

GROUND LEASE

By and Between

CITY OF SALINAS
(City)

and

SALINAS BUSINESS PARK, LLC
(Tenant)

Dated as of _____, 2024

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EXHIBITS:

EXHIBIT A	Legal Description of the Property
EXHIBIT B	Map of Property
EXHIBIT C	Scope of Development
EXHIBIT D	Memorandum of Lease
EXHIBIT E	Insurance Requirements
EXHIBIT F	Permitted Uses
EXHIBIT G	MMRP

GROUND LEASE
(Airport Property)

This Ground Lease ("**Lease**") is entered into as of _____, 2024 (the "**Effective Date**"), by and between the City of Salinas, a California charter city and municipal corporation (the "**City**") and Salinas Business Park, LLC a California limited liability company ("**Tenant**").

RECITALS

A. Capitalized terms used, but not defined, in these Recitals shall have the meaning set forth in Section 1.1 below.

B. City owns approximately 13.25 acres of real property located adjacent to the Salinas Municipal Airport, bordered by Airport Boulevard, Skyway Boulevard, Mortensen Avenue, and Mercer Way and identified as Assessor Parcel Number (APN) 003-862-001-000 in the City of Salinas, California, as more specifically described on the attached Exhibit A, and as depicted on the map attached as Exhibit B (the "**Property**").

C. Tenant intends to subdivide the Property into up to three parcels (individually, a "**Parcel**" and collectively, the "**Parcels**").

D. Tenant intends to develop the Parcels for light industrial and/or warehouse uses, subject to the terms and conditions set forth in this Lease.

E. The Tenant and the City previously entered into a Preliminary Long-Term Lease, dated as of June 27, 2018 (the "**PLTL**"), and a First Restated and Amended Exclusive Negotiating Rights Agreement, dated as of August 13, 2019, as modified by amendments 1-12 (collectively, the "**ENRA**"). This Lease is the result of the negotiations between the Tenant and the City pursuant to the PLTL and the ENRA.

F. Prior to approval of this Lease, the City Council determined by Resolution No. _____, adopted on _____, 202_, that the Salinas Airport Lease Project Mitigation Monitoring and Reporting Program (the "**MMRP**"), attached as Exhibit G, prepared for the development on the Property has been completed in compliance with the requirements of the California Environmental Quality Act (Pub. Res. Code, § 21000, et seq.) ("**CEQA**"), and found on the basis of the whole record before it (including any comments received) that there is no substantial evidence that the proposed development on the Property, as revised to incorporate the MMRP, will have a significant effect on the environment and that this action reflects the independent judgment of the City Council.

G. As of September 30, 2023, the California Department of Housing and Community Development has accepted the City's classification of the Property as "exempt surplus property" under the Surplus Land Act (California Government Code Section 54220 et seq.).

Therefore, the City and the Tenant 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 wherever used in this Lease, unless otherwise provided:

- (a) "**Advances**" has the meaning set forth in Section 3.2
- (b) "**Airport**" means the Salinas Municipal Airport in the City of Salinas, State of California.
- (c) "**Approved Agreement**" means any legal agreement between City and Tenant regarding the Property (including this Lease) where the City Council has approved the Agreement and made findings that the Approved Agreement is proper and in the public interest. Approved Agreement does not include any proposed agreements or agreements approved without City Council consideration, but does include an agreement that has been approved by the City Council but is not yet effective.
- (d) "**Approved Security Interest**" means a mortgage, deed of trust, or other reasonable method of security encumbering the Tenant's leasehold estate in the Property.
- (e) "**Approved Security Interest Holder**" means the holder or beneficiary of an Approved Security Interest.
- (f) "**Bankruptcy/Insolvency Event**" means any of the following:
 - (1) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging the Tenant to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of the Tenant or seeking any arrangement for the entity in question under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of the Tenant in bankruptcy or insolvency or for any of its properties, or (iv) directing the winding up or liquidation of the Tenant, if any such decree or order described in clause (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days unless a lesser time period will apply under this subsection; or the Tenant shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive.
 - (2) Assignment; Attachment. The Tenant shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or prior to sooner sale pursuant to such sequestration, attachment or execution.
 - (3) Suspension; Termination: The Tenant shall have voluntarily suspended its business or fails to maintain its good standing for more than fourteen (14) continuous days.

(g) "**Base Rent**" means the portion of Rent defined and described in Section 3.1(b).

(h) "**Building Codes**" shall refer to those codes adopted through Chapter 9 of the Salinas City Code, or successor code.

(i) "**Building Permit**" means all permits for the physical construction of Improvements required to be obtained from the City, excluding a Site Plan Review.

(j) "**CEQA**" means the California Environmental Quality Act (Public Resources Code Section 21000 et seq.), and any state or local implementing guidelines in connection therewith.

(k) "**Certificate of Occupancy**" means, as to each Phase of development on a Parcel, the issuance of a final certificate of occupancy in accordance with Section 111 of the California Building Code or other Governmental Approvals confirming that all work required by the applicable building permit for the particular Phase of development on a Parcel has been completed.

(l) "**City**" means the City of Salinas, a California charter city and municipal corporation.

(m) "**Construction Contracts**" means, collectively, all the contracts between the Tenant or Subtenants and any general contractor(s) covering the construction of the Improvements or any Major Additional Improvements.

(n) "**Default Interest Rate**" means the rate of ten percent (10%) per annum during the relevant period over which the Default Interest Rate is to be applied under this Lease, but in no event greater than the maximum rate permitted by law.

(o) "**Development**" means the Improvements and the Tenant's leasehold interest in the Property.

(p) "**Encroachment Permit**" means a permit issued by the City to allow for work within the public right-of-way.

(q) "**Effective Date**" means the date set forth in the first sentence of this Lease.

(r) "**FAA**" means the Federal Aviation Administration.

(s) "**Final Construction Plans**" means all construction documentation upon which the Tenant and Subtenants and their contractors shall rely in building Site Improvement Work and any Phase of the Improvements approved by the City in connection with issuance of the required permits for such work; or, if no permits are required, written approval of such plans by the City of Salinas. The Final Construction Plans shall include, without limitation, final architectural drawings, landscaping plans and specifications, final elevations, location of utility reservations under Section 6.1 (a) below to the extent they can be located as shown by applicable survey, building plans and specification (also known as "working drawings" and commonly

referred to in the construction industry as "**Construction Documents**"), and a time schedule for construction. The Final Construction Plans shall include the mitigation measures required by any public entity as a condition of any permits or Governmental Approvals required for the Improvements.

(t) "**General Contractor**" shall have the meaning set forth in Section 4.5(j) below.

(u) "**Governmental Approvals**" means any governmental or regulatory approvals, permits or authority, including, without limitation, Development Regulations and Design Standards for the Industrial – Business Park (IBP) Zoning District and the Airport Overlay District, Chapter 9 of the Salinas Municipal Code, and FAA and TSA requirements (including those defined in Section 6.3), necessary for the development and operation of the Improvements, including but not limited to, mitigation measures or other conditions imposed under CEQA, as such may be amended from time-to-time.

(v) "**Governmental Standards**" means any governmental or regulatory agreements, codes, or other authority which shall govern the development and operation of the Property, including, without limitation, this Lease, the Salinas Zoning Code (except as may be explicitly modified by this Lease or other Approved Agreements with the City), Building Codes, the MMRP, any applicable FAA and/or TSA requirements (including those defined in Section 6.3), and the items specified as "Governmental Standards" in Exhibit C of this Agreement, as may be amended from time to time.

(w) "**Governmental Authority(ies)**" means any federal, state, and/or local City, department, commission, board, bureau, administrative or regulatory body, or other public instrumentality having jurisdiction over the Property or any portion thereof.

(x) "**Hazardous Materials**" means any substance, material, or waste which is: (1) defined as a "hazardous waste", "hazardous material", "hazardous substance", "extremely hazardous waste", "restricted hazardous waste", "pollutant" or any other terms comparable to the foregoing terms under any provision of California law or federal law; (2) petroleum; (3) asbestos and asbestos containing materials; (4) polychlorinated biphenyls; (5) radioactive materials; (6) mold; (7) MTBE; or (8) determined by California, federal or local governmental authority to be capable of posing a risk of injury to health, safety, property or the environment.

(y) "**Hazardous Materials Laws**" means all federal, state, and local laws, ordinances, regulations, orders and directives governing hazardous waste, hazardous substances, discharges of pollutants to soil or groundwater, wastewater discharges, drinking water, air emissions, Hazardous Materials releases or reporting requirements, Hazardous Materials use, storage or disposal, and employee or community right-to-know requirements related to the work being performed under this Lease.

(z) "**Improvements**" are more particularly described in the Scope of Development, attached hereto as Exhibit C and incorporated herein by this reference.

(aa) "**Insurance Trustee**" shall have the meaning set forth in Section 9.4(c).

(bb) "**Lease Commencement Date**" means the date set forth in the first paragraph of this Lease.

(cc) "**Major Additional Improvements**" shall have the meaning set forth in Section 4.4(c).

(dd) "**Memorandum of Lease**" means the memorandum of this Lease to be recorded against the Property substantially in the form attached as Exhibit D and incorporated herein by this reference.

(ee) "**MMRP**" refers to the Salinas Airport Lease Project Mitigation Monitoring and Reporting Program adopted through the CEQA process and attached to this Lease as Exhibit G.

(ff) "**Other Permits**" means any permits or approvals required by a Governmental Authority other than the City for the construction of the Improvements or use of the Property.

(gg) "**Parcels**" shall have the same meaning set forth in Recital C and more specifically, the Parcels to be created by the subdivision map(s) recorded against the Property to be leased by the Tenant to the Subtenants on which the Tenant shall construct, or cause the construction of, the Improvements and shall be consistent with the Phases of the development of the Improvements.

(hh) "**Party**" means, individually, the City or the Tenant, and "Parties" means both the City and the Tenant.

(ii) "**Personal Property**" shall have the meaning set forth in Section 4.5(h).

(jj) "**Phase**" shall be the up to three phases of development of the Improvements to be developed on the up to three Parcels of the Property as set forth in the Scope of Development attached as Exhibit C, as may be modified from time to time.

(kk) "**Preliminary Title Report**" means the Preliminary Report, Title No. FWMN-TO20000409-RS, dated as of February 15, 2024, Amendment K, issued by Chicago Title Company.

(ll) "**Property**" means the approximately 13.24 acres of real property located adjacent to the Salinas Airport, bordered by Airport Boulevard, Skyway Boulevard, Mortensen Avenue and Mercer Way and identified as Assessor Parcel Number (APN) 003-862-001-000 in the City of Salinas, California, as more specifically described on the attached Exhibit A and as depicted on the map attached as Exhibit B.

(mm) "**Release**" for the purposes of Section 5.18, means any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping, or disposing into the environment, including but not limited to the abandonment or discharging of barrels, containers, and other closed receptacles containing Hazardous Materials.

(nn) "**Released Parties**" has the meaning set forth in Section 2.9(e).

(oo) "**Rent**" means the Base Rent and all other amounts to be paid by the Tenant to the City under this Lease, as such may be revised from time to time.

(pp) "**Rent Commencement Date**" means for any Phase of the Improvements on a Parcel, the first day of the month first following the date the first Certificate of Occupancy is issued for that Phase of the Improvements on that Parcel, except as modified by the provisions of Section 2.4.

(qq) "**Site Plan Review**" shall refer to the ministerial process conducted by the City as defined in Article VI, Division 5 of the Salinas Zoning Code.

(rr) "**Site Improvement Work**" shall have the meaning set forth in the Scope of Development, attached as Exhibit C.

(ss) "**Subtenant**" means the Tenant's subtenants for any portion of the Property to the extent permitted under Section 8.7 of this Lease. The term Subtenant also includes the Tenant or its affiliate if such entity occupies one of the Parcels.

(tt) "**Subleases**" shall mean the sublease agreements by and between the Tenant and the Subtenants.

(uu) "**Tenant**" means, Salinas Business Park, LLC a California limited liability company.

(vv) "**Tenant Event of Default**" means an event described in Section 13.1

(ww) "**Term**" means the term of this Lease, commencing on the Lease Commencement Date and ending on the earlier to occur of: (1) 11:59 pm the day immediately preceding the fiftieth (50th) anniversary of the Rent Commencement Date; (2) the fifth (5th) anniversary of the Lease Commencement Date as to any portion of the Property for which this Lease terminated as set forth in Section 2.4; or (3) the date of any termination of this Lease in accordance with the provisions hereof.

(xx) "**Transfer**" has the meaning set forth in Section 8.1.

(yy) "**TSA**" means the federal Transportation Security Administration.

(zz) "**Work Plan**" has the meaning set forth in Section 2.9(b).

(aaa) "**Zoning Code**" shall refer to Chapter 37 of the Salinas Municipal Code, as such may be amended from time to time.

Section 1.2 Exhibits. The following exhibits are attached to and incorporated into this Lease by this reference:

Exhibit A:	Legal Description of the Property
Exhibit B:	Map of the Property
Exhibit C:	Scope of Development

Exhibit D: Memorandum of Lease
Exhibit E: Insurance Requirements
Exhibit F: Permitted Uses
Exhibit G: MMRP

ARTICLE 2. LEASE OF THE PROPERTY

Section 2.1 Property. Subject to the terms, covenants, and conditions hereof and in consideration of rents to be paid pursuant to this Lease, the City hereby leases the Property to the Tenant, and the Tenant hereby leases and takes from the City, the Property.

Section 2.2 PLTL and ENRA. The Tenant and City agree that as of the Lease Commencement Date, the PLTL and ENRA are terminated and no longer of any effect except for provisions that state they survive termination of the applicable agreement.

Section 2.3 Term. Unless sooner terminated pursuant to the provisions of this Lease, this Lease shall continue in full force and effect for the Term, commencing on the Lease Commencement Date and expiring on 11:59 pm the day immediately preceding the fiftieth (50th) anniversary of the Lease Commencement Date. The Parties agree that, if requested by either Party, both Parties will negotiate in good faith regarding a new lease for the Property after the expiration of the Term. Prior to negotiating with any third parties regarding use of the Property after the expiration of the fifty (50)-year Term of this Lease, City agrees to negotiate in good faith with Tenant regarding a new lease for the Property for a period of ninety (90) days after the date of the written notice City gives to Tenant to commence such negotiations.

Section 2.4 Five Years After Lease Commencement Date. If the Tenant has not paid Rent for the Property or any portion thereof by the fifth (5th) anniversary of the Lease Commencement Date, then the Tenant, at its election, shall commence paying Rent on such portion of the Property as of the fifth (5th) anniversary of the Lease Commencement Date (which shall be considered the Rent Commencement Date for that portion of the Property) or terminate this Lease as to that portion of the Property as of the fifth (5th) anniversary of the Lease Commencement Date. If Tenant does not pay Rent for such portion of the Property by the fifth (5th) anniversary of the Lease Commencement Date, the Tenant shall be deemed to have elected to terminate this Lease for that portion of the Property.

Section 2.5 Use. Subject to the provisions of this Lease and all Governmental Approvals, the Parcels will be used for mixed light industrial and warehouses uses. The permitted uses are identified in the attached Exhibit F.

Section 2.6 Possession. The City agrees to and shall provide possession of the Property to the Tenant immediately following the Lease Commencement Date.

Section 2.7 Condition of Title. Tenant shall have insurable leasehold interest to the Property which shall be free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except:

- (a) applicable building laws and regulations;
- (b) the provisions of this Lease and the Memorandum of Lease;
- (c) any lien for current taxes and assessments or taxes and assessments accruing subsequent to recordation of the Memorandum of Lease;
- (d) exceptions 1-3, 4 (except as to Jeffery Avenue and Anderson Avenue for exception 4), and 5-12 as listed in the Preliminary Title Report; and
- (e) applicable airport reservations pursuant to FAA and TSA requirements as set forth in Article VI.

Section 2.8 Inspection of Property.

(a) As of Effective Date of this Lease, Tenant has made all such investigations regarding the Property, the suitability of the Property for the Improvements (including but not limited to investigation of environmental hazards, geologic conditions, soils conditions, or water conditions on or about the Property) as Tenant deems appropriate. Tenant hereby agrees to indemnify, defend and hold the City harmless against any claims for damage to person or property arising from entry on or investigation of Tenant, its employees, officers, agents, contractors or consultants, conducted pursuant to this Section. The provisions of this Section shall survive termination of this Lease and shall remain in full force and effect.

(b) Prior to the Lease Commencement Date, City shall continue to provide Tenant and its representatives with access to the Property upon written request from Tenant. The City may require Tenant to execute a right of entry agreement satisfactory to City prior to entry onto the Property for such purpose. Tenant shall repair, restore and return the Property to its condition immediately preceding Tenant's entry thereon at Tenant's sole expense. Tenant shall at all times keep the Property free and clear of all liens and encumbrances affecting title to the Property. Without limiting any other indemnity provisions set forth in this Lease, Tenant hereby agrees to indemnify, defend and hold the City harmless against any claims for damage to person or property arising from entry on or investigation of Tenant, its employees, officers, agents, contractors or consultants, conducted pursuant to this Section 2.8; provided, however, that Tenant shall not have a liability or indemnification obligation to the extent any claim arises merely from discovery by Tenant of an existing fact or conditions related to the Property so long as Tenant does not exacerbate the condition. Tenant's indemnification obligations set forth in this Section 2.8 will survive the termination of this Lease and will remain in full force and effect.

Section 2.9 Physical Condition of Property.

(a) "AS IS" CONVEYANCE. TENANT SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT AS PROVIDED IN SECTION 2.9(b), CITY IS CONVEYING AND TENANT IS OBTAINING THE LEASEHOLD INTEREST IN THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT TENANT IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (1) THE QUALITY, NATURE, ADEQUACY AND

PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (2) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (3) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY, (4) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, (5) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY, (6) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, (7) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY, AND (8) THE CONDITION OF TITLE TO THE PROPERTY. TENANT AFFIRMS THAT TENANT HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. TENANT ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL CITY). TENANT UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL CITY.

(b) City Responsibility. The following activities regarding Hazardous Materials investigations and remediation on the Property have and will be taken by the City and Tenant as set forth below.

The following reports and communications have been prepared regarding investigations and possible remediation of Hazardous Materials on the Property:

(i) (A) IT Corporation, *Attachment I Summary of Phase I Field Activities, Salinas Army Airfield, Salinas, California*, dated January 1996; (B) North Wind, Inc., *Preliminary*

Site Assessment, February 2009; (C) North Wind, *Final Site Inspection Report*, March 2013; (D) Kimley-Horn. *Phase I Environmental Site Assessment (ESA)*, Salinas Municipal Airport Core Area, NWC Mortensen Avenue and Skyway Boulevard, Salinas, California, April 2018; and (E) Kimley-Horn and Associates, Inc. ("**Kimley-Horn**") conducted a *Limited Scope Phase II Environmental Site Assessment of the Property* dated as of September 13, 2019 ("**Limited Phase II ESA**"). This Limited Phase II ESA did not identify any substantial concerns with Hazardous Materials on the Property but did note elevated soil concentrations of arsenic, chromium and cobalt at three locations on the Property.

(ii) Cornerstone Earth Group ("**Cornerstone**") conducted an Environmental Document Peer Review dated December 2, 2019 ("**Peer Review Report**") setting forth a peer review of the previously prepared environmental reports relating to the Property, including the Limited Phase II ESA. The Peer Review Report did not dispute the substantive findings of the Limited Phase II ESA, provided, however, the Peer Review Report did make findings and recommendations regarding underground storage tanks that may have impacted the Property, fuel distribution piping that may have impacted the Property, further sampling be conducted to determine whether the soil adjacent to the structures that were painted with lead-containing paint may be impacted with lead, recommendation that further soil sampling be conducted to evaluate agricultural chemicals, and recommendation that water wells be evaluated to determine if properly destroyed under permit.

(iii) In an email dated September 9, 2020, the City presented Kimley-Horn's outline for further investigative work that included conducting (A) a geophysical survey, (B) test pit excavations, (C) Cal Water inquiry, and (D) a soil management plan ("**SMP**").

(iv) Cornerstone prepared a report dated September 25, 2020, in response to the City's outline of September 9, 2020. This report (A) concurred with the recommendation to perform geophysical survey, test pit excavations, soil sampling, and also professionally opined that environmental sampling should be performed in the areas of the underground storage tanks (previously removed without documenting soil sampling) and fuel distribution pipelines, (B) restated recommendation for soil sampling associated with prior use as agricultural land and near on-site structures, (C) concurred with the City's recommendation for a soils management plan, and (D) recommended the City execute a Voluntary Cleanup Agreement with Department of Toxic Substances Control ("**DTSC**"), and as more specifically set forth in the Cornerstone report dated September 25, 2020.

To address these concerns, the City and DTSC has executed that certain Standard Voluntary Agreement (DTSC Docket No. HWCA-FY 20/21-017) effective August 2, 2021 ("**VCA**"), the purpose of which is to investigate, remediate, and/or evaluate a release, threatened release, or potential release of any hazardous substance at or from the Property under the oversight of DTSC. The "tasks" included in the scope of work (Exhibit C to the VCA) include a Removal Action Work Plan ("**RAW**"), a Remedial Action Plan ("**RAP**"), and a Remedial Design and Implementation Plan ("**RDIP**").

Any work to be performed under the SMP that is not related to Hazardous Materials shall be allocated to the Tenant. In the event a separate soils management program is required prior to the issuance of a grading permits for the Property for matters not related to Hazardous Materials (the

"**Tenant SMP**"), the Tenant SMP shall be prepared by the Tenant and submitted for approval to the appropriate Governmental Authority. The costs of the preparation and any work to be performed under the Tenant SMP shall be the responsibility of the Tenant, and Tenant must follow, and cause its contractors, Subtenants and their contractors to follow all provisions of the approved Tenant SMP.

The City will ensure compliance through monitoring of the mitigation measures as set forth in the MMRP. The City shall not be responsible to remediate the Hazardous Materials except to the standards required by reviewing governmental entities and shall not be responsible to remediate the Hazardous Materials to the extent the remediation can be addressed by other components of the development of, and construction on, the Property without creating additional costs required solely to remediate Hazardous Materials. The City shall be responsible only for costs which are required solely to remediate Hazardous Materials, including, without limitation, any RAW, RAP and/or RDIP required by DTSC under the VCA, and which are not costs related to other elements of development of and construction on the Property. For example, if the SMP or Tenant SMP requires the establishment of dust and runoff controls unrelated to the presence of Hazardous Materials, the City shall not be responsible for any costs related to the dust and runoff controls even if those controls also remediate any Hazardous Materials.

If, during construction of the Improvements on the Property, Hazardous Materials are encountered which require remediation by DTSC or other reviewing governmental entity and will not be addressed through the RAW, RAP, RDIP, or other applicable governing document, City and Tenant shall work with DTSC or other appropriate reviewing governmental entities to determine an appropriate remediation action.

Notwithstanding the allocation of implementation responsibilities in the MMRP (Mitigation Number HAZ-1), City shall be responsible for all costs prior to the issuance of a Certificate of Occupancy for each Parcel relating to the investigation and remediation of the environmental condition set forth in the approved RAW, RAP, and/or RDIP to the extent provided in this subsection (b). In the event that multiple courses of action would satisfy DTSC or other reviewing governmental entity, the course of action shall be determined by City.

(c) Survival. The terms and conditions of this Section 2.9 shall expressly survive the Lease Commencement Date and the termination of this Lease. The City is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. Tenant acknowledges that the lease payments pursuant to this Lease reflect the "as is" nature of this conveyance and any faults, liabilities, defects or other adverse matters that may be associated with the Property. Tenant has fully reviewed the disclaimers and waivers set forth in this Lease with Tenant's counsel and understands the significance and effect thereof.

(d) Acknowledgment. Tenant acknowledges and agrees that (i) to the extent required to be operative, the disclaimers of warranties contained in Section 2.9 hereof are "conspicuous" disclaimers for purposes of all applicable laws and other legal requirements, and (ii) the disclaimers and other agreements set forth in such sections are an integral part of this Lease, that the lease payments pursuant to this Lease have been adjusted to reflect the same and

that the City would not have agreed to convey the Property to Tenant pursuant to the this Lease without the disclaimers and other agreements set forth in this Section.

(e) Tenant's Release of the City. Tenant, on behalf of itself and anyone claiming by, through or under Tenant hereby waives its right to recover from and fully and irrevocably releases the City and its council members, employees, officers, directors, representatives, and agents (the "**Released Parties**") from any and all claims, responsibility and/or liability that Tenant may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials except as provided in Section 2.9(b), and (iii) any information furnished by the Released Parties under or in connection with this Lease.

(f) Scope of Release. The release set forth in Section 2.9(f) includes claims of which Tenant is presently unaware or which Tenant does not presently suspect to exist which, if known by Tenant, would materially affect Tenant's release of the Released Parties. Tenant specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, Tenant agrees, represents and warrants that Tenant realizes and acknowledges that factual matters now unknown to Tenant may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Tenant further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Tenant nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, Tenant, on behalf of itself and anyone claiming by, through or under Tenant, hereby assumes the above-mentioned risks and hereby expressly waives any right Tenant and anyone claiming by, through or under Tenant, may have under Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her, would have materially affected his or her settlement with the debtor or released party."

Tenant's Initials: _____

Section 2.10 Memorandum of Lease. The Parties shall execute and acknowledge the Memorandum of Lease, in the form attached hereto as Exhibit D, which the City shall cause to be recorded against the Property at the Tenant's expense.

ARTICLE 3.
RENT

Section 3.1 Rent.

(a) Rent. Rent shall be due to the City from the Tenant, in the amounts and in the manner provided in this Section 3.1. No Rent shall be payable for any portion of the Property prior to the Rent Commencement Date for the Phase of development on that Parcel of the Property.

(b) Base Rent. Commencing on the Rent Commencement Date for any Phase of Improvements, and for every month thereafter until termination of this Lease, Tenant shall pay City the amount of \$0.03 per square foot of the Parcel of the Property in that Phase of the Improvements, as may be adjusted pursuant to Section 3.1(c) (the "**Base Rent**"). Rent will be due for the entire square footage of any Parcel after the first Certificate of Occupancy is issued for that Parcel regardless of whether portions of the Parcel remain undeveloped. Payment of Base Rent is due and payable in advance for the first month, prorated on the basis of a thirty (30) day month for the number of days until the first (1st) day of the following month, and thereafter on the first (1st) day of each calendar month.

(c) Increases in Base Rent. The Base Rent shall remain fixed for the first twenty years of the Lease after the Rent Commencement Date. Commencing on first month of the twenty-first (21st) year after the Rent Commencement Date, the amount of per square foot Base Rent due monthly under this Lease shall be increased by three percent (3%) each year.

(d) Location. The Tenant shall pay the Rent to the City, without deduction or offset whatsoever, in lawful money of the United States of America, to the City at the address for the City set forth below, or to such other person or at such other place as the City may from time to time designate by notice in writing to the Tenant, in accordance with the terms of this Lease:

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

(e) Delinquent Rent. Rent will be considered delinquent if it is not paid within five (5) days of the due date. Tenant's failure to pay Rent before it becomes delinquent will cause City 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, Tenant will pay a late fee equal to Default Interest Rate on the amount of unpaid Rent that is due and owing at the time the Rent became delinquent, which the City and the Tenant agree represents a reasonable estimate of City's damages.

(f) Payment in Full. All Rent payments, including any delinquent Rent payments and accrued interest, due under the Lease shall be due in full on the earlier to occur of: (i) the date of any Tenant Event of Default; or (ii) the date of termination of this Lease.

Section 3.2 Advances for Lease Obligations. In addition to and not by way of limitation of the City's rights under specific provisions of this Lease, the City shall at all times have the right (at its sole election and without any obligation so to do) to advance on behalf of the Tenant any amount payable under this Lease by the Tenant, or to otherwise satisfy any of the Tenant's obligations under this Lease, provided that (except in case of emergency calling for immediate payment) the City shall first have given the Tenant no less than fifteen (15) days advance written notice of the City's intention to advance such amounts on behalf of the Tenant. No advance by the City shall operate as a waiver of any of the City's rights under this Lease and the Tenant shall remain fully responsible for the performance of its obligations under this Lease. All amounts advanced by the City shall be separate from and additional to the Rent, and shall be immediately due and payable by the Tenant to the City and shall bear interest from the date of advance at the Default Interest Rate. All amounts advanced by the City pursuant to this Section 3.2 or similar provisions of this Lease are hereinafter referred to as "**Advances**".

Section 3.3 Triple-Net Lease. This Lease is a triple-net lease, and Rent and other payments payable to or on behalf of the City shall: (a) be paid without notice or demand and without offset, counterclaim, abatement, suspension, deferment, deduction, or defense; and (b) be an absolute net return to the City, free and clear of any expenses, charges, or offsets whatsoever.

Section 3.4 No Termination. Except as otherwise expressly provided in this Lease (for instance, Article 9 relating to damage or destruction and Article 12 relating to takings), this Lease shall not terminate nor shall the Tenant be entitled to the abatement of any Rent or other payment due or any reduction or allocation thereof, nor shall the obligations of the Tenant under this Lease be otherwise affected by reasons of any damage to or destruction of all or any part of the Improvements from whatever cause, or a taking of the Improvements or any portion thereof by condemnation, requisition or otherwise for any reason whatsoever, or the prohibition, limitation or restriction of the Tenant's use of all or any part of the Development, or the interference with such use by any person, or by reason of the termination or foreclosure of any mortgage, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the Parties that the obligations of the Tenant shall be separate and independent covenants and agreements, that the Rent and all other payments payable by the Tenant under this Lease shall continue to be payable in all events, and that the obligations of the Tenant under this Lease shall continue unaffected, unless the requirement to pay or perform the same shall have been reduced or terminated pursuant to an express provision of this Lease; provided, however, that during the continuance of any such damage, destruction, taking, prohibition, limitation, interference, eviction, or foreclosure, the Tenant shall not be obligated to perform any obligations which are no longer capable of being performed as a result of such event.

ARTICLE 4. DEVELOPMENT AND CONSTRUCTION OF IMPROVEMENTS

Section 4.1 Subdivision. Tenant will make all diligent, good faith efforts necessary to complete the subdivision of the Property into the Parcels not later than six (6) months after the Lease Commencement Date, and prior to the issuance of any Building Permits for the Property and entry into any Sublease. In addition, Tenant shall have the option to subdivide the Property into either two or three Parcels, and subsequently lease some or all of the Parcels to Subtenants.

No Sublease may be effective for any Parcel until the subdivision process to form that Parcel has been completed.

Section 4.2 Site Improvement Work. The Tenant shall obtain all necessary Governmental Approvals and shall commence the construction of the Site Improvement Work for the entire Property no later than the date that is twelve (12) months after DTSC issues a "No Further Action" determination, and shall complete the Site Improvement Work for the entire Property no later than the date that is twenty-four (24) months after DTSC issues a "No Further Action" determination, subject to the enforced delay provisions of Section 14.4. No Sublease shall have a lease commencement date that starts prior to the completion of the Site Improvement Work. No other development can start on the Property until the completion of the Site Improvement Work. Once the Tenant commences construction of the Site Improvement Work, the Tenant shall not halt, or permit the cessation of construction for such work for a period of more than thirty (30) days. The Site Improvement Work shall be performed in full conformity with the Scope of Development attached as Exhibit C, the Governmental Approvals, this Lease and the Final Construction Plans approved by the City.

Section 4.3. Construction of Improvements.

(a) Tenant Obligations. Pursuant to each Sublease by and between the Tenant and each Subtenant, the Tenant or the Subtenant shall be responsible for the development of the Phase of Improvements on each Subtenant's Parcel(s) after completion of the Site Improvement Work. The Tenant shall be responsible for the development of any Phase of Improvements on any Parcel upon which it elects to construct.

(b) Subtenant Obligations. The Tenant shall ensure that each Subtenant shall be required to obtain and keep current a business license from the City of Salinas (to the extent required to have a business license under the City's rules for business licenses) prior to the commencement of business activities. If any Subtenant desires to create or modify any Improvements in such a manner as to require a Building Permit under the City's then-current requirements, the Tenant shall ensure the applicable Subtenant obtains the Building Permit, completes construction of the defined scope of work, and obtains a Certificate of Occupancy from the City of prior to the commencement of business activities. A Subtenant engaging in a business that is considered a permitted use as described in Exhibit F shall not be required to obtain any discretionary approvals from the City prior to commencement of business activities; however, if there is a dispute regarding whether any particular proposed business should be deemed a permitted use, the City Manager (or his/her designee) shall have final authority to determine whether such use is a permitted use as described in Exhibit F.

(c) Construction Obligations. The Tenant shall be responsible for developing, or causing Subtenants to develop, the Improvements on the Parcels.

(d) Specific Standards. In the manner set forth in this Lease, the Tenant shall construct, or cause to be constructed, the Improvements on the Property. The Improvements shall be constructed in full conformity with the Scope of Development attached as Exhibit C, the Governmental Approvals and the Final Construction Plans.

(e) Material Changes. If the Tenant or the Subtenant(s) desire(s) to make any material change (as defined below) in the Final Construction Plans then in effect, the Tenant shall first submit, or cause to be submitted, to the City such plans or other information which document the desired change. If the Final Construction Plans, as modified by the desired change, conform to the requirements of this Lease and the Governmental Approvals, the City shall approve or disapprove the change by notifying the Tenant in writing in an expedient and diligent manner but in no event later than thirty (30) days of the submission of the request for the material change. If the proposed change is disapproved by the City, the disapproval shall state with reasonable specificity the basis for disapproval. Until and unless such change is approved by the City, the previously approved Final Construction Plans shall remain in effect. For purposes of this paragraph, a "material change" is one involving a change in the previously approved location, orientation, exterior design, height, size, or exterior appearance (including building materials and colors) of the Improvements, including but not limited to landscaping, parking, and ingress and egress improvements, to be constructed on the Property. Changes to tenant improvements in the building's interior shall not be considered as a material change requiring additional approval providing the changes affect only the interior of the structure and do not materially affect the uses to which the Improvements may be put.

(f) Discretion. The approval of changes in the Final Construction Plans by the City pursuant to this Lease shall be in addition to any approvals required to be obtained from the City pursuant to its regulatory requirements for constructing or installing Improvements. Approval of specific changes in the Final Construction Plans by the City shall not constitute approval by the City of other changes and shall in no way limit the City's discretion in approving other changes to the Final Construction Plans or approving or disapproving any changes due to City regulatory requirements for constructing or installing Improvements.

(g) Commencement and Completion. Once the Tenant or Subtenant commences construction of any Phase of the Improvements, the Tenant or Subtenant shall not halt, or permit the cessation of construction for such work for a period of more than thirty (30) days, subject to excused delays.

Section 4.4 Additional Construction on Property. The construction, substantial alteration or installation of any Major Additional Improvements on the Property shall follow the same process as set forth in Section 4.3, provided however that the City Manager (or his/her designee) can approve any changes to the Scope of Work set forth in Exhibit C so long as the Major Additional Improvements meet all Governmental Approvals and are a permitted use as set forth in Exhibit F. "**Major Additional Improvements**" means, after the installation of the initial Improvements on any portion of the Property, any of the following: (1) any new buildings, structures or outdoor facilities to be located on the Property, (2) any substantial alterations, remodeling or rehabilitation of existing buildings, structures, or remodeling or rehabilitation of existing buildings, structures, or outdoor facilities, or (3) construction of additional spaces or facilities.

Section 4.5 Construction Standards.

(a) General Standards. All construction of the Improvements, and alteration or repair work permitted by this Lease shall be accomplished expeditiously and diligently by reputable licensed contractor(s), meeting the provisions of Section 4.5(j), below.

The Tenant shall, and shall cause any Subtenant conducting construction on the Property to, take all reasonably necessary measures to minimize any damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected thereby. The Tenant shall, and shall cause the applicable Subtenant to, repair, at the Tenant's or Subtenant's cost and expense any and all damage caused by such work and shall restore the area upon which such work is performed to a condition which is equal to or better than the condition which existed prior to the beginning of such work. In addition, the Tenant shall pay (or cause Subtenant to pay) all costs of and expenses associated herewith, and shall indemnify and hold the City and the City's officers, council members, agents and employees, harmless from all damages, losses or claims attributable to the performance of such work, except to the extent that such damage, loss, or claim arises from the gross negligence or willful misconduct of the City, or its respective officers, agents, and employees.

(b) Compliance with Construction Documents and Laws; Issuance of Permits. All Improvements and any Major Additional Improvements shall be constructed in compliance with the requirements of the construction documents approved by the City in accordance with this Lease, and also in strict compliance with all applicable local, state and federal laws and regulations. The Tenant shall have the sole responsibility for obtaining all necessary permits and shall make any application for such permit directly to the Governmental Authority having jurisdiction.

(c) Construction Safeguards. The Tenant shall, and shall require any constructing Subtenant to, erect and properly maintain at all times, as required by the conditions and the progress of work performed by the Tenant, all reasonable safeguards for the protection of workers and the public.

(d) Rights of Access. Representatives of the City shall have the reasonable right of access to the Property and the Improvements thereon without charges or fees, at normal construction hours during the period of construction, for the purposes of ascertaining compliance with the terms of this Lease, including, but not limited to, the inspection of the construction work being performed, provided that such representatives shall be those who are so identified in writing by the City Manager of the City, shall be accompanied by the Tenant's representatives if the Tenant so desires, shall comply with the Tenant's contractor's reasonable rules for the construction site, and shall provide the Tenant with forty-eight (48) hour notice prior to any such inspection.

(e) Notice of Completion. Upon completion of any construction of the Improvements, the Tenant shall file or cause to be filed in the Official Records of the County of Monterey a notice of completion with respect to the applicable construction, and the Tenant shall deliver or cause to be delivered to the City, at no cost to the City, two (2) sets of the final as-built plans and specifications of the Improvements, or Major Additional Improvements.

(f) Discharge of Liens. The Tenant shall not create or permit or suffer to be created or to remain, and will discharge, any lien (including, but not limited to, the liens of mechanics, laborers, materialmen, suppliers or vendors for work or materials alleged to be done or furnished in connection with the Property and the Improvements thereon), encumbrances or other charge upon the Property and the Improvements thereon, or any part thereof, or upon the Tenant's leasehold interest therein.

The Tenant shall have the right to contest in good faith and by appropriate legal proceedings the validity or amount of any mechanics', laborers', materialmen's, suppliers' or vendors' lien or claimed lien; provided that the Tenant shall utilize all reasonable means (including the posting of adequate security for payment) to protect the Property and any part thereof or the Improvements thereon against foreclosure, and shall indemnify and hold harmless the City from any adverse effects resulting from such lien.

(g) Protection of the City. Nothing in this Lease shall be construed as constituting the consent of the City as landlord, expressed or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of or repairs to the Property or the Improvements thereon, or any part thereof, by any contractor, subcontractor, laborer or materialman, nor as giving the Tenant or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering of, any services or the furnishing of any materials in such manner as would give rise to the filing of mechanics' liens or other claims against the fee interest of the Property or the Improvements thereon other than the Approved Security Interest on the Tenant's leasehold interest in the Property. The City shall have the right at all reasonable times to post and keep posted on the Property any notices which the City may deem necessary for the protection of the City and of the Property and the Improvements thereon from mechanics' liens or other claims. In addition, but subject to the second paragraph of subsection (f) above, the Tenant shall make, or cause to be made, prompt payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to the Tenant, a Subtenant or any of their respective contractors or subcontractors in connection with the Property and the Improvements thereon.

(h) Furnishing and Equipping the Improvements. The Tenant covenants and agrees to furnish and equip, or cause its Subtenants to furnish and equip, the Improvements, or any Major Additional Improvements, with all fixtures, furnishings, equipment and other personal property (collectively, the "**Personal Property**") of a quantity as necessary to operate the Improvements on the Property as first class light industrial and warehouse space and in accordance with the standards set forth in this Lease. The Tenant further agrees to take, or cause the Subtenants to take, good care of such Personal Property, to keep the same in good order and condition ordinary wear and tear excepted, and promptly, at the Tenant's or applicable Subtenant's own cost and expense, to make all necessary repairs, replacements and renewals thereof. As used in this Lease, the term "**Personal Property**" includes all such replacements and renewals, and all fixtures, furnishings, equipment and other personal property of the Tenant or a Subtenant located in, on or about the Property and the Improvements thereon. Any and all fixtures, furnishings, equipment and other personal property placed in, on or about the Property shall be the Personal Property of the Tenant or applicable Subtenant during the Term of this Lease.

(i) Performance and Payment Bonds. Prior to commencing construction of any phase of the Improvements or any Major Additional Improvements, the Tenant shall, and shall require any Subtenant performing construction on the Property to, obtain and provide to the City evidence of labor and material payment and performance bonds issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction on the applicable Parcels. The City shall be named as an obligee under those bonds.

Within five (5) days after receipt, the City shall review and approve or disapprove the bonds, providing said bonds meet the requirements of the City as to form, content, and issuer, and shall notify the Tenant of any deficiency. If the bonds are not approved, the Tenant or applicable Subtenant shall resubmit updated bonds within five (5) days after receipt of notice. The review and submittal periods shall continue to apply until the bonds or other security are approved by the City. No construction work shall be initiated until approval of the bonds has been received.

(j) Contractor(s). All construction, alteration or repair work permitted herein shall be performed by reputable, licensed contractors with skills and experience necessary to perform such work to the quality standard set forth in this Article 4.

(k) Construction Contracts. The Tenant shall, and shall cause any applicable Subtenant to, enter into contracts for the construction of the Improvements with reputable contractors as set forth above.

Within ten (10) days following the issuance of a Building Permit for construction of any portion of the Improvements, or any Major Additional Improvements, the Tenant shall, or shall cause the applicable Subtenant to, submit a copy of all construction contracts for such construction to the City, for the sole and limited purposes of determining: (a) that no changes to the provisions of the contract requiring the approval of the City shall be made without the prior consent of the City; and (b) that the covenants as to equal opportunity in construction and, if applicable, prevailing wages set forth in this Lease have been met. Unless the City notifies the Tenant in writing within ten (10) days following the submittal of the contract(s) that the contract has been disapproved, it shall be deemed approved. The City's approval shall merely constitute satisfaction of the conditions set forth in this Section 4.5.

The Tenant shall or shall cause the Subtenants to enter into Construction Contracts only with licensed contractors having the reputation, experience, skill, and financial capability and qualification for serving as the contractor on first-class light industrial and warehouse construction projects of similar magnitude in Salinas, California.

(l) Conditions to Commencement of Construction. In no event shall the Tenant commence, or permit any Subtenant to commence, any construction of any of the Improvements or any Major Additional Improvements on the Property until the following conditions have been satisfied or waived by the City, in addition to other conditions and requirements imposed by this Lease:

(1) The City has approved the final plans and specifications for the Improvements to be constructed;

(2) The Tenant has provided the City with information to ascertain that the Tenant or the applicable Subtenant has obtained financing and equity capital necessary for the full payment of construction of the applicable Improvements (or the Major Additional Improvements), together with any required operating capital;

(3) The Tenant or applicable Subtenant has obtained Building Permits and all other Governmental Approvals necessary for the construction of the applicable Improvements (or Major Additional Improvements);

(4) The Tenant or applicable Subtenant has entered into complete and binding contracts with its contractor or contractors for the construction of the applicable Improvements (or Major Additional Improvements), which contracts shall meet the requirements of subsection (k) above;

(5) The Tenant or applicable Subtenant has obtained Performance and Payment Bonds meeting the requirements of subsection (i) above; and

(6) There exists no Tenant Event of Default nor any act, failure, omission or condition that would constitute a Tenant Event of Default under this Lease.

Section 4.6 Equal Opportunity. During the construction of the Improvements or any Major Additional Improvements there shall be no discrimination on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the hiring, firing, promoting or demoting of any person engaged in the construction work. The Tenant or applicable Subtenant and its construction contractors, employees and agents shall comply with all applicable state laws, including all equal opportunity and fair employment laws and regulations applicable to the Property.

Section 4.7 Prevailing Wages. To the extent required by law, the Tenant shall, and/or shall cause the applicable Subtenant to, require the contractor and subcontractors to pay prevailing wages in the construction of the Improvements (or any Major Additional Improvements) as those wages are determined pursuant to Labor Code Sections 1720 et seq., to employ apprentices as required by Labor Code Sections 1777.5 et seq. and the implementing regulations of the Department of Industrial Relations (the "**DIR**") and to comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR. To the extent applicable, the Tenant shall and shall cause the applicable Subtenant to require the contractor and subcontractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq. and that apprentices have been employed as required by Labor Code Sections 1777.5 et seq. Copies of the currently applicable current per diem prevailing wages are available from the DIR's website. During the construction of the Improvements (or any Major Additional Improvements) and to the extent applicable, the Tenant shall and shall cause the applicable Subtenant to require the contractor to post at the applicable Parcel(s) the applicable prevailing rates of per diem wages.

The Tenant shall indemnify, hold harmless and defend (with counsel reasonably selected by the City) the City against any claim for damages, compensation, fines, penalties or other amounts

arising out of the failure or alleged failure of any person or entity (including the Tenant, applicable Subtenant and their contractors and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq., to employ apprentices pursuant to Labor Code Sections 1777.5 et seq., and implementing regulations of the DIR or to comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., and the implementing regulations of the DIR in connection with the construction of the Improvements or any other work undertaken or in connection with the Property. This Section 4.7 shall survive the expiration of the Term.

Section 4.8 No Liens. The Tenant and the Subtenants shall not have any right, authority or power to bind the City, or the City's fee interest in the Property, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the development, construction or operation of the Improvements or any change, alteration or addition thereto including, but not limited to any Major Additional Improvements. The Tenant and its Subtenants shall not have any right to encumber the Tenant's estate in the Property without the written consent of the City. Any easements necessary and incidental to the development, construction and operation of the Improvements are subject to the approval of the City, which shall not be unreasonably withheld.

Section 4.9 Permits, Licenses and Easements. The City will cooperate with the Tenant in the submittal of applications for all required permits, licenses, applications for utility services and easements, provided that the Tenant or applicable Subtenant shall be responsible for obtaining any and all permits, licenses, easements and other authorizations required by any Governmental Authorities with respect to any construction or other work to be performed on the applicable Parcel(s) and for granting or causing to be granted all permits, licenses, easements and other governmental authorizations that are necessary or helpful for electric, telephone, communication systems gas, water, sewer, drainage, access and such other public or private utilities or facilities as may be reasonably necessary or desirable in connection with the construction or operation of the Improvements. The Tenant shall be entitled, without separate payment to the City for tap or connection fees, to tap into the existing lines, facilities and systems of applicable electric, gas, cable, water, sewer, sewer treatment and other utilities serving the Property, provided the Tenant remains responsible for payment of such fees therefor.

Section 4.10 Traffic Impact Fees. Tenant shall pay the traffic impact fees (or equivalent) for all Parcels.

ARTICLE 5.

USE, CHARACTER, OPERATION AND MAINTENANCE OF IMPROVEMENTS

Section 5.1 Required and Permitted Uses.

(a) Quality of Operations. The Parties recognize and acknowledge that the manner in which the Property and the Improvements are developed, used and operated are matters of critical concern to the City by reason of (1) the prominence of the location of the Property, and (2) the impact which the Improvements are expected to have upon the City Airport and surrounding properties and upon the economic development of the surrounding area. To give the

City assurance as to the manner in which the Improvements will be used and operated, the Tenant agrees that at all times during the Term of this Lease, the Tenant will establish and maintain a quality of character and operation on the Property which is at least comparable to the quality of character and operation of similar first-class light industrial and warehouse complexes in the area of Salinas, California.

(b) Quality of Construction. The Improvements will be designed and constructed to a first-class standard of quality for similar light industrial and warehouse complexes in the area of Salinas, California.

(c) Maintaining Quality. To maintain the quality of operation set forth in subsection (a) above following initial construction and opening of the Improvements, the Tenant shall maintain or shall cause to be maintained the exteriors of the building Improvements and the parking, walkway and landscaping areas of the Property, and shall periodically upgrade the landscaping of the Property as necessary to maintain comparability with the quality of operation of light industrial and warehouse complexes in northern California meeting the standard in Section 5.1(b). Within fifteen (15) days of a written request from the City to the Tenant, the Tenant shall confer with the City regarding actions necessary to meet the requirements of this subsection (c).

Section 5.2 Limitations on Use.

(a) Without the prior written approval of the City, which is subject to the sole discretion of the City, the Tenant may use the Property and the Improvements thereon only for the uses set forth in Exhibit F. The Tenant shall use the Property and the Improvements thereon for no other purpose without the prior written consent of the City, which consent shall be subject to the sole discretion of the City. Further, the Tenant agrees:

(1) Not to use or permit the Property to be used for any disorderly or unlawful purpose;

(2) Not to cause or permit any party from committing or maintaining any nuisance or unlawful conduct on or about the Property;

(3) Not to cause or permit any action by any party that would cause the Tenant to violate any of the covenants and conditions of this Lease with respect to the Improvements;

(4) Upon notice from the City, to take reasonable action, if necessary, to abate any action by any party that would cause a violation of this Lease;

(5) To permit the City and its agents upon not less than forty-eight (48) hours written notice to inspect the Property or any part thereof at any reasonable time during the Term;

(6) Not to commit or suffered to be committed any waste in, on or about the Property;

(7) Not to cause or permit obnoxious odors to emanate or be dispelled from the Improvements;

(8) Not to permit undue accumulations of garbage, trash, rubbish, or any other refuse;

(9) Not to use or permit to be used the Property for any purpose inconsistent with this Lease and the Governmental Approvals; and

(10) To maintain all portions of the Property in good repair and in a neat, clean and orderly condition.

(b) In the event that there arises at any time prior to the expiration of this Lease a condition in contravention of these maintenance and use standards, then the City shall give written notice to the Tenant of the deficiency. If the Tenant fails to cure the deficiency within thirty (30) days of the City's notice (or, if the deficiency is not susceptible of cure within such thirty (30) day period, the Tenant fails to commence the cure and thereafter to diligently pursue the cure to completion), then the City shall have the right to perform all acts necessary to cure the deficiency or to take other recourse at law or in equity the City may then have and to receive from Tenant the City's cost in taking such action plus interest at the Default Interest Rate. The Parties further mutually agree that the rights conferred upon the City expressly include the right to enforce or establish a lien or other such encumbrance against the Property. The foregoing provisions shall be covenants running with the land until expiration of the Lease, enforceable by the City.

Section 5.3 Operation of Improvements.

(a) The Parties understand and agree that successful operation and management of the Improvements is critical to the City and its economic development efforts, and that the qualifications and identity of the operator(s) of the Improvements are of particular concern to the community and the City.

(b) Subject to Section 8.4 below, Tenant shall submit for the City's approval, which approval shall be at the City's sole and absolute discretion, any proposed change to the Tenant.

Section 5.4 Maintenance of Improvements. During the Term of this Lease, the Tenant shall, or shall cause its Subtenants to, operate and maintain the Improvements in a first-class manner for comparable light industrial and warehouse complexes in the area of Salinas, California. Tenant is responsible for maintaining any portions of the Property and Improvements not subleased to a Subtenant. All Improvements repaired or replaced under this Lease shall be repaired or replaced with materials, apparatus and facilities of a quality at least equal to the quality of the materials, apparatus and facilities repaired or replaced in accordance with Section 5.1 above.

Section 5.5 Cost of Operation and Maintenance of Improvements. As between the City and the Tenant, all costs incurred in the operation and maintenance of the Improvements shall be paid by the Tenant or its Subtenants.

Section 5.6 The City Not Obligated to Repair. The City, as landlord, shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Improvements, and the Tenant hereby expressly waives all right to make repairs at the City's (as landlord's) expense.

Section 5.7 Nondiscrimination. There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Improvements, or any part thereof, and the Tenant or any person claiming under or through the Tenant, shall not establish or permit any such practice or practices of discrimination or segregation with reference to the use or occupancy of the Improvements, or any part thereof.

Section 5.8 Compliance with Laws. The Tenant shall, at the Tenant's sole cost and expense, comply with and shall cause the Subtenants and any occupants to comply with all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations and ordinances affecting the Improvements, the use thereof, or construction thereon, including those which require the making of any structural, unforeseen or extraordinary changes, whether or not any such statutes, laws, rules, orders, regulations or ordinances which may be hereafter enacted were within the contemplation of the Parties at the time of execution of this Lease, or involve a change of policy on the part of the Governmental Authority enacting the same.

The Tenant shall comply with each and every requirement of all policies of public liability, fire and other insurance which at any time may be in force with respect to the Improvements.

Section 5.9 Property Taxes. The Tenant acknowledges and agrees that this Lease will create a possessory interest subject to property taxation. Subject to the Tenant's rights of contest as provided in Section 5.15 below, the Tenant agrees to pay and discharge, or cause the payment and discharge, during the Term of the Lease, before delinquency, all taxes (including, without limitation, possessory interest taxes associated with the Property, the Lease, and any so-called value added tax), assessments (including without limitation, all assessments for public improvements or benefits, whether or not to be completed prior to the date hereof and whether or not to be completed within the Term of the Lease, fees, levies, water and sewer rents, rates and charges, vault license fees or rentals, license and permit fees and other governmental charges of any kind or nature whatsoever, general and special, ordinary and extraordinary, foreseen, currently or hereafter levied or assessed in lieu of or in substitution of any of the foregoing (all of the foregoing collectively called "**Taxes**") which are or may be at any time or from time to time during the Term of the Lease levied, charged, assessed or imposed upon or against the Property or the Improvements which are located thereon, or against any of the Tenant's or Subtenants' Personal Property located thereon, or which may be levied, charged, assessed or imposed upon or against the leasehold estate created hereby or which may be imposed upon any taxable interest of the Tenant acquired pursuant to the Lease. The Tenant shall pay or reimburse the City, as the case may be, for any fines, penalties, interest or costs which may be added by the collecting authority for the late payment or nonpayment of any Taxes required to be paid by the Tenant hereunder.

In the event the Improvements or any possessory interest with respect thereto, should at any time be subject to ad valorem taxes or privilege taxes levied, assessed or imposed on such property, the Tenant shall pay taxes upon the assessed value of the entire Property and the Improvements thereon and not merely upon the assessed value of its leasehold interest.

Section 5.10 Limits of Tax Liability. The provisions of this Lease shall not be deemed to require the Tenant to pay amounts in excess of the Tenant's contribution for municipal, county, state or federal income or gross receipts taxes (except as provided below) or excess profits taxes assessed against the City, or municipal, county, state or federal capital levy, estate, succession, inheritance, gift or transfer taxes of the City, or corporation franchise taxes imposed upon any corporate owner of the fee of the Property; except, however, that the Tenant shall pay all taxes assessed by any Governmental Authorities by virtue of any operations by the Tenant conducted on or out of the Improvements.

Section 5.11 Apportionment of Taxes. All Taxes for the fiscal or tax years in which the Term commences and ends shall be apportioned so that the Tenant shall pay only those portions thereof that will correspond with the portion of said years as are with the Term.

Section 5.12 Evidence of Nonpayment. The receipt by the City of a certificate, advice, receipt or bill of the appropriate official designated by law to make or issue the same or to receive payment of any such Taxes, stating the nonpayment of such Taxes shall be prima facie evidence that such Taxes are due and unpaid or have not been paid at the time of the making or issuance of such certificate, advice, receipt or bill.

Section 5.13 Assistance in Making Payments. The Parties acknowledge that the Tenant is responsible under this Lease for making various payments to third parties, such as tax and utility payments in accordance with the provisions of this Article 5. In case any person or entity to whom any sum is directly payable by the Tenant under any of the provisions of this Lease (e.g., a tax collector or utility company) shall refuse to accept payment of such sum from the Tenant (due to the fact that the Tenant is not the fee owner of the Property or for any other reason), the Tenant shall thereupon give written notice of such fact to the City and shall pay such sum directly to the City at the address specified in Section 14.1 hereof, and the City shall thereupon pay such sum to such person or entity.

Section 5.14 The City's Right to Cure. If the Tenant, in violation of the provisions of this Lease, shall fail to pay and to discharge any Taxes, or any other tax or fee, the City may (but shall not be obligated to) pay or discharge such Taxes, and the amount paid by the City and the amount of all costs, expenses, interest and penalties connected therewith, including attorneys' fees, together with interest at the Default Interest Rate shall be deemed to be and shall, upon demand of the City, be payable by the Tenant as repayment of an Advance.

Section 5.15 Permitted Contests. The Tenant shall not be required to pay, discharge or remove any taxes (including penalties and interest) upon or against the Improvements, or any part thereof, so long as the Tenant shall in good faith contest the same or the validity thereof by appropriate legal proceedings and shall give to the City prompt notice in writing of such contest at least ten (10) days before any delinquency occurs and such legal proceedings shall operate to prevent the collection of the taxes so contested, or the sale of the Improvements, or any part thereof,

to satisfy the same; and the Tenant shall, prior to the date such taxes are due and payable, (a) meet all requirements for contest imposed by the taxing entity whose tax is being contested (including, without limitation, depositing any sums required by such taxing entity), and (b) if the taxing entity does not otherwise require such a deposit, deposit with the City, in a form reasonably acceptable to the City, that portion of the tax which the Tenant in good faith does not propose to contest. In the event the final determination of any such contest is adverse to the Tenant, the Tenant shall, before any fine, interest, penalty or cost may be added thereto for nonpayment thereof, pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by the Tenant, and after such payment and discharge by the Tenant, the City will promptly return to the Tenant any deposit that the Tenant shall have placed with the City. Any proceedings to contest the validity or amount of taxes or to recover back any taxes paid by the Tenant shall be brought by the Tenant, at the Tenant's sole expense, in the name of the Tenant. If any such proceedings are brought by the Tenant, the Tenant shall indemnify and hold harmless the City against any and all loss, cost or expense of any kind (including, but not limited to, reasonable attorneys' fees and expenses) which may be imposed upon or incurred by the City in connection with those proceedings.

The City shall cooperate with the Tenant in providing the Tenant information in connection with contests permitted under this Section 5.15.

Section 5.16 Service and Utilities. The Tenant shall pay promptly as the same become due and payable all charges, costs, bills and expenses of and for water, gas, electricity, sewer, air-conditioning, telephone, cable, communication and all other public or private services and utilities of whatever kind furnished or supplied to or used by the Tenant or any other party in connection with the use, occupancy, maintenance or operation of the Improvements or any part thereof, and shall comply with all contracts relating to such services and shall do all other things necessary and required for the maintenance and continuance of such services.

Section 5.17 Hazardous Materials.

(a) Covenants.

(1) No Hazardous Materials Activities. The Tenant hereby represents and warrants to the City that, at all times from and after the Lease Commencement Date, the Tenant shall not cause or permit the Property or the Improvements thereon to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials with the exception for the use and storage of de minimis quantities required for the operation of the Improvements.

(2) Hazardous Materials Laws. The Tenant hereby represents and warrants to the City that, at all times from and after the Lease Commencement Date, the Tenant shall comply and cause the Property and the Improvements thereon, and the operations of all activities conducted at the Property and Improvements, to comply with all Hazardous Materials Laws, including without limitation, those relating to the training, use and storage of Hazardous Materials and soil and groundwater conditions. The Tenant further represents and warrants to the City that, at all times from and after the Lease Commencement Date, the Tenant shall obtain and maintain in good

standing all permits and licenses required for the use of any Hazardous Materials required for the operation of the Improvements.

(3) Notices. The Tenant hereby represents and warrants to the City that, at all times from and after the Lease Commencement Date, the Tenant shall immediately notify the City in writing of: (i) the discovery of any Hazardous Materials on or under the Property, particularly associated with the discovery or any new release of Hazardous Materials on or under the Property; (ii) any knowledge by the Tenant that the Property does not comply with any Hazardous Materials Laws; (iii) any directives, corrective action orders, requests, claims or actions pending or threatened against the Tenant, the Property, the Improvements thereon, or the City by any Governmental Authorities or any third-party or entity relating to Hazardous Materials or pursuant to any Hazardous Materials Laws, or arising from claims of nuisance, or damage to property or personal injury relating to Hazardous Materials associated with the Property or the Improvements thereon (collectively "**Hazardous Materials Claims**"); and (iv) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could the Property or any part thereof to be subject to a land use restriction pursuant to California Health and Safety Code, Sections 25220 et seq. or any regulation adopted in accordance therewith, or to be otherwise subject to any other restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(4) Remedial Action. Except as provided in Section 2.9(b), in response to the presence of any Hazardous Materials on, under or about the Property, or migrating from the Property, the Tenant shall immediately take, at Tenant's sole expense, all action to assess, investigate, remedy or remove the Hazardous Material, or take any action required by any Hazardous Materials Laws or to comply with any directives, corrective action orders, requests, from any Governmental Authority, or to comply with any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials Claims.

(b) Inspection by the City. Upon reasonable prior written notice to the Tenant, the City, its employees and agents, reserve the right to enter and conduct non-invasive inspections of the Property for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of any Hazardous Materials into, onto, beneath or from the Property.

(c) Environmental Indemnity. Except as provided in Section 2.9(b), the Tenant shall indemnify, defend, and hold the City, and its respective governing body members, officers, agents and employees (individually, an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") harmless from and against any and all losses, costs, claims, damages, liability, and judgments, including reasonable attorney's fees, with the counsel of the City's choice, and costs incurred to hire environmental consultants incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to the violation of any Hazardous Materials Law, any Release, or threatened Release of Hazardous Materials, any condition of pollution, contamination or Hazardous Materials-related nuisance on, under or from the Property, or arising out of or in response to any Hazardous Materials Claims. This obligation to indemnify and defend the Indemnified Parties contained in this Section 5.18(c) shall survive termination of this Lease.

ARTICLE 6.
AIRPORT USE RESTRICTIONS

Section 6.1 City's Reservations.

(a) Utilities. City reserves the right, upon reasonable prior notice to Tenant, to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, storm water 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 and along certain portions of the Property. The locations of such reserved areas for utilities shall be definitively established prior to, or in conjunction with, the survey and as incorporated into the Final Construction Plans. The City reserves the right to relocate such established locations, provided, however no such right to relocate by City in this subsection shall be so exercised as to interfere unreasonably with Tenant's permitted use or operations hereunder or to impair the security or any secured creditor of Tenant. City further agrees that rights granted to third parties by reason of this clause shall contain provisions that the Property will be restored as nearly as practicable to its original condition upon the completion of any construction.

(b) Development of Landing Area. City reserves the right to further develop or improve the landing area of the Airport as directed by the FAA or TSA, without interference or hindrance to Tenant's permitted use or operations hereunder or to impair the security or any secured creditor of Tenant. In the event the exercise of such rights interferes or hinders Tenant's permitted use or operations hereunder or impairs the security or any secured creditor of Tenant, Tenant shall have the right to terminate this Lease, and may seek compensation from the FAA or the TSA under applicable takings law.

(c) Facility Repairs. City reserves the right, but shall not be obligated to the Tenant, to maintain and keep in repair the landing area of the Airport, the ramp area, and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Tenant in this regard. In the event the exercise of such rights unreasonably interferes with Tenant's use of any portion of the Property, Tenant shall have a termination right as set forth in Section 6.1 (b), and will be entitled to compensation as set forth therein.

(d) Aerial Approaches. City reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Tenant from erecting, or permitting to erect, any building or other structures on the Airport which, in the opinion of City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(e) Super Adjacent Air Space. It is agreed and understood that Tenant's right and interest in the airspace above the Property is limited by, and subordinate to, the primary use of the Airport for aviation purposes, and City reserves and excepts from this Lease all that portion of the real property herein leased which is super adjacent to a plane sixty (60) feet above and parallel to the existing ground surface of said real property (the "**Super Adjacent Air Space**"). City further reserves and excepts from this Lease, and Tenant hereby grants to City (insofar as the hereinafter described easements and rights in any manner or to any extent that affect the

Property, any improvements which may be made thereon, and Tenant's leasehold or other interest therein and Tenant's use, occupancy or enjoyment thereof):

(1) An aviation easement over and laterally adjacent to the Property and any improvements which may be made thereon, including but not limited to the easement and right to fly, or cause or permit flight by any person of, any aircraft of and all kinds now or hereafter know, in, through, across or about any portion of said Super Adjacent Air Space and any air space laterally adjacent thereto; and

(2) The easement and right to cause or create, or permit to be caused or created, such noise, vibration, currents and other effects of air, illumination and fuel consumption which may arise or occur, (i) from or during the use of said aviation easement and such flight as is described hereinabove; or (ii) from or during the use by such aircraft of any Airport facilities, including but not limited to the landing, storage, repair, maintenance, operation, warm-up and take-off of such aircraft, upon, within or about said Airport, and the approach and departure of aircraft to or from such Airport.

(f) Reservations in Gross. The easements and rights herein reserved and excepted by City, and the easements and rights herein granted by Tenant to City, shall be deemed both in gross and also appurtenant to each and every portion of the real property of the Airport.

Section 6.2 City of Salinas Regulations.

(a) Airport Rules and Master Plan Incorporated. The Salinas Municipal Airport Rules and Regulations (the "**Rules**") and the Salinas Municipal Airport Master Plan including the Airport Layout Plan (the "**Master Plan**"), as those documents may be amended or superseded from time to time, are incorporated into this Lease by this reference. Tenant will comply fully with the Rules, and Tenant's use of the Property will be consistent with the Master Plan.

(b) City of Salinas Municipal Code. Tenant agrees to comply at all times with applicable provisions of the City of Salinas Municipal Code (the "**City Code**").

(c) Other Applicable Laws, Rules, and Regulations. Tenant further agrees to comply with all other applicable laws, rules, and regulations, for the use of the Property and all other portions of the Airport.

Section 6.3 Federal Requirements.

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

(b) Non-Exclusive Right. Tenant acknowledges that this Lease is subject to 49 U.S.C. § 40103, which states in part that: "A person does not have an exclusive right to use an air navigation facility on which Government money has been expended." Nothing in this Lease will be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public, and City reserves the right to grant others the privilege and right of conducting activities at the Airport of an aeronautical nature.

(c) Nondiscrimination.

(1) Tenant agrees to furnish any services provided to the public at the Property on a fair, equal, and not unjustly discriminatory basis to all users of such services, and to charge fair, reasonable, and not unjustly discriminatory prices for each unit of service; provided, however, that Tenant may make reasonable and nondiscriminatory discounts, rebates, or similar price reductions to volume purchasers.

(2) Tenant agrees, on behalf of itself and its agents, successors, and assigns, and as material consideration for this Lease and a covenant running with the land, that: (i) no person on the grounds of race, gender, religion, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Property; (ii) in the construction or use of any improvements on, over, or under the Property, and in the furnishing of services at the Property, no person will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) Tenant will use the Property in compliance with all other requirements imposed by or pursuant to Code of Federal Regulations, Title 49, Subtitle A, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964, as those regulations may be amended from time to time ("**Part 21**") to the extent that Tenant is required to comply with Part 21.

(3) Notwithstanding any other provision of this Lease relating to termination or default, and subject to any procedural safeguards provided for in the Part 21, in the event of breach of the covenants in the previous paragraph (2), City will have the right to terminate this Lease and to reenter and repossess the Property, and to hold the same as if this Lease had never been made or issued.

(4) Tenant assures that it will undertake any equal opportunity program as may be required by Code of Federal Regulations, Title 14, Part 152, Subpart E ("**Subpart E**"), to ensure that no person will, on the grounds of race, creed, color, national origin, or sex, be excluded from participating in employment activities covered under Subpart E to the extent Tenant is required to comply with Subpart E. Tenant assures that no person will be excluded on those grounds from participating in or receiving the services or benefits of any program or activity covered in Subpart E to the extent Tenant is required to comply with Subpart E. Tenant assures that it will require that its covered sub-organizations provide assurances to Tenant that they similarly will undertake equal opportunity programs, and that they will require assurances from their sub-organizations, as may be required by Subpart E, to the same effort to the extent its covered sub-organizations are required to comply with Subpart E.

(5) Nothing in this subsection is intended to authorize discrimination on any basis not addressed in Part 21 or Subpart E, and Tenant agrees to comply with all other applicable federal, state, or local statutes, regulations, or ordinances prohibiting discrimination on the basis of any protected classification.

(d) Height Restrictions.

(1) Tenant agrees, on behalf of itself and its agents, successors, and assigns, and as material consideration for this Lease and a covenant running with the land, not to erect or to permit the erection of any structures or objects on the Property, nor to permit the grown of any tree, to a height that would exceed the standards set forth in Part 77 of the Federal Aviation Regulations ("**Part 77**") or Ordinance No. 1719 of the City of Salinas, dated November 21, 1977 ("**Ordinance No. 1719**"), as both may be amended or superseded from time to time. City reserves the right to enter the Property to remove any offending structure, object, or tree at Tenant's expense.

(2) Tenant agrees to comply with the notification and review requirements covered in Part 77 and Ordinance No. 1719 in the event future construction is planned for the Property, or in the event of any planned modification or alteration of any present or future building or structure on the Property.

(3) Tenant agrees on behalf of itself and its agents, successors, and assigns, and as material consideration for this Lease and a covenant running with the land, not to use the Property in any manner whatsoever that might interfere with the departure or landing of aircraft from the Airport or otherwise constitute a hazard. City reserves the right to enter the Property to abate any such interference at Tenant's expense.

(e) Security. Tenant agrees to comply with any applicable rules or procedures affecting the security of the Airport imposed by City or any other federal, state, or local agency, including, without limitation, the provisions of any agreement respecting Airport security between City and the FAA or the TSA, or any security plan approved by the FAA or the TSA. Any violations of any such rules or procedures by Tenant that result in fines to City by any federal, state, or local agency shall be assessed to Tenant as additional rent due and payable immediately upon invoice.

(f) Other Federal Requirements. Tenant agrees that Tenant's use of the Property, including any initial construction, all future construction, and any maintenance, repair, or modification of the Property, will comply with all applicable FAA 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.

ARTICLE 7.

TITLE TO IMPROVEMENTS; QUIET ENJOYMENT; INSPECTIONS.

Section 7.1 During the Term. The City hereby grants to the Tenant, without warranty express or implied, any right, title, or interest that the City has or may have in the Improvements now or hereafter located on the Property, which Improvements are and shall at all times during the Term be deemed real property. Notwithstanding any provision in this Lease to the contrary, the Improvements and all alterations, additions, equipment and fixtures built, made or installed by the Tenant in, on, under or to the Property or the Improvements shall be the sole property of the Tenant until the expiration of the Term or other termination of this Lease; provided, however, that the Tenant shall have no right to destroy, demolish, commit waste, or remove the Improvements, or

any portion thereof, except as specifically provided for in this Lease or as approved in writing by the City. It is the intent of the Parties hereto that this Lease shall create a constructive notice of severance of the Improvements from the Property without the necessity of a deed from the City after the Improvements have been constructed.

Section 7.2 After the Term. Upon the expiration of the Term or other termination of the Lease, the Improvements and all alterations, additions, equipment and fixtures shall be deemed to be and shall automatically become the property of the City, without cost or charge to the City. The City agrees that the Tenant, at any time prior to the expiration or other termination of this Lease, may remove from the Property, the Personal Property, and any and all equipment which the Tenant has furnished for maintenance purposes, provided that the Tenant shall repair any physical damage to the Property caused by the removal of such equipment and property. The Tenant agrees to execute, at the request of the City at the end of the Term, a quitclaim deed of the Improvements to the City to be recorded at the City's option and expense and any other documents that may be reasonably required by the City or the City's title company to provide the City title to the Property and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the City. City may, in its discretion, require Tenant, instead, at Tenant's sole cost, to remove any of the Improvements or Major Additional Improvements, and to restore the Property to its condition accordingly.

Section 7.3 Benefits of Improvements During Term. The City acknowledges and agrees that any and all depreciation, amortization, tax credits and other tax benefits for federal or state tax purposes relating to the Improvements located on the Property and any and all additions thereto, substitutions therefor, fixtures therein and other property relating thereto shall be deducted or credited exclusively to the Tenant during the Term and for the tax years during which the Term begins and ends.

Section 7.4 Quiet Enjoyment. The City covenants and warrants that the Tenant shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Property during the Term, subject only to the provisions of this Lease and all applicable legal requirements of the Governmental Authorities.

Section 7.5 The City's Right of Inspection. Notwithstanding Section 7.4 above, the City, in person or through its agents, upon at least forty-eight (48) hours prior written notice to the Tenant, shall have the right to enter upon the Property for purposes of reasonable inspections performed during reasonable business hours in order to assure compliance by the Tenant with its obligations under this Lease.

ARTICLE 8. ASSIGNMENT AND SUBLETTING

Section 8.1 Definitions. "**Transfer**" means:

(a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Lease or of the leasehold in the Property or fee estate in the Improvements or any part thereof or any interest therein, of the Improvements constructed thereon;

(b) Any merger, consolidation, sale, lease, assignment or conveyance of all or substantially all of the assets of any entity comprising the Tenant;

(c) Any action that results in the change, removal, replacement or otherwise of the principals of any entity comprising the Tenant; or

(d) The subletting of part or all of the Property except the Subleases permitted by Section 8.7. The Subleases permitted by Sections 8.7 shall not be deemed a "Transfer" for purposes of this Article 8.

Section 8.2 Purpose of Restrictions on Transfer; Applicability.

This Lease is granted to the Tenant solely for the purpose of development of the Property, and its subsequent use in accordance with the terms of this Lease, and not for speculation in landholding. The Tenant recognizes that, in view of the following factors, the qualifications and identity of the Tenant are of particular concern to the community and the City:

(a) The importance of the development of the Property to the general welfare of the community;

(b) The fact that a Transfer as defined in Section 8.1 above is for practical purposes a transfer or disposition of the leasehold interest in the Property then owned by the Tenant; and

(c) The fact that the Property is not to be acquired, developed or used for speculation, but only for development and operation by the Tenant in accordance with this Lease.

(d) The Tenant further recognizes that it is because of such qualifications and identity that the City is entering into this Lease with the Tenant and that Transfers are permitted only as provided in this Lease.

Section 8.3 Prohibited Transfers.

Except as expressly permitted in this Lease, the Tenant represents and agrees that the Tenant has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law.

Any Transfer made in contravention of this Section 8.3 shall be void and shall be deemed to be a default under this Lease whether or not the Tenant knew of or participated in such Transfer.

Section 8.4 Permitted Transfers.

Notwithstanding the provisions of Section 8.3, the following Transfers shall be permitted without the City's written approval:

(a) Any Transfer solely and directly resulting from the death or incapacity of an individual; or

(b) Any Transfer of a Parcel following recordation of the subdivision map(s) creating and causing the Property to be separate Parcels, to a limited liability company in which the managers are Ralph Borelli and Case Swenson, and the majority of voting members are the same as the Tenant; provided that (1) prior to the Transfer the City approves in writing the operating agreement and articles of organization for the limited liability company and the instrument of Transfer, which approval shall not be unreasonably withheld, delayed or conditioned, (2) and the operating agreement for the limited liability company provides for development and operation of the Property in a manner consistent with this Lease, and (3) Tenant shall be released from any further obligations under the Lease accruing subsequent to the Transfer subject to and conditioned upon, the limited liability company's assumption and agreement to perform and fulfill all terms, covenants, conditions, and obligations under the Lease; or

(c) Any Transfer approved by the City pursuant to Section 8.5.

Section 8.5 Procedure for Approval of Certain Transfers.

(a) In the event the Tenant desires to effect a Transfer, the Tenant shall first submit to the City information regarding such proposed Transfer including the proposed documents to effectuate the Transfer, and information regarding the proposed transferee's financial strength and the proposed transferee's capacities and expertise with of similar first-class light industrial and warehouse developments. The City shall approve the Transfer by written notice to the Tenant if, based on reasonable business judgment, the information submitted by the Tenant and any other relevant information available to the City, the City determines that the new Tenant will be of sound reputation and will have sufficient financial strength and management and operation expertise in the ownership and operation of first-class light industrial and warehouse developments to fully perform and comply with all terms of this Lease.

(b) The City shall notify the Tenant and the proposed transferee of its decision within twenty (20) business days (which means days that the City is open for business) of receipt of notice of the proposed transfer. In the event the decision is to disapprove the proposed transfer, the notice shall state with reasonable specificity the basis for disapproval by identifying which requirement or requirements set forth in Section 8.5 (a) above are not met or otherwise deficient, together with the factual basis supporting such finding our findings.

Section 8.6 Effectuation of Certain Permitted Transfers.

No Transfer of this Lease (as opposed to a Transfer in whole or in part of an interest in the Tenant) permitted pursuant to Section 8.4 (other than a Transfer pursuant to an Approved Security Interest under Section 10.1) shall be effective unless, at the time of the Transfer, the person or entity to whom such Transfer is made, by an instrument in writing reasonably satisfactory to the City and in form recordable among the land records, shall expressly assume all of the obligations of the Tenant under this Lease, and agree to be subject to all conditions and restrictions to which the Tenant is subject to arising during such person's or entity's ownership of this Lease. Anything to the contrary notwithstanding, the holder of an Approved Security Interest or any owner of the estate created by this Lease whose interest shall have been acquired by, through or under an Approved Security Interest, or shall have been derived immediately from any holder of an Approved Security Interest, shall not be required to give to the City such written assumption until

such holder or other person is entitled to possession of the Property or the Improvements thereon, or entitled to possession thereof.

Section 8.7 Sublease of Parcels.

(a) Notwithstanding the provisions of Sections 8.1 to 8.6 above, Tenant may Sublease the Parcels on the Property provided that the requirements of Article 8 (as applicable to a Sublease rather than an assignment) are met.

(1) Each Sublease shall:

(A) contain the provisions relating to use and maintenance of the Parcel and the related Improvements, which are substantially similar to the provisions set forth in Articles 5 and 6 of this Lease, including without limitation, the provision relating to nondiscrimination set forth in Section 5.7 of this Lease and the provision related to the prohibition against Hazardous Materials set forth in Section 5.18 of this Lease or a substantially similar provision (as determined in the City's reasonable discretion);

(B) contain the provision implementing the attornment provisions of Section 8.8 of this Lease;

(C) contain the provisions relating to insurance, damage and destruction, which are substantially similar to the provisions set forth in Article 9 of this Lease contain the provisions relating to use and maintenance of the Property and the Improvements, which are substantially similar to the provisions set forth in Article 5 of this Lease, and contain the provisions relating to eminent domain, which are substantially similar to the provisions set forth in Article 12 of this Lease.

(2) The Tenant shall retain copies of all Subleases and, upon request by City, shall provide each Sublease (or amendment thereto) to the City for the City's reasonable review.

(3) Tenant shall use commercially reasonable and diligent efforts to enforce the provisions of each Sublease.

Section 8.8 Attornment and Nondisturbance of Subtenant.

(a) Tenant shall take all actions reasonably necessary in a diligent fashion under the Subleases so as to maintain the Subleases in full force and effect.

(b) Notwithstanding City's termination of this Lease or any default by Tenant, City covenants and agrees to recognize and to not disturb the right of the Subtenants to use and possess the Parcels provided that the Subtenants are not in default under the Subleases and provided that, when necessary, the Subtenants shall have agreed in writing to attorn to City and pay rent to City from the date of such attornment.

(c) City covenants and agrees to execute, acknowledge and deliver, not later than thirty (30) days following written request therefore, a written agreement of nondisturbance confirming the right of nondisturbance retained by the Subtenants pursuant to this Lease.

Section 8.9 Transfer by City. In the event of a sale, assignment, transfer or conveyance by City of the fee interest in the Property or of the City's rights under this Lease to a transferee reasonably approved by Tenant, City shall be released from any future liability arising after the date of such assignment, transfer or conveyance upon any of the covenants or conditions of this Lease, expressed or implied, in favor of Tenant, and, in such event, Tenant agrees to look solely to the responsibility of the successor in interest of City in and to the Property or this Lease. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to any such purchaser or assignee.

Section 8.10 City Right of First Refusal in The Event of Bankruptcy. If, notwithstanding the provisions of this Article 8, the Tenant's interest in this Lease is assigned by the operation of law in connection with any proceedings under state or federal insolvency or bankruptcy law, or any comparable law, whether for liquidation or reorganization, the City shall have a right of first refusal to purchase this Lease in accordance with this Section 8.10. If any trustee or debtor in possession in such proceedings (collectively, "Trustee") receives an offer to purchase this Lease, such Trustee shall notify the City in writing of the terms of such offer. If the City, within thirty (30) days after receipt of such notice, agrees in writing with such Trustee to purchase this Lease on the terms stated, the Trustee shall sell and convey this Lease to the City on the terms stated in the notice. If the City does not so indicate its agreement within the thirty (30) day period, such Trustee shall thereafter have the right to assign this Lease to the party making the offer on the terms of such offer or other terms not substantially less favorable to such Trustee. If such offeror does not purchase this Lease on such terms and conditions, the City shall have the same right of first refusal pursuant to this Section 8.10 to purchase this Lease in the event of any later offer for the purchase of this Lease.

Section 8.11 Successors and Assigns. The terms, covenants and conditions contained in this Article 8 shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the Parties hereto; provided, however, that there shall be no transfer of any interest by the Tenant except pursuant to the terms of this Lease.

ARTICLE 9.

INSURANCE; DAMAGE AND DESTRUCTION OF IMPROVEMENTS

Section 9.1 Insurance Requirements. The Tenant shall submit to the City evidence of the insurance coverage meeting the general requirements set forth in Exhibit E, not less than ten (10) days prior to commencement of the Term, provided any evidence insurance required for construction purposes shall be submitted ten (10) days prior to commencement of any construction work on the Property. The City shall review and reasonably approve or disapprove of the evidence of insurance not less than ten (10) days after submission of complete information in the form required by the City. If the City disapproves the evidence of insurance, it shall specify in writing the reasons for such disapproval. The Tenant shall resubmit the information required within fifteen (15) days of the Tenant's receipt of the City's written notification. The review and submission

periods shall continue to apply until the City approves the evidence of insurance coverage. The Lease shall not commence prior to the City's approval of the Tenant's insurance and no work construction work shall be initiated on the Property prior to receipt of the City's approval of the Tenant's insurance relating to construction. The City shall not unreasonably withhold, delay or condition approval of any insurance.

The Tenant shall furnish the City with evidence that each Subtenant, contractor, and sub-contractor has secured insurance coverage meeting the general insurance requirements set forth in Exhibit E, prior to initiating any work on the Property. The periods for submission, review and approval shall apply as stated above.

Section 9.2 No Termination of Lease; Obligation to Restore. Except as otherwise provided in Section 9.3 below, no loss or damage by fire or any other cause resulting in either partial or total destruction of any buildings or the Improvements now or hereafter located in, upon or on the Property, or any fixtures, equipment or machinery used or intended to be used in connection with the Improvements shall operate to terminate this Lease, or to relieve or discharge the Tenant from the payment of Rent or other amounts payable under this Lease, as Rent or otherwise, as and when they become due and payable, or from the performance and observance of any of the agreements, covenants and conditions herein contained to be performed and observed by the Tenant. The Tenant hereby waives the provisions of Section 1932, subsection 2, and of Section 1933, subsection 4, of the California Civil Code, as either or both may from time to time be amended, replaced or restated. Except as provided in Section 9.3, the Tenant shall promptly repair, or cause the prompt repair of, any damage or destruction caused to the Improvements and restore the Improvements to at least as good a condition as existed prior to the damage or destruction, as more specifically provided in Section 9.4 below. The Tenant's failure to make such full repair and restoration under any conditions in which it has elected or is required so to do shall constitute a Tenant Event of Default under this Lease.

Section 9.3 Damage or Destruction. The following provisions shall apply in cases of damage or destruction of the Improvements on the Property:

(a) If the Improvements on the Property are damaged or destroyed by any casualty where (1) the casualty causing such damage or destruction is required to be insured against under the terms of this Lease, and (2) the insurance proceeds available are in an amount of not less than eighty percent (80%) of the amount necessary to repair and restore such Improvements, then the Tenant shall make full repair of such damage and shall restore the Improvements in accordance with the provisions of Sections 9.2 and 9.4 hereof.

(b) If the Improvements on the Property are damaged or destroyed by any casualty where (1) the casualty causing such damage or destruction is required to be insured against under the terms of this Lease, (2) the Tenant is not in default with respect to its obligation under this Lease to maintain insurance against the casualty causing such damage or destruction, and (3) the insurance proceeds available are in an amount that is less than eighty percent (80%) of the amount necessary to repair and restore such Improvements, then the Tenant shall have the right, at the Tenant's election, to (1) terminate this Lease in accordance with the provisions of Section 9.5 below, or (2) make full repair of such damage and to restore the Improvements in accordance with the provisions of Sections 9.2 and 9.4 hereof, or (3) repair such damage or restore the

Improvements to the extent necessary to preserve them and make them safe, and in addition, to the extent of the insurance proceeds available.

(c) If the Improvements on the Property are damaged or destroyed by any casualty where (1) the casualty causing such damage or destruction is required to be insured against under the terms of this Lease, and (2) the Tenant is in default with respect to its obligation under this Lease to maintain insurance against the casualty causing such damage or destruction, then the Tenant shall make full repair of such damage and shall restore the Improvements in accordance with the provisions of Section 9.2 and 9.4 hereof.

(d) If the Improvements on the Property are damaged or destroyed by any casualty where the casualty causing such damage or destruction is not required to be insured against under the terms of this Lease, then the Tenant shall have the right, at the Tenant's election, to (1) terminate this Lease in accordance with the provisions of Section 9.5 below, or (2) make full repair of such damage and to restore the Improvements in accordance with the provisions of Section 9.2 and 9.4 hereof, or (3) repair such damage or restore the Improvements to the extent necessary to preserve them and make them safe, and in addition, to the extent of the insurance proceeds available.

Section 9.4 Procedure for Repair and Restoration. The provisions of this Section 9.4 shall apply whenever the Improvements on the Property are to be repaired or restored under the provisions of this Article 9.

(a) In the event of any damage or destruction to the Property or the Improvements, the Tenant shall promptly give the City written notice of such damage or destruction, setting forth the cause (if known), the date on which such damage or destruction occurred, and the estimated cost of repair and restoration as certified by a professional cost estimator experienced in such matters. Whenever any part of the Property or the Improvements shall have been damaged or destroyed, the Tenant shall promptly make proof of loss and shall proceed promptly to collect, or cause to be collected, all valid claims which the Tenant may have against insurers or others based upon any such damage or destruction. Except as otherwise provided below, sums of money received as payments for any losses pursuant to said insurance policies shall be used and expended for the purpose of fully repairing or reconstructing the portions of the Property or the Improvements which have been destroyed or damaged in accordance with one of the following procedures:

(1) In accordance with the procedures for use and expenditure of insurance proceeds established by one or more Approved Security Interest Holders if there is an Approved Security Interest Holder(s) and such Approved Security Interest Holder(s) has established such procedures as of the time of receipt of the insurance process (in such case, the procedures in subsections (b) and (c) below shall not apply); or

(2) Otherwise, in accordance with the procedures of subsections (b) and (c) below, unless the Tenant has established alternate procedures that, in the City's reasonable judgment, will accomplish the use and expenditure of the insurance proceeds to effectuate full repair or reconstruction of the portions of the Property or the Improvements which have been

destroyed or damaged in a more effective manner than the procedures set forth in subsections (b) and (c).

The provisions of subsection (d) below shall apply regardless of the procedure employed for the use and expenditure of insurance proceeds.

(b) Within one hundred eighty (180) days after the event of damage or destruction, the Tenant shall make available to the Insurance Trustee, described in subsection (c) below, the difference, if any, between the certified estimated cost of repair and restoration and the amount of insurance proceeds anticipated to be received for such repair and restoration (such amount is hereinafter referred to as the "**Tenant Contribution**").

(c) All proceeds of insurance together with the Tenant Contribution, if any, shall be paid by the Tenant to the insurance trustee, which insurance trustee shall be a commercial bank or trust company experienced in such matters and designated by the City (the "**Insurance Trustee**"). The Insurance Trustee shall hold such proceeds in trust and shall disburse same to the Tenant as follows: from time to time as the work of restoration progresses, the Tenant shall submit to the Insurance Trustee a certificate of the Tenant, signed by an authorized officer or representative thereof, and approved by an architect selected by the Tenant and approved by the City (the "**Architect**"), which certificate shall (1) accurately describe the work for which the Tenant is requesting payment and the cost incurred by the Tenant in connection therewith, (2) certify that the Tenant has not theretofore received payment for such work, and (3) contain or be accompanied by a statement by the Tenant that the work for which the Tenant is requesting payment has been performed substantially in accordance with plans and specifications therefor approved by the City. Within five (5) days after receipt of any such certificate, the Insurance Trustee shall pay to the Tenant, from the funds on hand, an amount equal to ninety percent (90%) of the amount of the cost of the work for which the Tenant is requesting payment, as shown on such certificate. Upon completion of such work, the remainder of such cost (to the extent of the balance of the funds held by the Insurance Trustee) and all other insurance proceeds held by the Insurance Trustee shall be paid to the Tenant within five (5) days after the delivery to the Insurance Trustee of a certificate of the Tenant, signed by an authorized officer or representative thereof and approved by the Architect for the work, stating that the work has been completed and setting forth the total cost thereof, which certificate shall: (i) contain or be accompanied by a statement by the Tenant that the work has been completed substantially in accordance with plans and specifications therefor approved by the City, and (ii) be accompanied by either (A) an unconditional waiver or release of mechanics' and materialmen's liens executed by all persons or entities supplying labor or materials in connection with such work or (B) other evidence reasonably satisfactory to the City that the period for filing any such lien has expired and no such lien has been filed, or, if filed, has been bonded by the Tenant to the reasonable satisfaction of the City and the Insurance Trustee. The Insurance Trustee shall not be required to invest or pay interest on any funds held by such trustee, except in accordance with any agreement between the Tenant and the Insurance Trustee.

(d) The Tenant shall promptly commence and complete, in a good and workmanlike manner and in accordance with Article 4, the reconstruction or repair of any part of the Property or the Improvements thereon damaged or destroyed after (1) the City has approved the Tenant's plans, drawings, specifications and construction schedule for such reconstruction or

repair as such approval may be required under Article 4, and (2) the proceeds of insurance, if any, applicable to such reconstruction or repair have been made available for such purpose.

Section 9.5 Procedures Upon Permitted Termination. Upon termination of this Lease pursuant to Section 9.3 above, insurance proceeds for the Improvements not used in repair or restoration shall be distributed as follows:

(a) First, to the Approved Security Interest Holder(s), the amount required by such Approved Security Interest Holder(s).

(b) Second, at the option of the City, to the City in the amount necessary to raze the remaining Improvements, clear the Property, make it safe, and return the Property to the condition of a developable pad.

(c) Third, any balance shall be divided between the City and the Tenant on the following basis: Proceeds for Improvements having a remaining useful life less than the remaining Term as of the termination date shall be paid to the Tenant. A proportionate share of proceeds for the Improvements having a remaining useful life greater than the remaining Term as of the termination date, calculated by the ratio that the remaining Term bears to the remaining useful life, shall be paid to the Tenant, and the balance of such proceeds for such Improvements shall be paid to the City.

All other insurance proceeds shall be paid to and become the sole property of the Tenant. The Tenant shall be responsible for paying all indebtedness owed to Approved Security Interest Holders or the Subtenants from the Tenant's share of insurance proceeds allocated pursuant to this Section 9.5 or from other sources available to the Tenant.

Section 9.6 Prosecution of Claims. In connection with and as a condition of any termination pursuant to Section 9.3 or 9.5 above, the Tenant shall make proof of loss and proceed to collect or commence collection of all valid claims which the Tenant may have against insurers or others based upon such damage or destruction, and shall assign and transfer to the City all rights under insurance policies and against others and proceeds of insurance and other claims resulting from the casualty.

Upon termination of this Lease, the Tenant shall deliver possession of the Property and the Improvements thereon to the City and quitclaim to the City all right, title and interest in the Property and the Improvements thereon.

ARTICLE 10. APPROVED SECURITY INTERESTS

Section 10.1 Right to Encumber. The Tenant shall have the right during the Term to encumber, through an Approved Security Interest, the leasehold interest created by this Lease and the Property subject to the provisions of this Lease. No mortgage, deed of trust, other method of security, mechanics lien or other encumbrance of any kind shall be permitted to encumber the City's fee interest in the Property.

Section 10.2 Notice and Right to Cure Defaults Under Approved Security Interests. Upon the recording of the Memorandum of Lease, the City may record in the office of the Recorder of the County of Monterey a request for notice of any default under the Approved Security Interests. In the event of default by the Tenant under any of the Approved Security Interests, the City shall have the right, but not the obligation, to cure the default. Any payments made by the City to cure a default plus interest at the Default Interest Rate shall be treated as additional Rent due from the Tenant as provided in Article 3.

Section 10.3 Registration of Approved Security Interests. The Tenant shall provide written notice to the City of the name and address of each Holder, and terms of financing, of each Approved Security Interest under this Lease.

Section 10.4 Rights and Obligations of Approved Security Interest Holder. If the Tenant creates an Approved Security Interest in compliance with the provisions of Section 10.1 above, then, as long as any such Approved Security Interest remains in existence and until the lien of such Approved Security Interest has been extinguished, the following provisions shall apply to each and every Approved Security Interest Holder:

(a) The City shall not accept any surrender of this Lease, nor shall the City consent to any amendment or modification of this Lease, without the prior written consent of the Approved Security Interest Holder. The Tenant shall have no right to terminate this Lease, and no purported exercise of any such right shall be effective, unless the Approved Security Interest Holder also exercises such right in accordance with this Lease.

(b) Notwithstanding any default by the Tenant in the performance or observance of any agreement, covenant or condition of this Lease on the part of the Tenant to be performed or observed, the City shall have no right to terminate this Lease unless a Tenant Event of Default shall have occurred and be continuing, the City shall have given the Approved Security Interest Holder written notice of such Event of Material Default, and the Approved Security Interest Holder shall have failed to cure such Tenant Event of Default or to acquire the Tenant's leasehold estate created by this Lease or to commence foreclosure or other appropriate proceedings in the nature thereof, all as set forth in, and within the time specified by, this Section 10.4.

(c) The Approved Security Interest Holder shall have the right, but not the obligation, at any time prior to termination of this Lease, to pay any of the Rent due hereunder, to effect any insurance, to pay any taxes or assessments, to make repairs or improvements, to do any act or thing which may be required hereunder, and to do any other act or thing which may be necessary or proper to be done in the performance and observance of the agreements, covenants and conditions of this Lease to prevent termination of this Lease. All payments so made and all things so done and performed by the Approved Security Interest Holder shall be effective to prevent a termination of this Lease as the same would have been if made, done and performed by the Tenant instead of by the Approved Security Interest Holder.

(d) Should any Tenant Event of Default under this Lease occur, the Approved Security Interest Holder shall have sixty (60) days after the date of written notice from the City setting forth the nature of such Tenant Event of Default and, if the default is such that possession of the Property may be necessary to cure the Tenant Event of Default, a reasonable time after the

expiration of such period of sixty (60) days, within which to cure such Tenant Event of Default, provided that (1) the Approved Security Interest Holder shall have fully cured any default in the payment of any monetary obligations of the Tenant under this Lease within such period of sixty (60) days and shall continue to pay currently such monetary obligations as and when the same are due and (2) the Approved Security Interest Holder shall have acquired the Tenant's leasehold estate created by this Lease or commenced foreclosure or other appropriate proceedings in the nature thereof within such period of sixty (60) days, or prior thereto, and is diligently prosecuting such proceedings. All rights of the City to terminate this Lease as the result of the occurrence of any such Tenant Event of Default shall be subject to, and conditioned upon, the City having first given the Approved Security Interest Holder written notice of such Tenant Event of Default and the Approved Security Interest Holder having failed to cure such default or to acquire the Tenant's leasehold estate created by this Lease or to commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this Section 10.4.

(e) Any Tenant Event of Default under this Lease which in the nature thereof cannot be cured by the Approved Security Interest Holder (not including any Tenant Event of Default related to nonpayment of any monetary obligation under this Lease) shall be deemed to be cured if: (1) within sixty (60) days after the date of written notice from the City setting forth the nature of such Event of Material Default, the Approved Security Interest Holder shall have acquired the Tenant's leasehold estate created by this Lease or shall have commenced foreclosure or other appropriate proceedings in the nature thereof, (2) the Approved Security Interest Holder shall diligently prosecute such proceedings to completion, (3) the Approved Security Interest Holder shall have fully cured any Tenant Event of Default in the payment of any monetary obligations of the Tenant hereunder which do not require possession of the Property, and (4) upon obtaining possession of the Property, the Approved Security Interest Holder shall fully perform and observe all of the agreements, covenants and conditions on the part of the Tenant to be performed and observe hereunder as and when performance and observance is due.

(f) If the Approved Security Interest Holder is prohibited by any order or stay or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving the Tenant, from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in this Section 10.4 for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition, provided that the Approved Security Interest Holder shall have fully cured any default in the payment of any monetary obligations of the Tenant under this Lease and shall continue to pay currently such monetary obligations as and when the same are due to the extent required by this Section 10.4.

(g) If the City is given the address of the Approved Security Interest Holder, the City shall mail or deliver to the Approved Security Interest Holder a duplicate copy of all notices of Tenant Event of Default which the City may from time to time give to the Tenant pursuant to the Lease and such copy shall be mailed or delivered to the Approved Security Interest Holder at, or as near as possible to, the same time such notice is given by the City to the Tenant. No notice by the City or the Tenant hereunder shall be effective or deemed to have been given unless and until a copy thereof shall have been mailed or delivered to the Approved Security Interest Holder as required by this Section 10.4.

(h) Foreclosure of the Approved Security Interest, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Approved Security Interest, or any conveyance of the leasehold estate created by this Lease from the Tenant to the Approved Security Interest Holder through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of the City pursuant to the terms of Article 8 hereof, and upon such foreclosure, sale or conveyance, the City shall recognize the Approved Security Interest Holder, or any other foreclosure sale purchaser, as the Tenant hereunder. In the event the Approved Security Interest Holder becomes the Tenant under this Lease, the Approved Security Interest Holder shall be personally liable for the obligations of the Tenant under this Lease.

(i) At any time during the term of this Lease upon request by the Tenant, the City shall execute and deliver to the Tenant any suitable amendment to this Lease or other document from time to time which may reasonably be necessary to implement the provisions of this Section 10.4 provided, however, that such amendment or other document shall not in any way affect the Term of this Lease nor affect adversely in any material respect any rights of the City under this Lease.

(j) Any notice or other communication which the City shall desire or is required to give to or serve upon an Approved Security Interest Holder under this Lease shall be made pursuant to the terms of Section 14.1.

(k) An Approved Security Interest Holder is not obligated to construct or complete the construction of the Improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the Lease be construed so to obligate such Approved Security Interest Holder. However, nothing in this Lease shall be deemed to construe, permit or authorize any such Approved Security Interest Holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Lease.

(l) Nothing contained in this Lease shall be deemed to permit or authorized an Approved Security Interest Holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect such Improvements or construction already made) without first having expressly assumed the Tenant's obligations to the City relating to such improvements by written agreement reasonably satisfactory to the City. The Approved Security Interest Holder in that event must agree to complete, in the manner provided in this Lease, the Improvements, and submit evidence satisfactory to the City that it has the qualification and financial responsibility necessary to perform such obligations.

(m) In any case where, six (6) months after a Tenant Event of Default by the Tenant in completion of construction of the Improvements under this Lease, an Approved Security Interest Holder, having first exercised its option to construct, has not proceeded diligently with construction, the City shall be afforded these rights against the Approved Security Interest Holder: (1) terminating in writing this Lease as it then relates to the Approved Security Interest Holder; (2) prosecuting an action against the Approved Security Interest Holder for damages; or (3) prosecuting an action for specific performance and equitable relief compelling the Approved Security Interest Holder to commence and diligently complete the construction.

(n) In the event this Lease is terminated for any reason prior to the end of the Term, including without limitation, rejection of the Lease in a bankruptcy proceeding (unless the Lease is terminated due to Approved Security Interest Holder's failure to timely exercise its cure rights provided hereunder), then the City shall promptly notify Approved Security Interest Holder of the same, and the City shall enter into a new lease of the Property (the "New Lease") with the Approved Security Interest Holder (or its successor or assign assuming such transferee meets the terms of Article 8 of this Lease) upon the satisfaction of the following: (a) the Approved Security Interest Holder requests such New Lease by written notice to the City within sixty (60) days after written notice by the City of the notice of Tenant Event of Default, (b) the Approved Security Interest Holder cures all uncured defaults of the Tenant pursuant to the terms of this Article 10. The term of the New Lease shall be for the remainder of the Lease Term, and shall be otherwise in form and substance identical to the Lease. In connection with any such New Lease, the City shall, by grant deed, convey to the Approved Security Interest Holder or its approved successor or assign title to the Improvements, if any, which become vested in the City as a result of termination of the Lease, subject to the terms of the New Lease.

(o) So long as any Approved Security Interest Holder holds an Approved Security Interest, the fee title to the Property and the leasehold estate created by this Lease shall not merge unless all Approved Security Interest Holders expressly consent to the merger in writing.

ARTICLE 11.

SURRENDER; HOLDING OVER

Section 11.1 Surrender of Property.

(a) At the end of the Term or other sooner termination of this Lease, the Tenant shall surrender and deliver to the City the Property and the possession of the Property, together with all Improvements and Personal Property the City is entitled to retain on the Property pursuant to the terms of this Lease, in condition required for the Property and Improvements to be maintained under this Lease, free and clear of all occupancies other than those granted non-disturbance pursuant to the provisions of this Lease, and free and clear of all liens and encumbrances other than those, if any, presently existing or created by the City, without payment or allowance whatever by the City on account of any such Improvements.

(b) Concurrently with the surrender of the Property, the Tenant agrees, if requested by the City and for the benefit of the City, to execute, acknowledge and deliver to the City a quitclaim deed to the Property and such instruments as may be reasonably requested by the City to evidence or otherwise effect such passage and vesting of title to the Improvements and Personal Property, if any, retained on the Property to the City.

Section 11.2 Holding Over.

If the Tenant shall retain possession of the Property or the Improvements thereon or any part thereof without the City's prior written consent following the expiration or sooner termination of this Lease for any reason, then the Tenant shall pay to the City an amount equal to two hundred percent (200%) of the Rent and other payments that would have been due had the Lease not expired or been terminated and had the Rent and other payment terms in effect at the time of the expiration

or sooner termination of the Lease remained in effect; provided, however, that if the Tenant prevails in an action determining that the Lease has not in fact expired or been sooner terminated in accordance with the terms hereof, the City shall promptly return to the Tenant the portion of the amount set forth in this sentence that is in excess of the Rent and other payments due under the Lease absent this sentence. These payments shall be applicable to a holding over of any kind by the Tenant. The Tenant shall also indemnify and hold the City harmless from any loss or liability resulting from delay by the Tenant in surrendering the Property, including, without limitation, any claims made by any succeeding tenant founded on such delay. Acceptance of Rent by the City following expiration or termination shall not constitute a renewal of this Lease and nothing contained in this Section 11.2 shall waive the City's right of reentry or any other right. The Tenant shall be only a tenant at sufferance, whether or not the City accepts any Rent from the Tenant while the Tenant is holding over without the City's written consent.

Section 11.3 No Merger. Except upon expiration of the Term or upon termination of this Lease pursuant to an express right of termination set forth herein, there shall be no merger of either this Lease or the Tenant's estate created hereunder with the fee estate of the Property or any part thereof by reason of the fact that the same person may acquire, own or hold, directly or indirectly, (a) this Lease, the Tenant's estate created hereunder or any interest in this Lease or the Tenant's estate (including the Improvements), and (b) the fee estate in the Property or any part thereof or any interest in such fee estate (including the Improvements), unless and until all persons, including any assignee of the City, having an interest in (i) this Lease or the Tenant's estate created hereunder, and (ii) the fee estate in the Property or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same.

ARTICLE 12. EMINENT DOMAIN

Section 12.1 Total Taking. If either the entire Property (or any improvements thereon) or a substantial and essential portion of the Property (or any Improvements thereon), the taking of which portion materially impairs the use of the Improvements then being made by the Tenant and renders the remainder of the Improvements unsuitable or economically not feasible for such use, as reasonably determined by the Tenant in good faith, is taken under the power of eminent domain during the Term of this Lease, then this Lease shall terminate as of the date of such taking. The City and the Tenant shall together make one claim for an award for their combined interests in the Property and all buildings, structures, Improvements and fixtures thereon which are so taken. Such award shall be paid to and divided between the City and the Tenant in priority as follows:

(a) All compensation and damages payable for or on account of the underlying fee title to the Property, assuming that the Property were unimproved but encumbered by this Lease, shall be payable to and be the sole property of the City.

(b) All compensation and damages payable for or on account of the buildings and Improvements located on the Property shall be divided between the City and the Tenant in the manner specified in Section 9.5(c) of this Lease.

Section 12.2 Partial Taking. If less than the whole of the Property is taken under the power of eminent domain during the Term of this Lease and this Lease is not terminated as provided in Section 12.1 hereof, then this Lease shall terminate only with respect to the portion of the Property taken and this Lease shall continue in full force and effect with respect to the portion of the Property not taken. The Tenant shall, but only to the extent of the amount of the award received, promptly reconstruct and restore the portion of the Property not taken and the buildings and Improvements located on the portion of the Property not taken as an integral unit of the same general quality and character as existed prior to such taking. Such reconstruction and restoration shall be performed in a good and workmanlike manner and undertaken in accordance with plans and specifications submitted to and approved by the City in accordance with Article 4, and otherwise in accordance with the applicable provisions of this Lease.

All awards or other payments received on account of a partial taking as described in this Section 12.2 shall be paid to the Insurance Trustee referred to in Section 9.4 above to be held and disbursed in the same manner as insurance proceeds, except that any portion of such award remaining after completion of any restoration shall be divided between the City and the Tenant and disbursed by the Insurance Trustee in the manner provided in Section 9.5 above.

Section 12.3 Temporary Taking. If the use of all or any part of the Property is taken under the power of eminent domain during the Term on a temporary basis for a period less than the time remaining after the date of such taking to the end of the Term, then this Lease shall continue in full force and effect and the Tenant shall continue to be obligated to perform and observe all of the agreements, covenants and conditions on the part of the Tenant to be performed and observed as and when performance and observance is due to the full extent that such agreements, covenants and conditions are physically capable of performance and observance by the Tenant after such taking. The award payable for or on account of such taking shall be paid to the Tenant.

Section 12.4 Notice of Taking; Single Proceeding. In case of a taking of all or any part of the Property or the Improvements thereon or the commencement of any proceeding or negotiations which might result in such taking, the Party having notice of such taking or of the commencement of any such proceeding or negotiations shall promptly give written notice thereof to the other Party. The City and the Tenant shall jointly prosecute their claims for an award in a single proceeding, in which any Approved Security Interest Holder may join. In any eminent domain proceeding affecting the Property, both the City and the Tenant shall have the right to appear in the proceeding and to defend against the eminent domain action as they deem proper in accordance with their own interests. To the extent possible, the City and the Tenant shall cooperate with each other to maximize the amount of the award payable by reason of the eminent domain. Issues between the City and the Tenant that arise under this Article 12 shall be joined in any such eminent domain proceeding to the extent permissible under then applicable rules governing such joinder.

As used in this Lease: (1) a "taking" means the acquisition of all or any part of the Property for a public use by exercise of the power of eminent domain; (2) the taking shall be considered to occur as of the earlier of the date on which possession of the Property by the entity exercising the power of eminent domain is authorized as stated in an order for possession, or the date on which

title to the Property vests in the person exercising the power of eminent domain; and (3) "award" means the compensation paid for the taking.

ARTICLE 13. EVENTS OF DEFAULT

Section 13.1 Events of Default. Each of the following, subject to the applicable notice and cure period below, shall be a "**Tenant Event of Default**" by the Tenant hereunder:

(a) Failure by the Tenant to pay any Rent when due or to pay or cause to be paid any insurance premiums or other liquidated sums of money herein stipulated to be paid by the Tenant, if such failure shall continue for a period of ten (10) days after notice thereof has been given by the City to the Tenant;

(b) The Tenant breaches, and thereafter fails to cure within the time frame set forth below, any provision of Article 4;

(c) The Tenant breaches, and thereafter fails to cure within the time frame set forth below, any provision of Article 5;

(d) The Tenant breaches, and thereafter fails to cure within the time frame set forth below, any provision of Article 6;

(e) A Bankruptcy/Insolvency Event occurs with respect to the Tenant or any entity comprising the Tenant;

(f) The Tenant attempts or completes a Transfer, other than a Permitted Transfer, without obtaining the City's prior written consent.

(g) The failure of the Tenant to fully repair and restore the Improvements pursuant to Article 9;

(h) The failure of the Tenant to cure, within the period prescribed by statute, any Notice of Default recorded by an Approved Security Interest Holder.

(i) Failure by the Tenant to perform or observe any other provisions of this Lease to be observed and performed by the Tenant, if such failure shall continue for a period of thirty (30) days after notice thereof has been given by the City to the Tenant; provided, however, that if any such failure cannot reasonably be cured within such thirty (30) day period, then the City shall not have the right to terminate this Lease or the Tenant's right to possession hereunder so long as the Tenant promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure within a reasonable period of time; provided, however, that such period shall not extend for more than ninety (90) days after the date of the City's notice to the Tenant.

Section 13.2 Rights and Remedies.

(a) At any time after the occurrence of an Event of Default hereunder, the City, subject in all respects to the provisions of this Lease with respect to the City's rights to cure defaults by the Tenant and with respect to the rights of any Approved Security Interest Holders, may terminate this Lease by giving the Tenant written notice thereof (with a copy of such notice to the Approved Security Interest Holders), setting forth in such notice an effective date for termination which is not less than thirty (30) days after the date of such notice, in which event this Lease and the Tenant's estate created hereby and all interest of the Tenant and all parties claiming by, through or under the Tenant shall automatically terminate upon the effective date for termination as set forth in such notice, with the same force and effect and to the same extent as if the effective date of such notice had been the date originally fixed in Article 2 hereof for the expiration of the Term. In such event, the City, its agents or representatives, shall have the right, without further demand or notice, to re-enter and take possession of the Property (including all buildings, the Improvements, and other improvements comprising any part thereof) at any time from and after the effective termination date without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of Rent or existing breaches of covenants or any other remedy available at law or equity to the City; provided that the City shall not be entitled to disturb possession of any Subtenants or others in possession pursuant to Subleases with the Tenant so long as such Subtenants or others are not in default thereunder and attorn to the City as their lessor.

(b) Upon the exercise of the City's remedies pursuant to this Section 13.2, the Tenant shall execute such releases, deeds and other instruments in recordable form as the City shall reasonably request in order to accurately set forth of record then current status of the Tenant's estate in the Property and the Tenant's rights hereunder.

Section 13.3 Default by the City.

(a) Events of Default. The City shall be in default of this Lease if it fails to perform any provision of this Lease that it is obligated to perform, and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to the City. If the default is susceptible of cure but cannot reasonably be cured within thirty (30) days, the City shall not be in default of this Lease if the City commences to cure the default within such thirty (30) day period and diligently and in good faith continues to cure the default until completion.

(b) Right to Cure; the Tenant's Remedies. If the City shall have failed to cure a default by the City after expiration of the applicable time for cure of a particular default, the Tenant, at its election, but without obligation therefor (i) may seek specific performance of any obligation of the City, after which the Tenant shall retain, and may exercise and enforce, any and all rights that the Tenant may have against the City as a result of such default, (ii) from time to time without releasing the City in whole or in part from the obligations to be performed by the City hereunder, may cure the default at the City's cost, (iii) may terminate this Lease, and/or (iv) may exercise any other remedy given hereunder or now or hereafter existing at law or in equity.

(c) Notices. Notices given by the City under Section 13.1 or by the Tenant under Section 13.3 shall specify the alleged default and the applicable Lease provisions, and shall demand that the Tenant or the City, as applicable, perform the appropriate provisions of this Lease

within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease unless expressly set forth in such notice.

ARTICLE 14.
MISCELLANEOUS PROVISIONS

Section 14.1 Notice, Demands and Communication. Formal notices, demands, and communications between the City and the Tenant shall be in writing and shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail/return receipt, or delivered personally, to the principal offices of the City and the Tenant as follows:

City:	City of Salinas Attn: City Manager 200 Lincoln Avenue Salinas, CA 93901
With a copy to:	City of Salinas Attn: Airport Manager 30 Mortensen Avenue Salinas, CA 93905
With a copy to:	City Attorney City of Salinas 200 Lincoln Avenue Salinas, CA 93901
Tenant:	Salinas Business Park, LLC Attn: Ralph Borelli 2051 Junction Avenue, Suite 100 San Jose, CA 95131
	Salinas Business Park, LLC Attn: Legal Notices 777 N. First St., 5 th Floor San Jose, CA 95112
With a copy to:	Mark S. Carlquist Carlquist & McClellan 983 University Ave., Suite 104C Los Gatos California, 95032

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 14.1. No Party shall evade or refuse delivery of any notice.

Section 14.2 Conflict of Interests. No member, official or employee of the City shall make any decision relating to the Lease which affects his or her personal interests or the interest of any corporation, partnership or association in which he is directly or indirectly interested.

Section 14.3 Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the City or the City shall be personally liable to the Tenant, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Tenant or successor or on any obligation under the terms of this Lease.

Section 14.4 Enforced Delay.

(a) In addition to specific provisions of this Lease, performance by either Party shall not be deemed to be in default where delays or defaults are due to war; acts of terrorism; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; "Shelter-In-Place" orders, regulations, and/or ordinances issued by local, state, and/or federal public health officials; quarantine restrictions; freight embargoes; energy shortages or rationing; delay in utility connections by utility service providers; lack of transportation; or court order; or any other similar causes (other than lack of funds of the Tenant or the Tenant's inability to finance the Development) beyond the control or without the fault of the Party claiming an extension of time to perform. Upon the occurrence of any such cause, the City and Tenant will promptly meet and confer in good faith to determine the nature, extent, and probable duration of such cause for the purpose of reaching a written agreement as to an extension of time for performance. Times of performance under this Lease may also be extended by written agreement of the City and the Tenant.

(b) 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 City's control, Tenant can no longer develop or use the Property or any portion thereof as contemplated under this Lease, Tenant may, upon three (3) months' written notice, terminate this Lease as to the applicable portion of the Property. City will equitably abate Tenant'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 Tenant.

Section 14.5 Inspection of Books and Records. The City and its agents have the right at all reasonable times to inspect on a confidential basis the books, records and all other documentation of the Tenant pertaining to its obligations under this Lease. The Tenant also has the right at all reasonable times to inspect the books, records and all other documentation of the City pertaining to its obligations under this Lease to the extent such items to be inspected are part of the public record. The Tenant and the City shall retain such books, records and documentation for a period of five (5) years after their creation.

Section 14.6 Title of Parts and Sections. Any titles of the sections or subsections of this Lease are inserted for convenience of reference only and shall be disregarded in construing or interpreting any part of its provision.

Section 14.7 Indemnity. The Tenant shall indemnify, defend and hold the City and its respective council members, directors, officials, employees, agents, successors, and assigns

harmless against all claims made against them, causes of action, administrative proceedings, arbitrations or enforcement actions which arise out of or in connection with the Tenant's ownership, occupancy, or development of the Improvements or construction on the Property by the Tenant, Subtenants and the Tenant's and Subtenants' contractors, subcontractors, agents, employees or sub-subtenants and all damages (direct or consequential), costs, losses, injuries, fines, penalties, liens, encumbrances, charges, liabilities, demands, judgments, remedial action requirements, obligations, and all costs and expenses incurred in connection therewith (including, but not limited to, attorney fees and costs); provided, however, that this indemnity shall not extend to any claim arising solely from the City's failure to perform its obligations under this Lease or solely from the gross negligence or willful misconduct of the City, the City, or their respective board members, council members, directors, officials, employees, agents, successors, and assigns.

Section 14.8 Applicable Law. This Lease shall be interpreted under and pursuant to the laws of the State of California.

Section 14.9 Severability. If any term, provision, covenant or condition of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provision shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 14.10 Real Estate Commissions. Tenant acknowledges that City has not retained the services of any broker, agent or finder with respect to the Property or in connection with any matters relating to this Lease, and agrees to hold the City harmless from and against any claim for commission, fee, or other remuneration by any broker, agent, or finder under any claimed retainer for services with respect thereto. If a real estate commission is claimed due to the actions of any Party hereto, then Tenant shall indemnify, defend, and hold the City harmless from any liability related to such commission. Tenant acknowledges that it will pay any brokerage fee due to Greg Findley and Michael Bassetti with Cushman Wakefield, in addition to any other amounts due under this Section 14.10. The provisions of this Section 14.10 shall survive termination of this Lease.

Section 14.11 Legal Actions.

(a) In the event any legal action is commenced to interpret or to enforce the terms of this Lease or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorney fees and costs incurred in such action, including attorney fees and costs of any appeals in such amount as the court may adjudge reasonable. Attorney's fees for in-house City Attorney staff, if awarded, shall be calculated at the market rate. The prevailing party shall be determined by the court based on an assessment of which Party's major arguments made or positions taken in the proceedings could fairly be said to have prevailed over the other Party's major arguments or positions on major disputed issues in the court's decision. If the Party which shall have commenced or instituted the action, suit, or proceeding shall dismiss or discontinue it without the concurrence of the other Party, such other Party shall be deemed the prevailing party. The provisions of this Section 14.11 shall survive termination of this Lease.

(b) In the event legal action is commenced by a third party or parties, the effect of which is to directly or indirectly challenge or compromise the enforceability, validity, or legality

of the Lease and/or the power of the City to enter into this Lease or perform its obligations hereunder, either the City or the Tenant may (but shall have no obligation to) defend such action. Upon commencement of any such action, the City and the Tenant shall meet in good faith and seek to establish a mutually acceptable method of defending such action.

Section 14.12 Binding Upon Successors; Covenants to Run with Land. This Lease shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties; provided, however, that there shall be no Transfer of any interest by the Tenant except pursuant to the terms of this Lease. Any reference in this Lease to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms of this Lease, or under law.

The terms of this Lease shall run with the land and shall bind all successors in title to the Property during the Term of this Lease, except that the provisions of this Lease that are specified to survive termination of this Lease shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Property or the Improvements or any portion thereof shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases the Property, the Improvements, or the applicable portion of the Property, from the requirements of this Lease.

Section 14.13 Discretion Retained by City. The City's execution of this Lease does not constitute approval by the City and in no way limits the discretion of the City in the permit and approval process in connection with development of the Improvements, any Major Additional Improvements, or any other use or development on the Property by the Tenant.

Section 14.14 Parties Not Co-Venturers. Nothing in this Lease is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 14.15 Employment Opportunity. The Tenant shall not and shall cause Subtenants and their successors, assigns, contractors and subcontractors to not, discriminate against any employee or applicant for employment in connection with the construction and operation of the Improvements because of race, color, religion, sex, sexual preference, marital status, source of income, ancestry or national origin. Each of the following activities shall be conducted in a nondiscriminatory manner: hiring; upgrading; demotion and transfers; recruitment and recruitment advertising; layoff and termination; rate of pay and other forms of compensation; and selection for training including apprenticeship.

Section 14.16 Warranties. The City expresses no warranty or representation to the Tenant as to fitness or condition of the Property or any portion thereof for the building or construction to be conducted thereon.

Section 14.17 Action by the City or the Tenant.

(a) Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent, request, or other action by the City is required or permitted

under this Lease, such action may be given, made, or taken by the City Manager, or by any person who shall have been so designated in writing to the Tenant by the City Manager, without further action or approval by the City Council, and any such action shall be in writing. The City Manager may, in his or her discretion, agree in writing to modification of the dates by which action are to be complete or to waive any terms and conditions of this Lease or to make reasonable modifications to the Lease requested by the Tenant's lenders.

(b) The Tenant shall take all actions necessary to implement the provisions of this Lease and to complete those performances required of the Tenant.

Section 14.18 No Third-Party Beneficiaries. This Lease is made and entered into solely for the benefit of the City and the Tenant and no other person shall have any right of action under or by reason of this Lease.

Section 14.19 Amendments. The Parties can amend this Lease only by means of a writing signed by both Parties; provided, however, the Parties may enter into Operating Memoranda or Implementation Agreements in furtherance of the intent of this Lease without formal amendment of this Lease for purposes, in the manner, and with the effect set forth in Section 14.20 below.

Section 14.20 Operating Memoranda; Implementation Agreements.

(a) The Parties acknowledge that the provisions of this Lease require a close degree of cooperation and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Lease. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance for those items covered in general terms under this Lease. If and when, from time to time during the Term of this Lease, the Parties find that refinements or adjustments through Operating Memoranda or Implementation Agreements approved by the Parties which, after execution by both Parties shall be attached to this Lease as addenda and become a part hereof.

(b) Operating Memoranda or Implementation Agreements may be executed on the City's behalf by the City Manager. In the event a particular subject requires notice or hearing, such notice or hearing shall be appropriately given. Any significant modification to the terms of performance under this Lease shall be processed as an amendment of this Lease in accordance with Section 14.19 and must be approved by the City Council.

Section 14.21 Representation and Warranties of the Tenant. Each entity comprising the Tenant hereby represents and warrants to the City as follows:

(a) Organization. It is a duly organized, validly existing California corporation, and is in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted in California.

(b) Authority. It has full power and authority to execute and deliver this Lease, or to be executed and delivered, pursuant to this Lease, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Lease and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of it, and all actions required under its organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Lease and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease, have been duly taken.

(d) Valid Binding Agreements. This Lease and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of it enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Lease or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Lease, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on it, or any provision of the organizational documents of it, or will conflict with or constitute a breach of or a default under any agreement to which it is a party, or will result in the creation or imposition of any lien upon any assets or property of it, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. The construction of the Improvements will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government agency.

(g) Pending Proceedings. It is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of it, threatened against or affecting the Tenant, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to it, materially affect the Tenant's ability to develop the Improvements.

(h) Title to Property. Upon the recordation of the Memorandum of Lease, the Tenant will have good and marketable leasehold title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than those liens approved by the City, liens for current real property taxes and assessments not yet due and payable, and liens in favor of the City or approved in writing by the City.

(i) Financial Statements. The financial statements of it and other financial data and information furnished by the Tenant to the City fairly present the information contained therein. As of the date of this Lease, there has not been any adverse, material change in the financial condition of it from that shown by such financial statements and other data and information.

(j) Sufficient Funds. The Tenant holds or will arrange to have access to sufficient funds or binding commitments for sufficient funds to complete the construction of the Improvements in accordance with this Lease.

Section 14.22 Multiple Originals; Counterparts. This Lease may be executed in counterparts and multiple originals, each of which shall be deemed to be an original.

Section 14.23 Joint and Several. If there is more than entity comprising the Tenant, then the obligations under this Lease imposed on Tenant shall be joint and several.

Section 14.24 Reimbursement of City Costs.

(a) Pursuant to the original First Amended and Restated ENRA dated August 13, 2019 ("**Original ENRA**"), certain costs incurred by the City pursuant to the Original ENRA were to be reimbursed by the Tenant, and Tenant delivered the deposit in the sum of \$10,000. During the Negotiating Period, as extended by the twelve amendments to the ENRA, there were material changes to the nature and scope of the proposed projects contemplated under the original ENRA. The changes in the nature and scope of the proposed projects and other factors including changes to site plans, architectural renderings, and pandemic related issues, resulted in Tenant incurring costs in excess of the costs contemplated under the Original ENRA. In the tenth amendment to the ENRA dated November 16, 2022, it was acknowledged and agreed Tenant would pay future costs and expenses related to the changed nature and scope of the of the project contemplated under the ENRA, as amended. Accordingly, any costs incurred by the City pursuant to the ENRA that are reimbursable by the Tenant as set forth in subsection (b) shall be managed in accordance with the following provisions:

(1) City acknowledges Tenant's delivery of the initial deposit in the sum of \$10,000 under the Original ENRA and Tenant acknowledges that such initial deposit has been used to reimburse the City for costs incurred under the original ENRA.

(2) City acknowledges Tenant's additional deposit in the sum of \$10,000 on or about July 2023 to reimburse the City for costs associated with the CEQA addendum and traffic analysis.

(3) Tenant shall make an additional deposit to City in the sum \$47,718 prior to the issuance of a grading permit for the Site Improvement Work to reimburse the City for additional costs associated with the CEQA addendum and traffic analysis that exceeded the cost of the deposit make pursuant to subsection (a)(2).

(4) City shall track all expenditures made from the deposited funds and shall provide a breakdown of all expenditures to the Tenant upon request. If the sum initially deposited proves inadequate, the City may request additional funds from Tenant.

(5) Upon entering into this Ground Lease, the City shall compensate any parties (including, if appropriate, the City itself) that have performed work under the ENRA, as amended, for the City that is reimbursable under this Section 14.24. Tenant shall be responsible for reimbursing the City for any costs not covered by the deposited funds. Any deposited funds

remaining after the City has satisfied all contractual obligations for work performed under the ENRA, as amended, shall be refunded to the Tenant.

(b) The original deposit by Tenant of \$10,000 under subsection (a)(1) above was used to reimburse the City for its actual out-of-pocket costs and any expenses incurred in fulfilling its obligations under the ENRA, as amended, including, but not limited to:

(1) The cost of obtaining planning approvals, reviewing and processing any planning documents, development impact fees, and plan check fees.

(2) The cost of preparing, reviewing and processing any documents required under the ENRA, including studies necessary for CEQA and NEPA review and for obtaining approval for other agencies such as the FAA.

(3) The costs of staff review of Tenant submittals and the costs of consultants retained by the City in connection with the ENRA (including, without limitation, attorneys' fees and costs) at rates set forth in disclosures from the City.

(c) The subsequent deposit by Tenant of \$10,000 under subsection (a)(2) above was used to reimburse the City for its actual out-of-pocket costs and any expenses associated with the CEQA addendum and traffic analysis.

(d) The additional deposit by Tenant of \$47,718 under subsection (a)(3) above shall be used to reimburse the City \$17,423 for additional costs to prepare the CEQA addendum and \$30,295 for additional costs to prepare the updated traffic study.

These costs shall collectively be referred as the "**Reimbursable Costs**," and shall be governed in accordance with subsection (a) above. Reimbursable Costs may also include a City fee for administrative overhead for project management at a rate specified by the City.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, this Lease has been executed, in triplicate, by the Parties on the date first above written.

CITY:

CITY OF SALINAS, a California charter city and municipal corporation

By: _____
_____, City Manager

APPROVED AS TO FORM:

By: _____
Christopher A. Callihan, Esq. City Attorney

TENANT:

SALINAS BUSINESS PARK, LLC. a California limited liability company

By: _____
Ralph Borelli, Co-Manager

By: _____
Case Swenson, Co-Manager

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

That certain real property situated within Parcel A as shown on the map filed in Volume 10 of Surveys at Page 104, Official Records of County of Monterey, State of California, being more particularly described as follows:

BEGINNING at a point on the northeasterly boundary line of said Parcel A at the most northeasterly end of a curve having a radius of 50.0 feet, said point also being on the southwesterly line of Skyway Boulevard; thence along said northeasterly boundary line of said Parcel A

1. South 33° 53' 02" East, 30.00 feet (shown as North 35° 25' 08" West on said map); thence continuing along said northeasterly boundary line
2. North 56° 06' 58" East, 9.10 feet (shown as North 54° 34' 52" East on said map); thence departing said northeasterly boundary line across said Parcel A
3. South 34° 25' 38" East, 454.32 feet; thence
4. Southwesterly along the arc of a curve to the right, the center of which bears South 55° 34' 22" West, having a radius of 11.90 feet, through a central angle of 90° 01' 13", for an arc distance of 18.70 feet; thence
5. South 55° 35' 35" West, 972.66 feet; thence
6. Westerly along the arc of a curve to the right, the center of which bears North 34° 24' 25" West, having a radius of 11.90 feet, through a central angle of 89° 58' 58", for an arc distance of 18.69 feet; thence
7. North 34° 25' 27" West, 607.42 feet to a point on the southerly line of Airport Boulevard, said line also being the northerly boundary line of said Parcel A; thence along said common line
8. North 60° 05' 58" East, 577.32 feet (shown as North 58° 33' 52" East on said map); thence
9. North 59° 51' 58" East, 366.86 feet (shown as North 58° 19' 52" East on said map); thence
10. Southeasterly along the arc of a curve to the right, the center of which bears South 30° 08' 02" East, having a radius of 50.00 feet, through a central angle of 86° 15' 00", for an arc distance of 75.27 feet to the Point of Beginning.

Containing an area of 13.25 acres, more or less.

EXHIBIT B
MAP OF THE PROPERTY

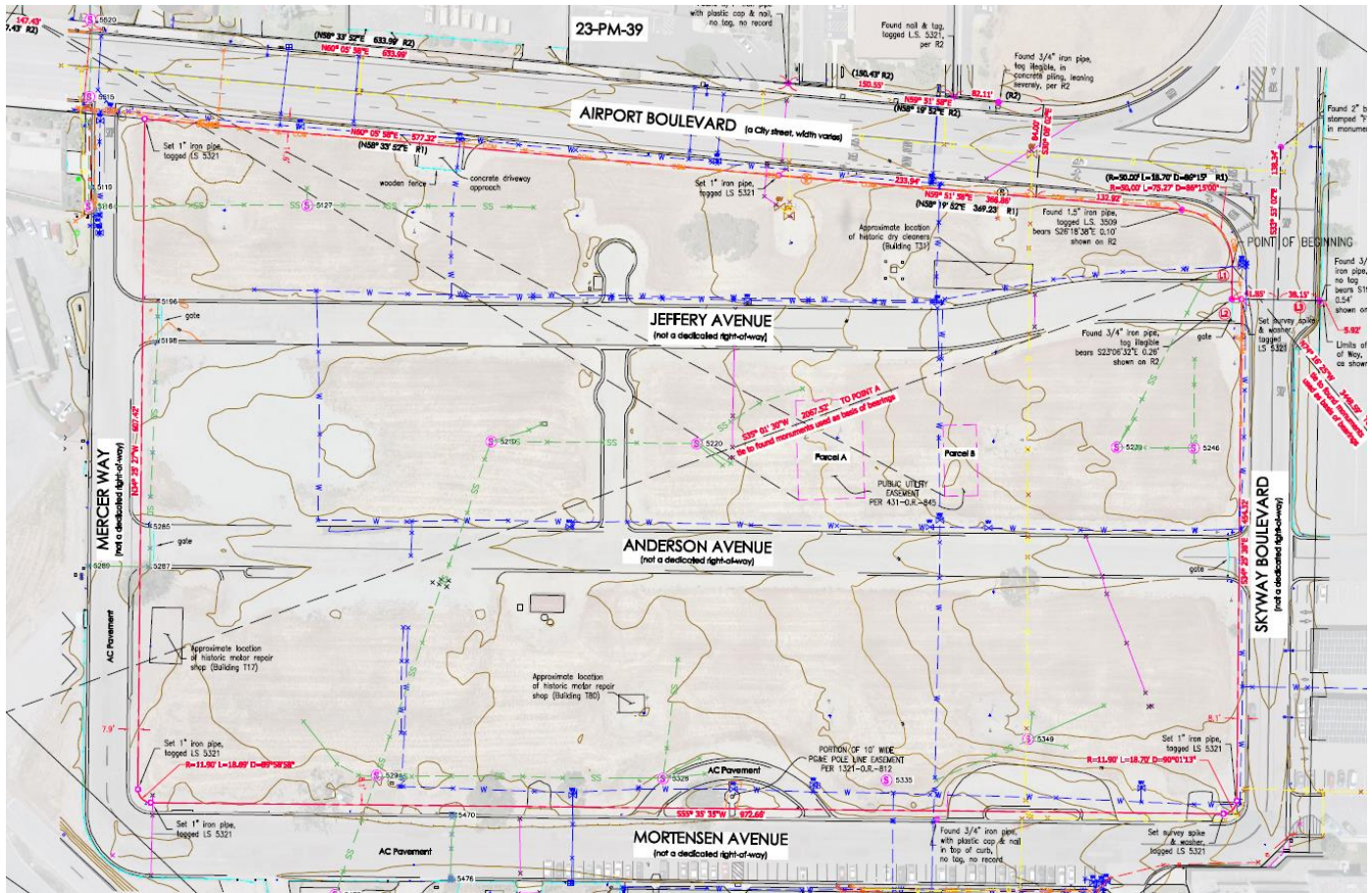


EXHIBIT C

SCOPE OF DEVELOPMENT

Overall Project Scope:

The Tenant will ground lease from the City the Property, which is approximately 13.25 acres of vacant land, and which will be developed to accommodate light industrial and/or warehouse uses, with the permitted uses set forth on the attached Exhibit F. The Property must be developed in accordance with the Governmental Standards defined in this Exhibit and in this Lease.

Governmental Standards:

Improvements shall be constructed in accordance with the requirements of this Lease, the Salinas Zoning Code, Building Code, the MMRP, and any other applicable requirements from any Governmental Authorities. Tenant shall be responsible for obtaining a Site Plan Review, Building Permits, and any Other Permits required for the construction of Improvements (including Major Additional Improvements) and the operation of any uses on the Property.

Notwithstanding the above, in the event of any specific conflict between the Zoning Code and this Lease (or another Approved Agreement between Tenant and City), the Approved Agreement shall control. This includes, but is not limited to, the following:

- Allowable Uses at the Property shall be as defined in Exhibit F of this Lease; and
- Improvements and Major Additional Improvements at the Property shall be made in accordance with the Development Regulations and Design Standards of the of the City's Industrial – Business Park (IBP) Zoning District and Airport Overlay District, as such may be amended from time-to-time; and
- All future City reviews conducted for activities consistent with this Lease shall be ministerial in nature, unless the City is required by another Governmental Authority with the legal authority to direct the City to conduct a discretionary review of a requested activity. If such discretionary review is required, the City shall limit its review to those matters for which the review is required.

Site Improvement Work:

The Site Improvement Work shall be completed before the lease commencement date of any Sublease and before any other development on the Property commences. The Site Improvement Work shall commence no later than the date that is twelve (12) months after DTSC issues a "No Further Action" determination and shall be completed no later than the date that is twenty-four (24) months after DTSC issues a "No Further Action" determination. The Site Improvement Work includes the following:

- Demolish Jeffery Avenue, Anderson Avenue, and the unnamed roadway between Jeffery Avenue and Anderson Avenue

- Demolish the non-operational abandoned water well structure and non-operational well on the Property
- Remove existing trees (if such removal is necessary and/or desirable), and any other existing facilities on the Property
- Relocate to an alternative location existing above-ground PG&E transmission lines, which are located throughout the Property, two of which run north-south about mid-Property and two additional lines which run east-west from Skyway Boulevard to Mercer Road on the west side of the Property.
- Cap, remove and relocate pre-existing natural gas lines on the Property
- Cap, remove and relocate pre-existing water lines on the Property
- Upgrade stormwater drainage features to meet City requirements
- Grade the entire Property
- Install sidewalks, curbs, and gutters in accordance with City standards
- Off-site improvements to the City's transportation network

All work shall be completed in accordance with City requirements and/or standard plans. Tenant shall be responsible for obtaining any necessary Building Permits, Encroachment Permits, or Other Permits necessary for the installation of these items. Each of the above items shall be completed in accordance with the requirements of the MMRP.

Phase(s):

The subdivided Parcels will be developed to accommodate light industrial and/or warehouse uses, with a maximum building square footage of no more than 40 percent based upon each Parcel. Allowable uses for the Parcels are set forth in the attached Exhibit F. Future construction on the Parcels may be conducted in no more than three (3) Phases as determined by Tenant with written notification to the City. Surface parking, landscaping, lighting, and other site improvements would be provided as mandated by applicable City policies, regulations and code. Improvements and Additional Improvements shall be developed according to the Governmental Standards.

EXHIBIT D

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Salinas
200 Lincoln Avenue
Salinas, CA 93901
Attn: City Manager

No fee for recording pursuant to
Government Code Section 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (the "Memorandum") is made as of _____, 202__, by and between the City of Salinas, a California charter city and municipal corporation (the "City") and Salinas Business Park, LLC, a California limited liability company (the "**Tenant**") with respect to that certain Ground Lease dated _____, 202__ (the "**Lease**"), between City and Tenant.

Pursuant to the Lease, City hereby leases to Tenant and Tenant leases from City that certain real property, more particularly described in Exhibit A, attached hereto and incorporated herein, (the "**Property**") for the term of the Lease. The Lease commenced on _____, 20__ (the "**Lease Commencement Date**") and shall continue from such date until its expiration at 11:59 pm the day immediately preceding the fiftieth (50th) anniversary of the Lease Commencement Date, or such sooner termination pursuant to the terms of the Lease.

This Memorandum incorporates herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease of which this is a memorandum.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be duly executed as of the date first above written.

CITY:

CITY OF SALINAS, a California charter city and municipal corporation

By: _____
_____, City Manager

TENANT:

SALINAS BUSINESS PARK, LLC, a California limited liability company

By: _____
Ralph Borelli, Co-Manager

By: _____
Case Swenson, Co-Manager

[SIGNATURES MUST BE NOTARIZED]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

That certain real property situated within Parcel A as shown on the map filed in Volume 10 of Surveys at Page 104, Official Records of County of Monterey, State of California, being more particularly described as follows:

BEGINNING at a point on the northeasterly boundary line of said Parcel A at the most northeasterly end of a curve having a radius of 50.0 feet, said point also being on the southwesterly line of Skyway Boulevard; thence along said northeasterly boundary line of said Parcel A

1. South $33^{\circ} 53' 02''$ East, 30.00 feet (shown as North $35^{\circ} 25' 08''$ West on said map); thence continuing along said northeasterly boundary line
2. North $56^{\circ} 06' 58''$ East, 9.10 feet (shown as North $54^{\circ} 34' 52''$ East on said map); thence departing said northeasterly boundary line across said Parcel A
3. South $34^{\circ} 25' 38''$ East, 454.32 feet; thence
4. Southwesterly along the arc of a curve to the right, the center of which bears South $55^{\circ} 34' 22''$ West, having a radius of 11.90 feet, through a central angle of $90^{\circ} 01' 13''$, for an arc distance of 18.70 feet; thence
5. South $55^{\circ} 35' 35''$ West, 972.66 feet; thence
6. Westerly along the arc of a curve to the right, the center of which bears North $34^{\circ} 24' 25''$ West, having a radius of 11.90 feet, through a central angle of $89^{\circ} 58' 58''$, for an arc distance of 18.69 feet; thence
7. North $34^{\circ} 25' 27''$ West, 607.42 feet to a point on the southerly line of Airport Boulevard, said line also being the northerly boundary line of said Parcel A; thence along said common line
8. North $60^{\circ} 05' 58''$ East, 577.32 feet (shown as North $58^{\circ} 33' 52''$ East on said map); thence
9. North $59^{\circ} 51' 58''$ East, 366.86 feet (shown as North $58^{\circ} 19' 52''$ East on said map); thence
10. Southeasterly along the arc of a curve to the right, the center of which bears South $30^{\circ} 08' 02''$ East, having a radius of 50.00 feet, through a central angle of $86^{\circ} 15' 00''$, for an arc distance of 75.27 feet to the Point of Beginning.

Containing an area of 13.25 acres, more or less.

EXHIBIT E

INSURANCE REQUIREMENTS

(a) **Required Coverage.** The Tenant shall maintain and keep in force, at the Tenant's sole cost and expense, the following insurance applicable to the Improvements:

(1) To the extent required by law, Worker's Compensation insurance, including Employer's Liability coverage, with limits not less than required by applicable law.

(2) Comprehensive or Commercial General Liability insurance with limits not less than Five Million Dollars (\$5,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations.

(3) Comprehensive Automobile Liability insurance with limits not less than Five Million Dollars (\$5,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable; provided, however, that if the Tenant does not own or lease vehicles for purposes of this Lease, then no automobile insurance shall be required and both Parties to this Lease shall initial this provision signifying same.

(4) Property insurance covering the Improvements covering all risks of loss, including earthquake (but only if it is commercially affordable at a reasonable price and with a reasonable deductible, in City's reasonable opinion, and if City requests in writing that such coverage be carried) and if the Property is located in a Special Flood Hazard Area (SFHA), flood insurance shall be required to the maximum available for each building pursuant to the National Flood Insurance Program (NFIP), naming the City as a Loss Payee, as its interest may appear.

(a) **Contractor's Insurance.** The Tenant shall cause any general contractor or agent working on the Improvements under direct contract with the Tenant to maintain insurance of the types and in at least the minimum amounts described in subsections (a)(1), (a)(2), and (a)(3) above, and shall require that such insurance shall meet all of the general requirements of subsection (c) below. Subcontractors working on the Improvements under indirect contract with the Tenant shall be required to maintain the insurance described in subsections (a)(1), (a)(2) and (a)(3) above; provided that the amount of Commercial General Liability insurance for each subcontractor shall have a limit of not less than Two Million Dollars (\$2,000,000). Liability and Comprehensive Automobile Liability insurance to be maintained by such contractors and agents pursuant to this subsection shall name as additional insureds the City, the City, their board members, officers, agents, and employees.

(b) **General Requirements.** The required insurance shall be provided under an occurrence form, and the Tenant shall maintain such coverage continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that provides that

claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

Comprehensive General Liability, Comprehensive Automobile Liability and Property insurance policies shall be endorsed to name as additional insureds the Released Parties.

All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to the City pursuant to Section 14.1 of the Ground Lease.

(c) Certificates of Insurance. Upon the City's request at any time during the term of this Lease, the Tenant shall provide certificates of insurance, in form and with insurers reasonable acceptable to the City, evidencing compliance with the requirements of this Section, and shall provide complete copies of such insurance policies, including a separate endorsement naming the Released Parties as additional insureds, if requested by the City.

EXHIBIT F

PERMITTED USES

The Permitted Uses identified below represent the only allowable uses on the Property. All Development shall take place in accordance with the Development Regulations and Design Standards of the Industrial – Business Park (IBP) Zoning District and the Airport (AP) Overlay District, as such may be amended from time-to-time. All Uses below may include accessory uses such as offices, provided such accessory uses are solely devoted to the operation of the Permitted Use. Conduct of business outdoors is prohibited. Permitted uses may not use any materials or conduct any business activities that are contrary to FAA requirements.

Industry, Limited. Assembly of finished parts or products from already manufactured components, fabrication, packaging, warehousing, distribution, and shipping. Limited industrial uses typically include: activity conducted entirely within an enclosed building; the absence of outdoor storage of bulk fuel or other materials; a low incidence of truck or rail traffic; and the absence of exhaust stacks and other exterior piping or ductwork. May include associated research laboratories.

Laboratories. Establishments providing medical or dental laboratory services or establishments providing photographic, analytical, or testing services.

Research and Development Services. Establishments primarily engaged in industrial or scientific research, including product testing.

Telecommunications Facilities, Minor. Building-mounted panel antennas, building or roof-mounted whip antennas, and similar facilities. Roof-mounted panel antennas may be considered "minor" provided the antennas do not intercept a forty-five-degree inclined plane inward from the edge of the roof or top of the parapet roof and do not exceed ten feet in height.

Vehicle Storage. The indoor storage of vehicles, including automobiles, motorcycles, trucks, and recreational vehicles.

Warehousing. A building or group of buildings used for storage and distribution of wholesale goods without direct public access. Excludes direct sales, offices, manufacturing, and assembly of goods or animal storage.

If doubt exists regarding the interpretation of any language included herein, the City Manager or his/her designee shall render a final interpretation of this language.

EXHIBIT G

MMRP
(on following pages)

Ex G
Page 1

SALINAS AIRPORT DEVELOPMENT LEASE PROJECT

MITIGATION MONITORING AND REPORTING PROGRAM

1341 Mercer Way (APN 003-862-001-000)

Dated: May 12, 2020

(Miscellaneous 2019-015),

As Modified by Addendum to the Initial Study – Mitigated Negative Declaration, Dated February 2024

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
AQ-1 Air Quality	During construction, the applicant or successor in interest shall: a) Water all active construction areas at least twice daily. Frequency should be based on the type of operation, soil, and wind exposure. b) Prohibit all grading activities during periods of high wind (over 15 mph). c) Apply chemical soil stabilizers on inactive construction areas (disturbed lands within construction projects that are unused for at least four (4) consecutive days). d) Apply non-toxic binders (e.g., latex acrylic copolymer) to exposed areas after cur and fill operations and hydro seed area. e) Haul trucks shall maintain at least 2'0" of freeboard. f) Cover all trucks hauling dirt, sand, or loose materials.	To minimize air quality impacts	Applicant, or Successor in Interest	Community Development Department – Permit Services Division	During construction phase

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
AQ-1 (cont'd) Air Quality	<ul style="list-style-type: none"> g) Plant vegetative ground cover in disturbed areas as soon as possible. h) Cover inactive storage piles. i) Install wheel washers at the entrance to construction sites for all exiting trucks. j) Pave all roads, driveways, and parking areas at the earliest point feasible on the construction schedule. k) Sweep streets if visible soil material is carrier out from the construction site. l) Post a publicly visible sign which specifies the telephone number and person to contact regarding dust complaints. This person shall respond to complaints and take corrective action with 48 hours. The phone number of the Monterey Bay Air Resources District shall be visible to ensure compliance with Rule 402 (Nuisance). 	To minimize air quality impacts	Applicant, or Successor in Interest	Community Development Department – Permit Services Division	During construction phase

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
BIO-1 Biological Resources	<p>Prior to commencement of ground disturbance required for project construction, a focused survey for Congdon's tarplant shall be conducted by a qualified biologist in areas of the project site where the construction is to occur, as the site is developed in portions under the proposed lease. The survey shall be conducted during the species' blooming period (May to November), and findings of the survey shall be submitted to the City of Salinas for review and approval.</p> <p>If a population of Congdon's tarplant is found within the planned construction area, mitigation for the loss of individuals shall be conducted. Mitigation shall be achieved by establishing a new population of Congdon's tarplant in an area approved by the USFWS and CDFW. This area shall not be developed and shall contain suitable habitat types for establishing a new population. Mitigation shall be a 1:1 ratio (impact to mitigation) of plant establishment on an acreage basis.</p>	To minimize impacts to biological resources	Applicant or Successor in Interest, and may collaborate with the City in an effort to locate a suitable area within the Salinas Municipal Airport Lands (as designated on the Record of Survey filed April 19, 1972) ("Airport Lands"), excluding (a) areas that would interfere with the safe and orderly use of the Salinas Municipal Airport by its operators, lessees, consumers and users; and (b) any area within the Airport Lands that	Public Works Department and Community Development Department	Prior to construction phase

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
BIO-1 (cont'd) Biological Resources	<p>Monitoring of the new mitigation population shall occur annually. Annual monitoring shall include quantitative sampling of the Congdon's tarplant population to determine the number of plants that have germinated and set seed. This monitoring shall continue annually or until success criteria have been met; once annual monitoring has documented that a self-sustaining population of this annual species has been successfully established on site, this mitigation measure shall be determined to have been met and the project applicant released from further responsibility.</p> <p>Establishment of the plant population shall be subject to a Habitat Mitigation and Monitoring Plan. To ensure the success of mitigation sites required for compensation of permanent impacts on Congdon's tarplant, the project applicant shall retain a qualified biologist to prepare a Habitat Mitigation and Monitoring Plan. The Habitat Mitigation and Monitoring Plan shall be submitted to the City of Salinas for review and approval prior to the start of construction. The Habitat Mitigation and Monitoring Plan shall include, at a minimum, the following information:</p>	To minimize impacts to biological resources	would be subject to future aeronautical or non-aeronautical revenue support to the City. If the City reasonably determines no suitable area can be located within the Airport Lands, the Applicant shall be responsible for locating a suitable area outside of the Airport Lands to establish a new population of Congdon's tarplant.	Public Works Department and Community Development Department	<p>Prior to construction phase</p> <p>HMMP: annual monitoring, three years post-construction</p>

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
BIO-1 (cont'd) Biological Resources	<p>-A summary of impacts to Congdon's tarplant and the proposed mitigation</p> <p>-A description of the location and boundaries of the mitigation site(s) and description of existing site conditions</p> <p>-A description of any measures to be undertaken to enhance (e.g., through focused management) the mitigation site for Congdon's tarplant</p> <p>Identification of an adequate funding mechanism for long-term management</p> <p>-A description of management and maintenance measures intended to maintain and enhance habitat for the Congdon's tarplant (e.g., weed control, fencing maintenance)</p> <p>-A description of Congdon's tarplant monitoring measures on the mitigation site, including specific, objective performance criteria, monitoring methods, data analysis, reporting requirements, monitoring schedule, etc. Monitoring shall document compliance with each element requiring habitat compensation or management. At a minimum, performance criteria shall include a minimum 1:1 mitigation ratio for the number of plants in the impacted population (at least one plant preserved for each plant impacted).</p>	To minimize impacts to biological resources	Applicant, or Successor in Interest	Public Works Department and Community Development Department	<p>Prior to construction phase</p> <p>HMMP: annual monitoring, three years post-construction</p>

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
BIO-1 (cont'd) Biological Resources	<p>-A contingency plan for mitigation elements that do not meet performance or final success criteria within described periods; the plan shall include specific triggers for remediation if performance criteria are not met and a description of the process by which remediation of problems with the mitigation site (e.g., presence of noxious weeds) shall occur</p> <p>-A requirement that the project proponent shall be responsible for monitoring, as specified in the Habitat Mitigation and Monitoring Plan, for at least three (3) years post-construction; during this period, annual reporting will be provided to the City's Project Manager. At the request of the CDFW or USFWS, the annual reporting shall also be provided to these agencies</p>	To minimize impacts to biological resources	Applicant, or Successor in Interest	Public Works Department and Community Development Department	<p>Prior to construction phase</p> <p>HMMP: annual monitoring, three years post-construction</p>
BIO-2 Biological Resources	If project construction activities occur between February 15 and September 1, a qualified biologist shall conduct a pre-construction survey for nesting birds no more than 14 days prior to construction. If nests are found the qualified biologist shall establish an appropriate species-specific avoidance buffer of sufficient size to prevent disturbance of the nest by project activity (up to 300 feet for raptors, up to 150 feet for all other birds).	To minimize impacts to biological resources	Applicant, or Successor in Interest	Public Works Department and Community Development Department	Prior to construction phase

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
BIO-2 (cont'd) Biological Resources	The qualified biologist shall perform at least two hours of pre-construction monitoring of the nest to characterize "typical" bird behavior. The qualified biologist shall monitor the nesting birds and shall increase the buffer if it is determined the birds are showing signs of unusual or distressed behavior associated with project activities. Atypical nesting behaviors that may cause reproductive harm includes, but is not limited to, defensive flights, vocalizations directed towards project personnel/activities, standing up from a brooding position, and flying away from the nest. The qualified biologist should have authority, authority to order the cessation of all project activities if the nesting birds exhibit atypical behavior which may cause reproductive failure (nest abandonment and loss of eggs and/or young) until an appropriate buffer is established. To prevent encroachment, the established buffer(s) should be clearly marked by high visibility material. The established buffer(s) should remain in effect until the young have fledged as confirmed by the qualified biologist.	To minimize impacts to biological resources	Applicant, or Successor in Interest	Public Works Department and Community Development Department	Prior to construction phase

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
BIO-2 (cont'd) Biological Resources	The monitoring biologist, in consultation with the project manager shall determine the appropriate protection for active nests on a case by case basis using the criteria described above.	To minimize impacts to biological resources	Applicant, or Successor in Interest	Public Works Department and Community Development Department	Prior to construction phase
CR-1 Cultural Resources	If cultural resources are encountered during ground-disturbing activities, work in the immediate area shall halt and an archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards for archaeology (NPS 1983) shall be contacted immediately to evaluate the find. If the discovery proves to be eligible for listing in the CRHR, additional work such as data recovery excavation may be warranted. In the event the Archaeological Resources are determined to be of Native American origin, Mitigation Measure TCR-1 shall be applicable as well.	To minimize impacts to cultural resources	Applicant, or Successor in Interest	Public Works Department and Community Development Department – Plan Check Services	During construction phase

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
GEO-1 Geology and Soils	In the event an unanticipated fossil discovery is made during the course of project development, then in accordance with SVP (2010) guidelines, it is the responsibility of any worker who observes fossils within the project site to stop work in the immediate vicinity of the find and notify a qualified professional paleontologist who shall be retained to evaluate the discovery, determine its significance and if additional mitigation or treatment is warranted. Work in the area of the discovery will resume once the find is properly documented and authorization is given to resume construction work. Any significant paleontological resources found during construction monitoring shall be prepared, identified, analyzed, and permanently curated in an approved regional museum repository.	To minimize impacts to paleontological resources	Applicant, or Successor in Interest	Public Works Department and Community Development Department – Plan Check Services	During construction phase
HAZ-1 Soil Management Plan	Prior to grading, the project applicant shall prepare a Soil Management Plan establishing provisions for the disturbance of contaminated materials (known and undocumented). The SMP shall include, but is not limited to, the following elements:	To minimize impacts related to soil contaminants present at the project site.	Applicant, or Successor in Interest.	Community Development Department and Environmental Maintenance Services	Prior to grading during the construction phase.

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
HAZ-1 (cont'd) Soil Management Plan	<p>-A detailed discussion of the site background and presence of elevated levels of arsenic, chromium and cobalt in soils.</p> <p>-Procedure for handling and disposal of excavated soil stockpiles, including dust and runoff control measures.</p> <p>-Procedures to follow if evidence of an unknown historic release of hazardous materials (e.g., underground storage tanks, polychlorinated biphenyls [PCBs], asbestos containing materials, etc.) is discovered during excavation or demolition activities.</p> <p>-A health and safety plan (HSP) for each contractor working at the site that addresses the safety and health hazards of each site operation phase, including the requirements and procedures for employee protection. The HSP shall outline proper soil handling procedures and health and safety requirements to minimize work</p>	To minimize impacts related to soil contaminants present at the project site.	Applicant, or Successor in Interest.	Community Development Department and Environmental Maintenance Services	Prior to grading during the construction phase.
TCR-1 Tribal Cultural Resources	In the event that cultural resources of Native American origin are identified during construction, all earth disturbing work within the vicinity of the find must be temporarily suspended or redirected until an archaeologist has evaluated the	To ensure that impacts to archaeological resources are reduced to a level of insignificance.	Applicant, or Successor in Interest.	Public Works Department and Community Development Department	During construction.

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
TCR-1 (cont'd) Tribal Cultural Resources	<p>nature and significance of the find and an appropriate Native American representative, based on the nature of the find, is consulted. If the City determines that the resource is a tribal cultural resource and thus significant under CEQA, a mitigation plan shall be prepared and implemented in accordance with state guidelines and in consultation with Native American groups prior to continuation of any earth disturbing work within the vicinity of the find. The plan shall include avoidance of the resource or, if avoidance of the resource is infeasible, the plan shall outline the appropriate treatment of the resource in coordination with the archeologist and the appropriate Native American tribal representative and/or a representative from the Ohlone/Coastanoan-Esselen Nation, as appropriate.</p> <p>Treatment of the resource could include but not limited to the examples provided below.</p> <p>(1) Avoidance and preservation of the resources in place, including, but not limited to, planning and construction to avoid the resources and protect the cultural and natural context, or planning greenspace, parks, or other open space,</p>	To ensure that impacts to archaeological resources are reduced to a level of insignificance.	Applicant, or Successor in Interest.	Public Works Department and Community Development Department	During construction.

Mitigation Number	Nature of Mitigation	Result after Mitigation	Party Responsible for Implementing	Party Responsible for Monitoring: Method to Confirm Implementation	Timing for Implementation
TCR-1 (cont'd) Tribal Cultural Resources	<p>to incorporate the resources with culturally appropriate protection and management criteria.</p> <p>(2) Treating the resource with culturally appropriate dignity taking into account the tribal cultural values and meaning of the resource, including, but not limited to, the following:</p> <p>(A) Protecting the cultural character and integrity of the resource.</p> <p>(B) Protecting the traditional use of the resource.</p> <p>(C) Protecting the confidentiality of the resource.</p> <p>(3) Permanent conservation easements or other interests in real property, with culturally appropriate management criteria for the purposes of preserving or utilizing the resources or places.</p> <p>(4) Protecting the resource.</p> <p>Earth-disturbing work within the vicinity of the find shall not be restarted until all requirements of the mitigation plan have been adequately addressed pursuant to CEQA.</p>	To ensure that impacts to archaeological resources are reduced to a level of insignificance.	Applicant, or Successor in Interest.	Public Works Department and Community Development Department	During construction