld, conditioned or delayed, Lessee may bring in fiber optic services to the Premises.

Section 2.3 Term.

(a) Term. Except as otherwise specifically set forth in this Section, the initial term of this Lease shall be for a period of five (5) years commencing on the Effective Date of February 1, 2024, and ending January 31, 2029 (the “Original Term”), unless sooner terminated in the manner and under the conditions herein provided. Rent due pursuant to Section 2.4 begins upon the Effective Date, which is the commencement of the Original Term.

(b) Extension Options. Provided Lessee is not in default under this Lease beyond any applicable notice and cure periods, Lessee may elect to renew this Lease for up to two (2) five (5) year periods (the “First Extended Term” or “Second Extended Term”) by giving City written notice of each such election not less than six (6) months prior to the expiration of the then current term, as may have previously been extended. If Lessee elects to renew, the First Extended Term and the Second Extended Term of the Lease, except as otherwise specifically set forth herein, shall be on the same terms and conditions as set forth herein, except that there shall be no option to extend beyond the Second Extended Term and Rent shall be calculated as provided in Section 2 of this Lease.

(c) Cancellation Option. Lessee shall have the right to cancel this Lease following the last day of the thirty-sixth (36th) month (the “Cancellation Date”) following the Effective Date provided; however, Lessee provides City not less than nine (9) months prior written notice and pays a cancellation Fee, as defined herein. The “Cancellation Fee” shall be equal to three (3) months of the then current Base Rent. The Cancellation Fee shall be due and payable thirty (30) days prior to the Cancellation Date.

Section 2.4 Rent.

(a) Time and Place of Payments. Commencing on the Effective Date, Lessee shall pay Lessor Base Rent for the use and occupancy of the Premises on the first day of each calendar month throughout the Original Term and any Extended Term exercised by Lessee, without deduction, offset, prior notice or demand, except as otherwise set forth in this Lease. Checks will be made payable to the City of Salinas, and will be delivered to:

City of Salinas
Office of the Finance Director, Attn: Airport Fund
200 Lincoln Avenue
Salinas, California 93901

The place and time of payment may be changed at any time by the Lessor upon thirty (30) days’ written notice to Lessee. Lessee assumes all risk of loss and responsibility for late payment charges.

(b) Amount of Rent.

(1) Base Rent. The monthly rate for the Premises for the first year of the Original Term equals Seven Thousand Nine Hundred Forty Five Dollars and No/100 (\$7,945.00) per month (“Base Rent”). Base Rent and any additional rent required herein are collectively referred to as “Rent.”

(2) Utilities. Lessee shall arrange to have furnished all utilities, janitorial services, and trash removal and shall pay directly to such person or entity providing such utilities and services during the Original Term and any Extension Terms of this Lease exercised by Lessee. Such utilities and services shall not be included in Rent and shall be paid directly by Lessee to the applicable utility provider.

(3) Rent Increases. Annual rent increases are set forth on the Rental Schedule attached hereto as Exhibit F.

(c) Delinquent Rent. Rent is due on the first day of each month. Rent will be considered delinquent if it is not paid within ten (10) days after written notice from Lessor that the Rent payment is past due. The parties agree that Lessee's failure to pay rent before it becomes delinquent will cause Lessor to suffer losses or damages, including but not limited to transactions charges, collections costs, and the loss of use of funds, which would be difficult to predict and calculate in advance. To compensate for such losses, Lessee will pay a late fee equal to ten percent (10%) of the amount of unpaid rent that is due and owing at the time the rent became delinquent, which the parties agree represents a reasonable estimate of Lessor's damages.

(d) Holdover Rent. In the event Lessee fails to surrender the Premises upon the expiration or earlier termination of this Lease, such continued occupancy shall be on a month-to-month holdover basis, subject to all other terms and provisions of this Lease with the exception of the Rent payable, which shall be equal to one hundred twenty-five percent (125%) of the last Base Rent amount payable prior to the expiration of the then-current term. This holdover rental amount shall be Lessor's exclusive right and remedy against Lessee and shall be deemed to cover all liabilities, obligations, damages, or charges that may be incurred by Lessor because of a holdover by Lessee. The foregoing shall not in any way limit any summary process rights available to Lessor pursuant to law.

Section 2.5 Security Deposit.

There will be no security deposit; however, at the expiration of this Lease, or any earlier termination, Lessee will return the Premises to Lessor in comparable or better condition and repair as it existed as of the Effective Date, normal wear and tear, damage from casualty, condemnation and any Lessor maintenance and repair obligations excepted.

Section 2.6 Taxes.

(a) Throughout the Original Term and any Extended Term exercised by Lessee, Lessee shall pay before delinquency all taxes and assessments imposed on any personal property or trade fixtures belonging to Lessee located at the Premises. In addition, Lessee will pay all applicable possessory interest tax that may be assessed or levied upon the Premises ("Possessory Interest Tax"), and any interest of Lessee therein, for the full term of this Lease.

ARTICLE 3. AIRPORT USE RESTRICTIONS

Section 3.1 Lessor's Reservations.

(a) Utilities. Lessor reserves the right, upon reasonable prior notice to Lessee, to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, stormwater sewers, pipelines, manholes, and connections; water, oil, and gas pipelines; telephone, telegraph and electric power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, under, and along any and all portions of the Premises. No right reserved by Lessor in this Subsection shall be so exercised by Lessor or any third party as to interfere unreasonably with Lessee's permitted use or operations hereunder or to impair the security or any secured creditor of Lessee. Lessor further agrees that rights granted to third parties by reason of this clause shall contain provisions (i) prohibiting such third parties from unreasonably interfering with Lessee's permitted use or operations hereunder or impairing the security of any secured creditor of Lessee, and (ii) requiring that the Premises will be restored as nearly as practicable to its original condition upon the completion of any construction. Lessor further agrees that should the exercise of these rights temporarily interfere with the use of any and all of the Premises by Lessee, the Rent and other charges due hereunder shall be reduced in proportion to the interference with Lessee's use of the Premises.

(b) Intentionally Deleted.

(c) Other Federal Requirements. Lessee agrees that Lessee's use of the Premises, including any initial construction, all future construction, and any maintenance, repair, or modification of the Premises, will comply with all applicable Federal Aviation Regulations or other applicable federal statutes, regulations, or rules affecting airports or aviation as may now be in force or that may be hereafter adopted by any federal agency or instrumentality. This Subsection will be construed broadly to ensure compliance with applicable federal requirements. Lessor covenants that Lessee's use of the Premises is not in violation of any Federal Aviation Regulations, the Rules, or the Land Use Plan, and if Lessee's permitted use under the Lease is ever prohibited by any Federal Aviation Regulations, the Rules, or the Land Use Plan, Lessee may terminate this Lease upon written notice to Lessor.

(d) Intentionally Deleted.

(e) Airport Development. The City reserves the right to further develop, improve, and or promote the airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance. Lessee shall not have any expectation of or receive any rental abatement, refund, or reimbursement for loss of access to non-exclusive areas of the airport, such as the runways, taxiways, ramps, terminal, or airport. Tenant further understands that from time to time, the airport hosts community events at the airport that either promote aviation and/or the airport in the local community.

Section 3.2 City of Salinas Regulations.

(a) Airport Rules and Land Use Plan Incorporated. The Salinas Municipal Airport Rules and Regulations (the "Rules") and the Salinas Municipal Airport Land Use Plan (the "Land Use Plan"), as those documents may be amended or superseded from time to time, are incorporated into this Lease by this reference. Lessee will comply fully with the Rules to the extent they apply to Lessee's operations in the Premises, and Lessee's use of the Premises will be consistent with the Land Use Plan.

(b) City of Salinas Municipal Code. Lessee agrees to comply with applicable provisions of the City of Salinas Municipal Code (the "City Code"), including but not limited to Chapter 4 (Public Property) and Chapter 37 (Zoning). Lessor agrees that the Premises are compliant with such provisions as of the date of this Lease.

(c) Other Applicable Laws, Rules, and Regulations. Lessee further agrees to comply with all other applicable laws, rules, and regulations, for the use of the Premises, including any rules and regulations established by the Salinas City Council, the Salinas Airport Commission, and the Salinas Airport Manager.

Section 3.3 Federal Requirements.

(a) Subordination to Federal Agreements. This Lease is subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States of America, relative to the development, operation, or maintenance of the Airport.

(b) Non-Exclusive Right. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of 49 U.S.C. sections 40103 (e) and 47107(a)(4).

(c) Nondiscrimination.

(1) Lessee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that: no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises; that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 C.F.R. Part 21 - Nondiscrimination in Federally Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 23 - Participation of Disadvantaged Business Enterprise in Airport Concessions; 49 CFR Part 26 - Participation By Disadvantaged Business Enterprises In Department Of Transportation Financial Assistance Programs and as said Regulations may be amended.

(2) Lessee will furnish services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

(3) Lessee assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Lessee or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract.

(d) Height Restrictions. Lessee by accepting this Lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or building nor permit object of natural growth or other obstruction on the land leased hereunder above a height as determined by the application of the requirements of 14 C.F.R. Part 77. In the event the aforesaid covenants are breached, Lessor reserves the right to enter upon the land hereunder and to remove the offending structure or object or cut the offending natural growth, all of which shall be at the expense of Lessee.

(e) FAA Form 7460-1, Notice of Construction or Alteration. Lessee agrees to comply with the notification and review requirements of 14 C.F.R. Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises. This requires the submission of FAA Form 7460-1, Notice of Construction or Alteration to the FAA.

(f) Interference. Lessee by accepting this Lease agrees for itself, its successors and assigns that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Lessor reserves the right to enter upon the Premises hereby Leased and cause the abatement of such interference at the expense of Lessee.

(g) Right of Flight. There is reserved to Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operating on the airport premises.

(h) Development of Landing Area. Lessor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or views of Lessee and without interference or hindrance. If Lessee's use of and/or access to the Premises is at any time materially and adversely affected by such rights and activities of Lessor, Lessee has the right to either (i) abate Rent until the Premises is no longer materially and adversely affected or (ii) terminate this Lease upon written notice to Lessor.

(i) Security. Lessee will conform to airport and Federal Aviation Administration safety and security rules and regulations regarding use of the airport operations area including runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; will complete and pass airfield safe driving instruction program when required by the airport; and will be subject to penalties as prescribed by the airport for violations of the airport safety and security requirements.

(j) Facility Repairs. Lessor reserves the right but shall not be obligated to Lessee to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the (lessee, licensee, permittee, etc.) in this regard.

(k) War or National Emergency. This Lease and all the provisions of it are subject to whatever right the United States of America has affecting the control, operation, regulation, and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States of America during the time of war or national emergency. If Lessee's use of and/or access to the Premises is at any time materially and adversely affected by such rights and activities of the United States Government, Lessee has the right to either (i) abate Rent until the Premises is no longer materially and adversely affected or (ii) terminate this Lease upon written notice to Lessor.

ARTICLE 4. OTHER COVENANTS

Section 4.1 Maintenance and Repair.

(a) Lessee's Maintenance and Repair Obligations. Except as otherwise specifically provided in this Lease, Lessee will be solely responsible for keeping the Premises clean and in good condition and repair, reasonable wear and tear excepted, and for all repairs and maintenance for all interior non-structural repairs and maintenance, including maintenance of telephone, plumbing and electrical systems, and all appliances, lighting, and light bulbs, flooring ceilings, walls, doors, door locks, door frames, windows, window locks, window frames and pointed surfaces. Lessee shall maintain the Premises in an aesthetically pleasing manner, including without limitation removing debris on the Premises, replacing components that are broken or worn, refreshing painted surfaces associated with the Premises, ensuring the Premises is pest free, and preventing the accumulation of stored materials outside. Subject to the waiver provisions set forth in Exhibit E, Lessee will also be responsible for all damage or destruction of the Premises caused by any acts of Lessee or by Lessee's employees, agents, licensees, contractors, or sublessees, in addition to any invitees while such invitees are in the Premises.

(b) Lessor's Right to Cure; Additional Rents. If, in the opinion of Lessor's Airport Manager, the Premises are not being properly maintained as required hereunder, the Airport Manager shall, after giving at least ten (10) days prior written notice to Lessee and after a reasonable time to cure, cause such repair and maintenance to be made. The cost of such maintenance or repair will be added to the Rent and will be due immediately upon invoice.

(c) Lessor's Maintenance and Repair Obligations. Lessor shall, at its own cost and expense, be responsible to repair and maintain the roof and all structural and systems components of the Premises, and all other items not otherwise the express responsibility of Lessee as set forth above. Lessor shall also be responsible, at its sole cost and expense, for all other replacements, repairs and maintenance to the Premises, including parking lot, roof and landscaping necessary to operate the Premises for the permitted use set forth herein. Lessor shall not be responsible, however, for maintenance and repairs to the roof caused by equipment installed or erected on the roof by Lessee. Notwithstanding the foregoing to the contrary, Tenant shall procure, keep in place, and be responsible for the costs associated with procuring and maintaining an HVAC service contract for the HVAC system serving the Premises. Tenant shall be responsible for maintenance and repairs for such HVAC system. In the event maintenance above and beyond regular servicing is required, Tenant shall not be required to expend more than Two Thousand Dollars (\$2,000) per calendar year or more than One Thousand Dollars (\$1,000) per transaction. Any expenses above these amounts will be the responsibility of Lessor. Regular servicing and maintenance repair includes but is not limited to replacing belts, motor and accompanying components, filters, thermostats, louvers, recharging cooling systems, leaks, repairing coils.

(d) Lessor's Compliance with Laws. Lessor shall during the Original Term and any Extension Term, at Lessor's sole cost and expense, and not as a charge to Lessee, be responsible for placing and keeping the Premises and all building systems including, but not limited to, structural, mechanical, electrical, plumbing, HVAC, fire and safety and security systems, elevators, restrooms, roof and parking lots, in compliance with all governmental

regulations, codes, rules, laws and orders, including without limitation environmental laws, the ADA, and state and local accessibility requirements. Lessor shall not be responsible for correcting or curing any building systems or structural features constructed or altered by Lessee as a result of any alterations made by Lessee that are not in compliance with applicable laws, regulations and standards.

(e) Services. Lessor shall, at its sole cost, provide the following services: (i) maintenance of all life safety systems in the Premises as required by applicable laws, including, without limitation, any sprinkler systems, if applicable, and (ii) a property management representative of Lessor available and on call twenty-four (24) hours per day, seven (7) days per week.

(f) Failure to Maintain or Repair. If at any time during the Original Term or any Extended Term exercised by Lessee, Lessor fails to maintain or repair the Premises in the manner required herein, Lessee may, but shall not be required, to perform such maintenance or make the repairs or replacements on behalf of Lessor. Any sums expended by Lessee in doing so shall be offset against Rent until fully recouped.

Section 4.2 Alterations.

Lessee may make alterations, improvements and additions (“Alterations”) to the Premises only upon the prior review and written approval of Lessor, which approval shall not be unreasonably withheld, conditioned or delayed. All such Alterations shall be performed in compliance with all applicable laws, rules and regulations.

Section 4.3 Signs.

Lessee may post such signs as necessary and usual in the conduct of its business in and upon the Premises. Location, size, shape, and copy of all signs will be in accordance with the City Code, and will be approved by Lessor's Airport Manager, Community Development Department, and Permit Center prior to installation. Subject to all requirements of the City Code and other applicable laws, approval will not be withheld unreasonably.

Section 4.4 Liens and Claims.

(a) Possessory Interest. Lessee acknowledges that this lease may create a real property possessory interest subject to taxation. Without limiting Lessee's obligation pursuant to this Lease to pay taxes, assessments, property-related fees, and other charges and impositions associated with the Premises, payment of real property taxes levied on such possessory interest will be the sole responsibility of Lessee, with no right of offset of rent, charges, or other fees due under this Lease.

(b) No Liens. Lessee will pay all taxes, assessments, property related fees, and other charges and impositions that Lessee is obligated to pay under this Lease before the same become delinquent. Furthermore, Lessee will not permit or suffer any liens or encumbrances to be imposed upon the Premises, the Airport, or any building or structure thereon as a result of nonpayment of any obligation of Lessee. Neither will Lessee permit or suffer any lien, claim, or demand to be imposed upon the Premises, the Airport, or any building or structure thereon,

arising from any work of construction, repair, restoration, or maintenance at or on the Premises (except liens, claims, or demands suffered by or arising from the actions of Lessor).

(c) Payment Bonds. To ensure the completion of works of improvement and to protect the Premises from liens, prior to the commencement of any work of construction, repair, restoration, or maintenance at or on the Premises, which exceeds Fifty Thousand and No/100 Dollars (\$50,000.00) in cost, Lessee shall furnish to Lessor's Airport Manager, at no cost to Lessor, payment bonds approved as to form by the Lessor's City Attorney in the full amount of the total cost of the contract or contracts for the work.

(d) Contesting Charges. Notwithstanding anything to the contrary in this Section, with prior notice to Lessor, Lessee may contest any tax, assessment, fee, charge, imposition, claim, or demand for payment that may become a lien on the Premises if left unpaid, provided that nonpayment is permitted only during the pendency of any contest without the foreclosure of the lien or the imposition of any fine or penalty that could become a debt of Lessor. Lessee will prosecute any contest diligently and will provide such security as may be requested by, and acceptable, to Lessor to hold Lessor and the Premises free from liability.

(e) Payment by Lessor. If Lessee fails to pay any amount required by this Section to be paid by Lessee, Lessor will have the right, but not the duty, on five (5) days' prior written notice to Lessee, pay, discharge, or adjust such obligation for Lessee's benefit. On written demand from Lessor, Lessee will, as additional rent, reimburse Lessor within thirty (30) days for the full amount expended by Lessor, together with interest from the date of payment at the lesser of ten percent (10%) or the maximum amount allowed by law.

Section 4.5 Right to Assign or Transfer.

Lessee shall have the right to assign or otherwise sublet the Premises, or any portion thereof, only as specifically set forth in this Section.

(a) Controlled and Related Entities; Merger and Consolidation. Lessee shall have the right the right to assign or sublease or otherwise permit occupancy of all or any portion of the Premises to any entity which is controlled by or which controls or is under the common control with Lessee or AT&T, Inc. Lessee may also transfer this Lease to any successor entity, whether by merger, consolidation or otherwise, or to any entity that purchases all or substantially all of Lessee's assets. No such sublease or assignment shall require Lessor's approval or consent and Lessee shall have the right to keep all of the profit, if any, therefrom.

(b) Uncontrolled and Unrelated Entities. Lessee shall have the right to assign or sublease or otherwise permit the occupancy of all or any portion of the Premises to any unrelated entities only upon Lessor's prior written approval and consent, which approval and consent shall not be unreasonably withheld, conditioned or delayed. Lessee's unaffiliated subtenants and assignees shall have the right to assign and to sublet their portion of the Premises only upon Lessor's prior written approval and consent, which approval and consent shall not be unreasonably withheld, conditioned or delayed. Any profits from any sublease or assignment under this Section 4.5(b) shall be split equally between Lessor and Lessee after Lessee's costs of subletting or assigning, including commissions, legal fees, tenant improvements and other

concessions reasonably required to induce an assignee or subtenant, have first been deducted. Within thirty (30) days after any such assignment or subletting, Lessee shall provide Lessor with a full accounting of all its costs and expenses incurred for such subletting or assignment and shall pay Lessor any profits then due and owing.

(c) Recapture. Lessor shall have no right to recapture the Premises, or any portion thereof, in the event of any sublease or assignment permitted hereunder.

(d) Limitations on Assignment or Sublease; No Release. At no time shall any sublease or assignment extend beyond the Original Term or any Extended Term(s) of this Lease exercised by Lessee. Any assignment or sublease performed hereunder shall not constitute a release of Lessee from the obligations or performance of the terms and conditions of this Lease.

(e) Grounds for Withholding Consent. Except as provided in Section 4.5(a), it is agreed and understood that Lessor may withhold Lessor's consent to any assignment, transfer, sublease, or encumbrance under the following circumstances:

(1) If a proposed assignee or sublessee will not covenant in writing to keep, perform, and be bound by each and all the covenants and conditions of this Lease, and to assume any previously accrued obligations hereunder.

(2) If Lessee is in default under this Lease beyond any applicable notice and cure period at such time in any respect.

(3) If construction, repair, or demolition of improvements on the Premises is in progress, or if said construction, repair, or demolition is incomplete.

(4) Until a determination has been made by Lessor that the assignee, transferee, or other successor in interest of Lessee can pay rent and operate in accordance with the standards required by Lessor.

(5) Lessor is not satisfied, in its sole and absolute discretion, that Lessee is willing and able to discharge any proposed encumbrance.

(f) Incorporation of Lease; Effect of Assignment. Any document that purports to assign, sublease, transfer, or encumber the Premises or any part thereof, will incorporate directly or by reference all provisions of this Lease unless otherwise amended in writing. Upon any assignment or transfer approved by Lessor, Lessee will be relieved of any further obligations arising under this Lease after the effective date thereof.

Section 4.6 Right to Enter.

Lessor reserves the right by its officers, employees, agents, and contractors, to enter the Premises upon prior notice at reasonable times (except in cases of emergency), (i) for any reason otherwise authorized under this Lease, including as allowed in Section 3.1; (ii) to inspect the Premises and to ensure compliance with this Lease; (iii) in furtherance of any maintenance obligation of Lessor; (iv) to post notices, including notices of non-responsibility for improvements, alterations, or repairs if and when Lessor desires to do so; and (v) whenever

reasonably necessary in the interest of public health or safety. When taking such action as described above, Lessor, and its authorized officers, employees and representatives shall use all commercially reasonable efforts to protect Lessee's property and personnel from loss and injury and to avoid interfering with the conduct of Lessee's business.

Section 4.7 Abandonment.

Lessee may not abandon, vacate, or surrender the Premises during the Original Term or any Extended Term exercised by Lessee, except as otherwise provided in this Lease. In the case of any unauthorized abandonment coupled with the failure to pay Rent, Lessor may reenter and relet the Premises. Mere failure to operate the Premises will not constitute abandonment provided Lessee continues to maintain the Premises and pay all Rent and other obligations hereunder. Any belongings or other property left on the Premises following termination of this Lease or abandonment of the Premises will, at the option of Lessor, be deemed abandoned.

Section 4.8 Recording of Lease Forbidden.

Lessee will not record this Lease, or a memorandum or abstract of it, and will not cause or permit any other person to do the same on its behalf, without express written permission from Lessor's Airport Manager.

Section 4.9 Licenses and Permits.

Lessee has obtained or, will obtain at such time as may be necessary, each and every approval, license or permit as may be necessary to operate the Premises as contemplated hereunder.

ARTICLE 5. RISK MANAGEMENT

Section 5.1 Indemnification.

Lessee will indemnify, hold harmless, and defend (with counsel reasonably acceptable to Lessor) the City of Salinas, its elected and appointed officials, officers, employees, representatives, volunteers, and agents (hereinafter collectively the "Lessor Released and Indemnified Parties") against any and all claims, actions, causes of action, liabilities, costs (including reasonable attorneys' fees), expenses, liens, judgments, damages, or civil or administrative fines (collectively, "Claims") to the extent caused by Lessee's use of the Premises, including, without limitation, Claims for property damage, personal injury, or wrongful death; provided, however, that Lessee's indemnification obligation does not extend to Claims arising out of the negligence or willful misconduct of the Lessor Released and Indemnified Parties.

Lessor will indemnify, hold harmless, and defend (with counsel reasonably acceptable to Lessee) Lessee, its directors, officers, employees, representatives, and agents (hereinafter collectively the "Lessee Released and Indemnified Parties") against any and all Claims, to the extent caused by Lessor's use of the Premises, including, without limitation, Claims for property damage, personal injury, or wrongful death; provided, however, that Lessor's indemnification obligation does not extend to Claims arising out of the negligence or willful misconduct of the Lessee Released and Indemnified Parties.

Section 5.2 Insurance.

Lessee will provide insurance coverage in types and amounts, and subject to such conditions, as specified in Exhibit E.

Section 5.3 Reporting Damage.

Lessee will report any transaction or occurrence at or relating to the Premises for which Lessor may have significant exposure to liability. Such report will be made immediately by phone at the following number: (831) 758-7214, and within five (5) business days in writing, to Lessor's Airport Manager or such other person as Lessor may designate in writing. The written report will describe the incident in reasonable detail, including a description of the nature of the damages and the identity and contact information (if available) of any witnesses. The report will also identify any insurance policy that may be available to cover the damage.

Section 5.4 Disclaimer and Release; ADA Notice.

(a) General Release.

Lessee agrees that this is a commercial lease negotiated in good faith and that it was provided a reasonable opportunity prior to entering into this Lease to inspect the Premises and to conduct such due diligence as it, in its discretion, has deemed appropriate. **Lessee accepts the Premises subject to and as provided in this Lease in its current "as-is" condition, including all faults or defects, zoning conditions, or hazardous conditions known or unknown (if any).**

Notwithstanding anything to the contrary herein, this Subsection shall not be construed to hold Lessor Released and Indemnified Parties harmless for liability for the breach of this Lease or for intentional and active fraud, willful misconduct, or gross negligence.

(b) Bailee Release. It is hereby agreed and understood that Lessor in no way purports to be a bailee, and is therefore not responsible in any way for any damage to the property of Lessee or Lessee's contractors, agents, employees, guests, or invitees.

(c) CASp Notice. Pursuant to Civil Code Section 1938, Lessor is required to advise Lessee of the following:

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

(d) CASp Inspection. Lessee and Lessor mutually agree if either party obtains a CASp inspection, the cost of the CASp Inspection will be the responsibility of the party who contracts the CASp inspector, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises will be shared or divided based on the context or reason of the violation. For purposes of this Section 5.4 only, Lessee is responsible for all costs and expenses of complying with federal, state and local statutes, regulations and guidelines imposing standards for accessibility applicable to the Premises with respect to the following:

(1) Violations arising from Lessee's or its sublessee's tenancy, occupancy; business operations, or change in existing use;

(2) Violations arising from Lessee's or its sublessee's improvements, maintenance, or modification to the Premises.

Lessee's failure to comply with such laws shall be subject to Lessee's obligations stated within this Lease, including, without limitation, in Section 5.1.

Lessor is responsible for all costs and expenses of complying with federal, state and local statutes, regulations and guidelines imposing standards for accessibility applicable to the Premises with respect to the following:

(3) Violations of access corridors up to but not including the Premises;

(4) Violations within, about, on the Premises outside the responsibility of Lessee.

(e) Assumption of Risks and Waiver. Provided such risks are not caused by the actions of Lessor, its agents, employees or contractors, Lessee assumes all risks associated with the use of the Airport and Premises for aviation purposes, including, without limitation, risks (including without limitation any psychological risks) associated with noise, vibration, currents and other effects of air, illumination, and fuel consumption. Lessee expressly waives any and all claims whatsoever against the Lessor Released and Indemnified Parties arising in any manner out of the normal operation of the Airport as an airport, and waives any nuisance claim Lessee may have against another lessee or licensee of Airport property so long as the lessee or licensee is in full compliance with all applicable laws, as well as with its lease or license. Lessees within the scope of the foregoing waiver are intended beneficiaries of the waiver.

Section 5.5 Hazardous Substances.

(a) Notice of Releases. Pursuant to Health and Safety Code Section 25359.7, Lessee will notify Lessor in writing within a reasonable time after Lessee obtains knowledge of any material release of hazardous substances and of any hazardous substances that have come to be located beneath the Airport.

(b) Removal of Hazards. Prior to the expiration of this Lease, Lessee will, at its sole expense, remove all items of personal property from the Premises, including but not limited to all flammable substances and hazardous materials and wastes (as defined by state and federal

law) at the time of expiration of this Lease to the extent released or deposited by Lessee and to the extent the presence of which violates applicable Law. Lessee will have no liability or responsibility for removal of flammable substances or hazardous materials and wastes migrating to beneath the Premises or existing prior to the Effective Date.

(c) Availability of Records. Lessee shall make available for inspection to Lessor all records relating to the maintenance, release, mitigation, cleanup, and disposal of any hazardous substances on the Premises.

(d) Compliance with Applicable Laws. Lessee shall comply with all federal, state, and local laws and regulations relating to hazardous materials and wastes it uses, stores, releases, or discharges on the Premises during the term of this Lease and shall timely comply with the orders of any governmental agencies relating thereto. Lessee will be responsible for meeting current stormwater pollution prevention best management practices, as identified by Lessor in Lessor's Storm Water Pollution Prevention Plan, as it may be amended from time to time, and to the extent same applies to Lessee's business in the Premises. Such practices include, without limitation:

- (1) Providing a labeled and stocked spill kit on site;
- (2) Proper storage and labeling of hazardous substances or components of potentially hazardous substances;
- (3) Providing personnel with appropriate routine spill response training;
- (4) Keeping repair, construction, and maintained appropriately covered from wet weather;
- (5) Making appropriate use of drip pans, dry cleanup models, and spill and overflow protection; and
- (6) Removing pollutants offsite as necessary or appropriate.

Lessee understands and agrees that failure to comply with such best practices may result in Lessee no longer being included by Lessor in Lessor's participation in the general permit of the California State Water Resources Control Board concerning storm water discharges.

(e) Indemnification. Without limiting Lessee's indemnification obligations in any manner under this Lease, Lessee agrees to hold harmless, indemnify, and defend the Lessor Released and Indemnified Parties for any liability to the extent caused by Lessee's breach of this Section 5.5. Notwithstanding the foregoing, Lessee shall not be in breach of this Lease as a result of the presence in the Premises of minor amounts of hazardous or toxic materials which are in compliance with all applicable laws, ordinances and regulations and are customarily used in Lessee's normal business operations conducted from the Premises.

(f) Lessor hereby represents that the Premises and the Building and the surrounding real property, comply with, and Lessor is not in violation of, and has not violated, in connection with the ownership, use, maintenance or operation of the Premises, any applicable federal, state,

county, regional or local statutes, laws, regulations, rules, ordinances, codes, standards, orders, licenses and permits of any governmental authorities related to environmental, health or safety matters (collectively, "Environmental Laws"). Lessor shall, at its own expense, promptly observe and comply with all present and future Environmental Laws, and all regulations or standards as are or may be promulgated thereunder. The representations contained in this Section 5.5(f) shall survive the expiration or earlier of this Lease.

Section 5.6 Survival.

Lessee's duties under this Article survive the termination of this Lease.

ARTICLE 6. DEFAULT AND TERMINATION

Section 6.1 Termination for Nonpayment of Rent or Other Charges by Lessee.

Lessee's failure to pay rent or any other charge due to Lessor under this Lease within ten (10) days following written notice from Lessor that the rent or any other charge is overdue will constitute an Event of Default. Upon the occurrence of such Event of Default, Lessor will provide Lessee with written notice of the default. Unless the default is cured or waived within thirty (30) days of such notice, or unless the parties reach some other agreement in writing regarding payment of the amount due, Lessor may take whatever action under California law or in equity as may appear reasonably necessary to enforce performance or observance of any obligations, agreements, or covenants of Lessee under this Lease, including without limitation, termination of this Lease in accordance with applicable California law. In the event of such default, Lessor's remedies shall be cumulative, and no remedy expressly provided for in this Lease, Article, or Section shall be deemed to exclude any other remedy allowed by applicable California law.

Section 6.2 Other Events of Default by Lessee.

In the case of any Event of Default under this Lease other than as described in Section 6.1, Lessee will cure the default on thirty (30) days' written notice from Lessor; provided that if a cure cannot reasonably be accomplished within such time, Lessee will commence a cure within thirty (30) days and will diligently pursue a cure as quickly as reasonably possible. If the default is not timely cured, Lessor may take whatever action at law or in equity as may appear reasonably necessary to enforce performance or observance of any obligations, agreements, or covenants of Lessee under this Lease, including without limitation, termination of this Lease in accordance with applicable California law. In the event of such default, Lessor's remedies shall be cumulative, and no remedy expressly provided for in this Section shall be deemed to exclude any other remedy allowed by applicable California law.

Section 6.3 Default by Lessor.

If Lessor shall fail to fulfill any covenant or provision of this Lease on its part to be performed and fail to remedy such failure within thirty (30) days after Lessee shall have given Lessor written notice of such failure, then the same shall be an event of default and Lessee shall have all rights, powers and remedies available at law or equity. Without limiting the rights described above, in the event that (i) Lessor for any reason, other than by reason of any default

by Lessee, fails to fulfill any covenant or provision of this Lease on its part to be performed, and (ii) such failure materially and adversely interferes with the conduct of Lessee's business conducted from the Premises, as reasonably determined by Lessee, and (iii) such failure is not remedied within five (5) business days after Lessor receives actual notice of such failure, then (x) Rent shall be abated as of the date of such failure until such failure is remedied, and (y) Lessee shall have the right, but not the obligation, to remedy Lessor's failure and charge Lessor for the reasonable cost of such remedy, which charges shall be payable by Lessor within ten (10) days of Lessee's demand therefor, and upon Lessor's failure to pay the same, Lessee shall have the right to credit such cost against any future installments of Rent until such cost is fully recouped by Lessee. In addition, if such failure is not remedied within thirty (30) days after Lessee shall have given Lessor written notice of such failure, then Lessee shall have the right to terminate this Lease by giving Lessor written notice.

Section 6.4 Future Expansion.

Lessor may, upon twelve (12) months' prior written notice, terminate this Lease in the event that it requires the Premises in connection with the future expansion or operation of the Airport. Lessor will abate any rent due from Lessee accordingly and will pay Lessee the fair market value of the Tenant Improvements and any Additional Improvements constructed with Lessor's permission, less the amount of the Tenant Improvements Allowance (if any).

Section 6.5 Force Majeure.

(a) Termination by Lessor. Lessor may terminate this Lease, on such notice as is reasonable under the circumstances, due to an act of God, war, civil unrest, terrorism, the action of another government agency, or for otherwise for good cause not reasonably within Lessor's control, that would prevent Lessee's use of the Premises as contemplated under this Lease, and that gives rise to a need to regain possession of the Premises. Lessor will abate any rent due from Lessee accordingly and will pay Lessee the fair market value of the Tenant Improvements and any Additional Improvements constructed with Lessor's permission, less the amount of the Tenant Improvements Allowance (if any).

(b) Termination by Lessee. If, due to an act of God, war, civil unrest, terrorism, the action of another government agency, or for otherwise for good cause not reasonably within Lessor's control, Lessee can no longer use the Premises as contemplated under this Lease, Lessee may, upon three (3) months' written notice, terminate this Lease. Lessor will abate Lessee's rent during such period of notice and will refund any prepaid rent for the period following termination but will otherwise have no liability for any damages to Lessee.

Section 6.6 Insolvency.

Insolvency by Lessee will constitute an Event of Default under this Lease. Insolvency includes any circumstance in which Lessee has, (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by its creditors (provided that the filing of any involuntary petition in bankruptcy against Lessee will not constitute a breach of this Lease unless and until there is an adjudication that Lessee is bankrupt); (iii) suffered the appointment of a receiver to take possession of all or

substantially all of its assets and such appointment shall not been vacated, set aside or stayed within ninety (90) days from the date of such appointment; (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets and such attachment or judicial seizure shall not been vacated, set aside or stayed within ninety (90) days from the date of such attachment or judicial seizure; (v) admitted in writing its inability to pay its debts as they come due; or (vi) made an offer of settlement, extension or composition to its creditors generally.

Section 6.7 Casualty.

(a) Lessor's Right to Restore. If the Premises are totally or partially damaged or destroyed by fire, earthquake or other casualty, Lessor will have the right but not the obligation, to restore the Premises by repair or rebuilding. Lessor will provide Lessee a written notice within thirty (30) days following the date of such damage stating whether Lessor has elected to terminate this Lease or to repair the Premises. If Lessor fails to provide such timely notice, Lessee may, upon ten (10) days' prior written notice, terminate this Lease. If Lessor provides such timely notice and elects to repair or rebuild, and thereafter is able to commence such restoration within ninety (90) days from the date of damage and can demonstrate that the Premises can be restored within 180 days, this Lease shall remain in full force and effect. If Lessor is unable to restore the Premises within this time, or if Lessor elects not to restore, then either party may terminate this Lease by giving the other written notice. Upon such election to terminate, the rent under this Lease will be due and payable only through the date of damage. If this Lease is not terminated, the rent due and payable under this Lease will be abated or reduced to the extent that the damage interferes with Lessee's reasonable use of the Premises until such portion of the Premises is restored.

(b) Lessee's Right to Terminate. Notwithstanding the provisions of Subsection (a), if the Premises are so damaged as to materially and adversely affect Lessee's ability to conduct its normal business operations, as reasonably determined by Lessee, Lessee will have the right at its option to terminate the Lease upon written notice to Lessor given within thirty (30) days following the date of such damage and rent under this Lease will be due and payable only through the date that such notice is given.

(c) No Obligation to Restore. If Lessor elects to repair and restore, Lessor will restore the Premises to substantially its condition to that prior to the occurrence or damage, provided that Lessor will not be obligated to repair or restore any alterations, additions, fixtures, equipment or improvements which have been installed by Lessee, whether or not Lessee has the right or obligation to remove the same or is required to leave the same on the Premises as of the expiration or earlier termination of this Lease, unless Lessee, in a manner satisfactory to Lessor, assures payment in full of all costs as may be incurred by Lessor in connection therewith. If there be any such alterations, fixtures, additions equipment or improvements installed by Lessee and Lessee does not assure or agree to assure payment of all cost of restoration or repair as aforesaid, Lessor will have the right to determine the manner in which the Premises will be restored so as to be substantially as the Premises existed prior to the damage occurring of this Lease, as if such alterations, additions, fixtures, equipment or improvements installed by Lessee had not then been made or installed.

(d) No Liability for Loss or Interruption of Business. In no event will Lessor be responsible for any loss or interruption to Lessee's business caused by damage or destruction to the Premises or during the repair or reconstruction thereof regardless of the cause of damage or destruction or the extent of insurance coverage. The parties agree that the rights and obligation of the parties in the event of damage or destruction of the Premises will be governed by this Lease.

Section 6.8 Eminent Domain.

This Lease will terminate automatically if the entire Premises are acquired by eminent domain or sale in lieu of eminent domain. All compensation for the Premises will be payable to Lessor, except that Lessee will have the right to make a claim to the public agency acquiring the property for compensation for its tenant Improvements and additional improvements, relocation expenses, and business losses, as allowed by law. If only a portion of the Premises is acquired by eminent domain or sale in lieu of eminent domain, Lessee may terminate this Lease on thirty (30) days prior written notice; provided that termination will be effective only after Lessee pays any rent, taxes, assessments, property related fees, or other charges due and owing to the date of the termination.

Section 6.9 Remedies Cumulative.

Remedies provided under this Article for any Event of Default are cumulative with any other remedy that may be available to either party under California law or in equity. For greater clarity, a termination resulting from future expansion (in compliance with Section 6.3), Force Majeure, casualty, or eminent domain will be deemed a no-fault termination, and not an Event of Default, and remedies therefor will be limited as provided in this Article.

Section 6.10 Lease Termination

At the expiration or early termination of this Lease, Lessee shall surrender the Premises to Lessor in the condition required by this Lease. Prior to surrender: (a) Lessee shall remove all Alterations installed after the Effective Date designated by Landlord to be removed and shall restore the Premises and the Building to the condition existing immediately prior to the installation of such Alterations; provided Lessee shall have no obligation to remove any Alterations or Tenant Improvements existing in the Premises as of the Effective Date except that upon sixty (60) days written notice, the Airport Manager has the discretion to require Lessee to remove the following from the Premises at the expiration or early termination of the Lease: (i) the recycling center, all personal property contained therein and the awning structure over the top thereof, and (ii) the metal fence and gate surrounding the Premises; (b) Lessee shall remove all personal property and trade fixtures from the Premises and all of its signs from the Building; and (c) Lessee shall repair all damage caused by the installation or removal of any such Alterations, Tenant Improvements, personal property, signage or trade fixtures. Lessee shall deliver the Premises to Lessor in "clean and in good condition," subject to reasonable wear and tear (consistent with Lessee's repair and maintenance obligations under this Lease) and damage by condemnation or casualty that is not required to be repaired by Lessee pursuant to this Lease. Clean and good condition, for the purposes of this Lease, shall include the following: Carpets professionally steam cleaned, the floor (if applicable) to be mop clean, windows cleaned inside and out, broken, cracked, or missing windows repaired or replaced; all light fixtures and bulbs in

operating conditions; walls are clean and free of stains, holes or other markings on wall and floors as a result of business operations are repaired; all doors are in good mechanical operating condition, the office space shall be fumigated for pests or Lessee in-lieu of fumigating the building Lessee can demonstrate through receipts participation in regular pest control; and water fixtures and valves are leak-free and operable. Electrical outlets and breaker boxes shall have appropriate covers/lids. Lessee shall be responsible for ensuring the building is surrendered to the City in a state of condition that does not present a safety hazard.

ARTICLE 7. MISCELLANEOUS PROVISIONS

Section 7.1 Notice.

Unless otherwise provided in this Lease, all notices required to be given under this Lease will be in writing and will be sent by (i) certified mail, postage prepaid, return receipt requested, (ii) express delivery or overnight courier service with a delivery receipt, (iii) personal delivery with a delivery receipt, or (iv) electronic mail with a mandatory copy delivered by one of the previous three methods, to the address of the parties shown as follows (or as either party may designate in writing):

If to Lessor: Airport Manager
 Salinas Municipal Airport
 30 Mortensen Avenue
 Salinas, CA 93905

With a copy to:
City Attorney
City of Salinas
200 Lincoln Avenue
Salinas, CA 93901

If to Lessee: AT&T GRE Lease Administration

 One AT&T Way
 Room S1C26
 Bedminster, NJ 07921

With a copy to:

AT&T Services, Inc.
208 S. Akard Street
Dallas, TX 75202
Attn: AVP Senior Legal Counsel/Real Estate

Notice will be deemed given upon delivery if personally delivered or five (5) days following deposit in the mail, if so deposited. Other methods of notice, including electronic mail, may be used to give notice if consented to in writing by the parties.

Section 7.2 Venue and Applicable Law.

This Lease will be governed, construed, and interpreted according to the laws of the State of California, and in any legal proceeding necessary to interpret or enforce this Lease or any part of it, the parties agree to submit to the jurisdiction of, and venue in, the courts of the State of California in the County of Monterey.

Section 7.3 Time.

Time is of the essence with respect to all obligations of the parties under this Lease.

Section 7.4 Third Party Beneficiaries.

This Lease is not intended to create, nor will it be in any way interpreted to create, any third-party beneficiary rights, except as expressly and unequivocally provided herein. For greater clarity, the Lessor Released and Indemnified Parties and Lessee Released and Indemnified Parties are intended beneficiaries of those provisions making reference to the same.

Section 7.5 Integration; Amendment.

This Lease contains the entire understanding of the parties relating to the subject matter hereof and supersedes other prior and contemporaneous oral and written agreements, understandings, and representations between the parties. No amendment to this Lease will be binding unless agreed to in a writing executed by both parties.

Section 7.6 Waiver.

No waiver of any provision of this Lease will constitute a continuing waiver of that provision or a waiver of any other provision. No waiver will be binding unless duly executed in writing by both parties hereto.

Section 7.7 Interpretation.

(a) Neutral Interpretation. This Lease includes the contributions of both parties, each of which has had the opportunity to consult competent counsel, and the rule stated in Civil Code Section 1654 that an agreement be construed against its drafter will not apply to this Lease.

(b) Severability. If any term or provision of this Lease is held by a court of jurisdiction to be invalid or unenforceable, the remaining terms of the Lease will be valid and enforceable except to the extent that the original intent of the parties would be frustrated thereby.

(c) Headings. Headings contained in this Lease are for ease of reference only and will not alter the meaning of any provision hereof.

(d) Gender and Number. In this Lease, the masculine includes the feminine and neuter, and vice versa, and the singular includes the plural, and vice versa, as the context admits or requires.

(e) Parties' Intent. Any rule of construction notwithstanding, this Lease will be construed in the manner that best effectuates its purposes to the fullest extent permitted under law.

Section 7.8 Attorneys' Fees and Costs.

Attorney's fees and costs will be available pursuant to Civil Code Section 1717 in any action between the parties arising out of this Lease. Attorney's fees for in-house City Attorney staff, if awarded, shall be calculated at the market rate for civil litigation attorneys in the County of Monterey.

Section 7.9 Heirs, Successors, and Assigns.

This Lease, subject to the provisions as to assignment, transfer, and subleases, applies to bind the permitted representatives, heirs, executors, administrators, executors, and assigns of both parties.

Section 7.10 Conflicts of Interest.

To Lessee's knowledge, no one affiliated with it having a prohibited conflict of interest pursuant to Government Code Section 1090 or the Political Reform Act (Government Code Section 87100, et seq.) has participated in the making of this Lease, and Lessee shall advise Lessor should it obtain knowledge of facts giving rise to such a conflict.

Section 7.11 Relationship Between the Parties.

The parties to this Lease are independent contractors, and no agency, joint venture, partnership, employee, co-employer, or similar relationship exists between them; accordingly, no party has the authority to bind the other.

Section 7.12 Brokers.

Each party represents that it has not dealt with any broker, agent, or other intermediary who is or may be entitled to be paid a commission or finder's fee in connection with this Lease, except Lessee's broker, CBRE, Inc., whose commission shall be paid by Lessee pursuant to a separate agreement. Each party agrees to indemnify the other and hold it harmless from all liabilities arising from breach of the representations stated above.

Section 7.13 Multiple Originals.

This Lease may be executed in one or more counterparts, each of which will be deemed an original, but all of which together shall constitute a single agreement.

Section 7.14 Signatures.

Each person executing this Lease represents and warrants that he or she is fully authorized to bind his or her respective party hereto.

Section 7.15 Termination of Previous Lease.

Upon the Effective Commencement Date hereof, that certain Salinas Municipal Airport Lease Agreement dated September 11, 2007, by and between Lessor and Lessee, as amended by that certain First Amendment to Lease dated June 28, 2017, and that certain Option Extension Exercise Notice dated May 16, 2018 (collectively, the "Previous Lease"), shall terminate and be of no further force and effect, except for (i) issues of defaults by either party or unpaid rent and other monetary obligations due Lessor, and (ii) provisions of the Previous Lease that are specifically said to survive the expiration or earlier termination of said Previous Lease.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Lease effective as of the Effective Date.

CITY OF SALINAS,
a California charter city and municipal corporation

AT&T SERVICES, INC.,
a Delaware corporation

By: _____

By: _____

Name: Kimbley Craig
Title: Mayor

Name: Dean Peterson
Title: Sr Manager, Portfolio Management & Transactions

RECOMMENDED FOR APPROVAL

By: _____

Name: Brett J. Godown, C.M., C.A.E.
Title: Airport Manager

APPROVED AS TO FORM

By: _____

Name: Christopher A. Callihan or Rhonda Combs
Title: City Attorney or Assistant City Attorney

ATTEST

By: _____

Name: Patricia M. Barajas
Title: City Clerk

EXHIBIT A

Legal Description of the Premises

(None)

EXHIBIT B

Depiction of the Premises



B-1

Depiction of the Premises – 445 Airport Blvd, Building Layout

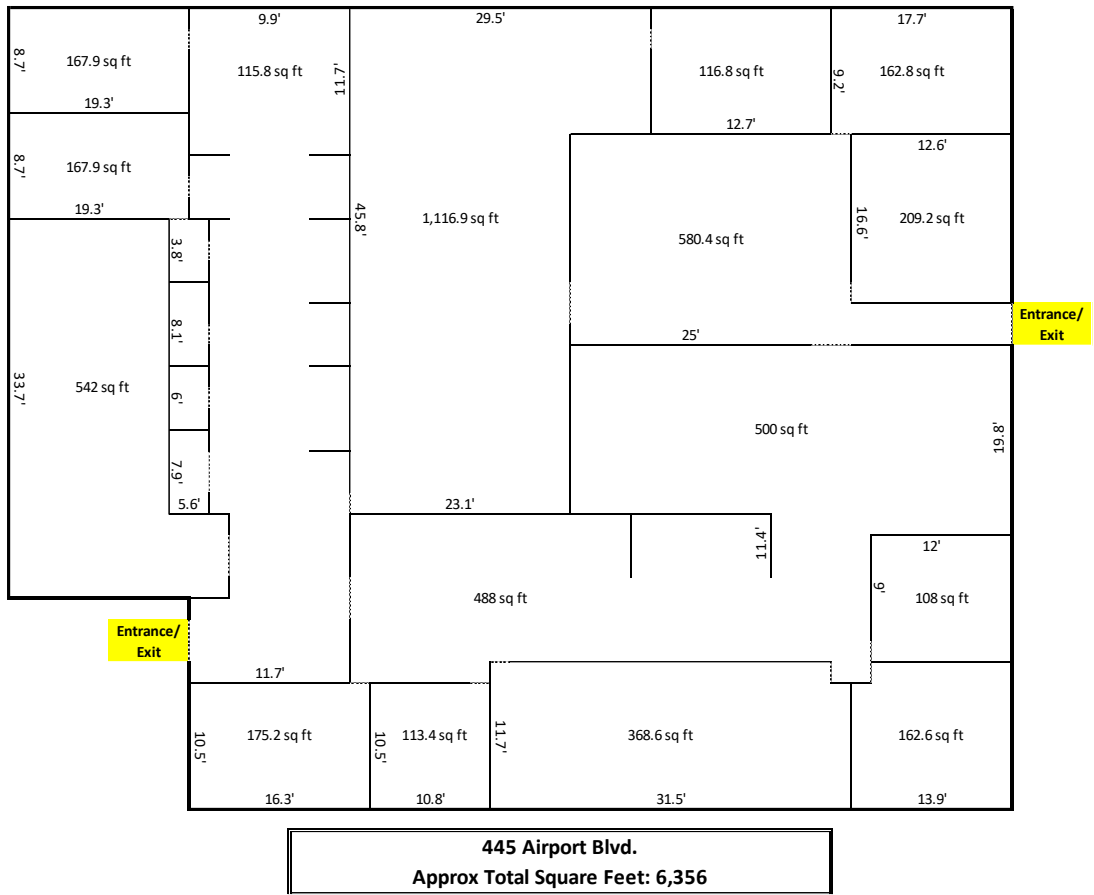


EXHIBIT C

Permitted Uses of the Premises

A. Condition of Leased Premises. Except as otherwise provided herein, Lessee expressly acknowledges its acceptance of the Premises in its "As-Is, Where-Is" condition.

B. Zoning Classification. Lessee understands and acknowledges the Premises are located within a Public/Semipublic (PS) Zoning District and that Lessee's use and occupancy of the Premises shall be subject to those use regulations applicable to such zoning districts, in addition to all other applicable standards or provisions of federal, state or local law.

City covenants that Lessee's intended use as a general office space, parking area, storage and work center complies with the current Public/Semipublic (PS) Zoning District use regulations and the Land Use Plan.

C. Permitted Use. Lessee shall have the right to use the Premises for the purpose of conducting Lessee's business and any other lawful use to which the Premises may be put. Such use shall be conducted in a prudent and businesslike manner and in full compliance with all terms and conditions of this Lease and all applicable federal, state and local laws, regulations and standards.

D. Prohibited Uses. Lessee agrees not to keep or use upon the Premises, nor permit to be kept thereon, any article or commodity which would operate to increase the rate of insurance upon the Premises because of its hazardous nature unless Lessee agrees to pay any increase in any insurance premiums payable to City as a result of the placement of any article or commodity on the Premises within thirty (30) days after receipt of notice of such increase.

E. Federal Aviation Regulations. Lessee understands and acknowledges that the Premises are located on land adjacent to and owned by the Salinas Municipal Airport. Lessee further understands and acknowledges that the Premises and all activities conducted and services performed on the Premises are subject to federal oversight and control including, but not limited to, the airspace directly above the Premises. Lessee further understands and acknowledges that portions of the Premises are or may be subject to runway and airspace protection zones governed by federal and state authorities. Lessee will maintain the Premises, operate its equipment, and direct its personnel in airspace sensitive areas as directed by the City and under the City's control, consistent with federal and state requirements. City shall provide Lessee with notice of applicable federal and state regulations relative to runway and airspace protection zones and to Lessee's obligations under this Lease.

Other than with respect to the Premises, Lessee, its employees, and agents are expressly prohibited from accessing or gaining entry to any facilities owned or operated by either the Salinas Municipal Airport or the Federal Aviation Administration located on or near the Premises without prior consent. Lessee shall also employ all reasonable efforts to prevent its invitees and guests from accessing or gaining entry to any such facilities.

EXHIBIT D

Description of the Lessee Improvements

NONE

EXHIBIT E

Insurance Requirements

A. Coverage shall be at least as broad as:

1. Commercial General Liability (“CGL”): Insurance Services Office (“ISO”) Form CG 00 01 covering CGL on an occurrence basis, including products and completed operations, property damage, bodily injury, and personal & advertising injury with limits of \$1,000,000 per occurrence. The general aggregate limit shall be twice the required occurrence limit. Lessee shall maintain damage to premises rented insurance on the Premises with extended coverage and debris-cleanup provisions in an amount of \$1,000,000. Products and completed operations coverage is not required provided that Lessee remains a holding company and does not engage in manufacturing or providing other services.

2. Workers’ Compensation: Workers’ Compensation insurance, if applicable due to Lessee having or acquiring employees, as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limits of \$1,000,000 per accident for bodily injury, disease per employee and policy limit.

3. Property: Property insurance against all risk of loss to any Lessee-owned or controlled property, including property at full replacement cost with no coinsurance penalty provision and including City of Salinas as a joint loss payee for the Improvements, Additional Improvements, and betterments in or on the Premises. Lessee self-insures this risk.

4. Automobile Liability: Insurance for any Lessee-owned or hired automobiles, and non-owned automobiles, with \$1,000,000 each accident for bodily injury and property damage. (This is required if Lessee is permitted to drive vehicles on any airport airside locations.)

B. Other Insurance Provisions:

The insurance policies are to contain, or be endorsed to contain, the following provisions:

(1) 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 as respects to this Lease, except for Workers Compensation, Employer Liability and Lessee self-insured property coverage.

(2) Waiver of Subrogation Endorsement – To the extent permitted by law, Lessee hereby grants to City of Salinas a waiver of subrogation which any insurer may acquire

against City of Salinas, its officers, officials, employees, and volunteers, from Lessee by virtue of the payment of any loss. Lessee agrees to carry any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Salinas 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 City of Salinas for all work performed by Lessee, its employees, agents, and subcontractors, except for Lessee's self-insured property coverage where Lessee shall include The City of Salinas as joint loss payee in lieu of waiver of subrogation and such status as joint loss payee shall void the requirement for waiver of subrogation for Lessee's self-insured property coverage

(3) 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.

(4) Cancellation - Lessee will provide at least 30 days written notice to the City of Salinas, of cancellation or non-renewal of any required coverage that is not replaced, except ten (10) days shall be allowed for cancellation of non-payment of premium.

(5) Acceptability of Insurers - Insurance is to be placed with insurers eligible to conduct business in the state with a current A.M. Best rating of no less than A-: VII.

(6) Verification of Coverage - Lessee shall furnish the City with Certificates of Insurance including an additional insured endorsement and all required amendatory endorsements to the City before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive Lessee's obligation to provide them.

(7) 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, but only to the extent that it is required of similar operations at the Airport, once per Term, with 60 days advanced written notice to Lessee.

(8) Self-Insured Retentions - Lessee shall have the right to self-insure the coverages required in subsection (a) provided that throughout the term of this Lease, (i) Lessee or its parent company maintains a tangible net worth of \$100,000,000; (ii) Lessee uses an independent third party administrator to manage all claims; (iii) Lessee maintains sufficient capital reserves, as approved annually by Ernst & Young or any successor auditing company; and (iv) Lessee assumes defense obligations as required by the indemnification clause.

(9) Sublessees, Contractors, and Subcontractors - Lessee shall endeavor to require all sublessees, contractors, and subcontractors who perform work on the Premises to maintain general liability insurance in an amount of no less than \$1 million combined single limit

per occurrence which complies with all of the provisions in this Insurance section above, including providing an additional insured endorsement in favor of the City, and Lessee shall provide City with copies of such insurance certificates and endorsements at the initiation of any sublease between Lessee and a sublessee as well as upon request by the City. Furthermore, before commencing or allowing commencement of any work of improvement, Lessee shall ensure that all of its employees and/or all employees of any sublessees, contractors and subcontractors, are covered by workers' compensation insurance.

(10) Waiver of Subrogation - Notwithstanding anything stated in this Lease to the contrary, Lessor and Lessee, for themselves and for their respective insurers, do hereby mutually release each other from any and all claims, demands, actions and causes of action that each may have or claim to have against the other (including, but not in limitation of the foregoing, all rights of subrogation accruing to any insurers of the parties) for loss of or damage to the property of the other, whether real or personal, caused by or resulting from any casualty of the type covered by fire or extended coverage insurance, based on coverage for 100% replacement cost, without regard for whether such insurance is then in effect, and notwithstanding that any such loss or damage may be due to or result from the negligence of either of the parties or their respective officers, employees or agents. Lessor and Lessee will each endeavor to secure the inclusion in or an endorsement on any fire and extended coverage insurance policy insuring their respective property (whether real or personal) provisions by which a waiver of such subrogation is effected or authorized to be effected by the insured; provided, however, that a failure by either party to secure such inclusion or endorsement as aforesaid shall not in any manner affect the provisions of the above mutual release.

EXHIBIT F

Rental Schedule

Original Term

From	To	Monthly Rent	Annual Rent
2/1/2024	1/31/2025	\$7,945.00	\$95,340.00
2/1/2025	1/31/2026	\$7,945.00	\$95,340.00
2/1/2026	1/31/2027	\$8,223.08	\$98,676.90
2/1/2027	1/31/2028	\$8,510.88	\$102,130.59
2/1/2028	1/31/2029	\$8,808.76	\$105,705.16

First Extended Term

From	To	Monthly Rent	Annual Rent
2/1/2029	1/31/2030	\$9,117.07	\$109,404.84
2/1/2030	1/31/2031	\$9,436.17	\$113,234.01
2/1/2031	1/31/2032	\$9,766.43	\$117,197.20
2/1/2032	1/31/2033	\$10,108.26	\$121,299.10
2/1/2033	1/31/2034	\$10,462.05	\$125,544.57

Second Extended Term

From	To	Monthly Rent	Annual Rent
2/1/2034	1/31/2035	\$10,828.22	\$129,938.63
2/1/2035	1/31/2036	\$11,207.21	\$134,486.49
2/1/2036	1/31/2037	\$11,599.46	\$139,193.51
2/1/2037	1/31/2038	\$12,005.44	\$144,065.29
2/1/2038	1/31/2039	\$12,425.63	\$149,107.57