

LEASE AGREEMENT
BETWEEN
THE CITY OF SALINAS AND
NORTHERN SALINAS VALLEY
MOSQUITO ABATEMENT
DISTRICT



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LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into this January 1, 2020 (the "Effective Date") by and between the **City of Salinas**, a California charter city and municipal corporation of the State of California ("Lessor"), and **Northern Salinas Valley Mosquito Abatement District**, a political subdivision of the State of California ("Lessee").

WITNESSETH:

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

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

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

ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

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

- (a) "Additional Improvements" has the meaning given in Section 4.1.
- (b) "Airport" means the Salinas Municipal Airport in the City of Salinas, State of California.
- (c) "Base Rent" has the meaning given in Section 2.4, and includes the combined rent for the Building.
- (d) "Building" has the meaning given in Section 2.1.
- (e) "City Code" has the meaning given in Section 3.2(b).
- (f) "Claims" has the meaning given in Section 5.1.
- (g) "Event of Default" means any material breach of this Lease.
- (h) "FAA" means the Federal Aviation Administration, as set forth in Section 3.3(e).
- (i) "Land Use Plan" has the meaning given in Section 3.2(a).
- (j) "Lease" means this Agreement, as set forth in the opening paragraph.

(k) "Lessee" means Northern Salinas Valley Mosquito Abatement District, as set forth in the opening paragraph.

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

(m) "Ordinance No. 1719" has the meaning given in Section 3.4(d).

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

(o) "Part 21" has the meaning given in Section 3.3(c)(2).

(p) "Part 77" has the meaning given in Section 3.3(d).

(q) "Premises" means the [Building and the Ramp Space licensed to Lessee] pursuant to Section 2.1 of this Agreement.

(r) "Released and Indemnified Parties" means Lessor and its elected officials, officers, employees, agents, and assigns.

(s) ["Renewal Term" has the meaning given in Section 2.3(b).]

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

(u) "Super Adjacent Air Space" is defined in Section 3.1(e).

(v) "TSA" means the Transportation Security Administration, as set forth in Section 3.3(e).

Section 1.2 Exhibits.

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

Exhibit A	Depiction of the Premises.
Exhibit B	RESERVED
Exhibit C	Permitted Uses of Premises
Exhibit D	RESERVED
Exhibit E	Insurance Requirements

ARTICLE 2. LEASE PROVISIONS

Section 2.1 Premises.

(a) Demise of the Premises. Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, approximately 8,872 square feet of office, industrial, garage, and warehouse space located at 342 Airport Blvd., Salinas, CA 93905 (the "Building"). The Building is described more particularly in Exhibit A.

Section 2.2 Use of the Premises.

The Premises will be used only for the purposes described in Exhibit C. The Premises may not be used for any other purpose without Lessor's written authorization, in Lessor's sole discretion.

Section 2.3 Term.

(a) Original Term. Except as otherwise specifically set forth in this Section, the term of this Lease shall be for a period of two (2) years commencing on the Effective Date January 1, 2020 and ending December 31, 2021, unless sooner terminated in the manner and under the conditions herein provided (the "Original Term"). Rent due pursuant to Section 2.4 begins upon commencement of the Original Term.

(b) Renewal Term. Lessor grants to Lessee the option to renew this Lease for one (1) additional one (1) year period ("Renewal Term"). Lessee's options to renew shall be exercised by Lessee delivering notice in writing to Lessor of its intent to exercise its option. Notice shall be delivered not more than three hundred sixty-five (365) days, or less than one hundred eighty (180) days, before the expiration of the Original Term for the Renewal Term. Lessee's notice of intent to exercise its option rights will not be effective if, at the time the notice is given, an Event of Default has occurred that has not been either waived in writing by Lessor or cured.

Section 2.4 Rent.

(a) Time and Place of Payments. In the event that Lessee elects to pay rent annually, the payment will be due and payable in advance for the first year on the Effective Date and each year thereafter on the annual anniversary of the Effective Date. In the event that Lessee elects to pay on a monthly basis, the payment be 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. Checks will be made payable to the City of Salinas, and will be delivered to:

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

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

(b) Amount of Rent.

(1) Base Rent. During the Original Term, rent shall be payable, at the option of the Lessee, in either annual or equal monthly installments.

(A) The monthly rate for the Building and land on the Demised Premise is equals three thousand five hundred Dollars and No/100 (\$3,500) per month or forty-two thousand Dollars and No/100 (\$42,000.00) per annum (“Base Rent”).

(2) Utilities. In addition to the Base Rent, Lessee shall pay for all water, gas, heat, light, power, telephone, sewage, garbage, and rubbish disposal, and all other services supplied to the Premises.

(3) Annual Increases. Commencing on the first anniversary of the Effective Date and on each anniversary of the Effective Date thereafter, the annual rent due under this Agreement shall be increased by at a rate equal to the percent change in the Consumer Price Index (CPI) for “All Urban Consumers, All Items” for San Francisco/Oakland/San Jose, California. The 12-month period, August to August, immediately preceding the date the rental increase is due will be used to calculate the rental increase. In no case shall the rent be adjusted lower than two and one-half percentage (2.5%) or greater than four and one-half percentage (4.5%) from the monthly rent from the preceding year.

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

Section 2.5 Security Deposit.

There will be no security deposit; however, at the expiration of this Lease, or any earlier termination pursuant to Article 6, Lessee will return the Premises to Lessor in comparable or better condition and repair as it existed as of the Effective Date, normal wear and tear excepted.

Section 2.6 Taxes.

Lessee will pay all taxes (including possessory interest tax), property related fees, and assessments that may be levied upon the Premises, and any interest of Lessee therein, for the full term of this Lease.

ARTICLE 3. AIRPORT USE RESTRICTIONS

Section 3.1 Lessor's Reservations.

(a) Utilities. Lessor reserves the right, upon reasonable prior notice to Lessee, to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, 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 any and all portions of the Premises. No right reserved by Lessor in this Subsection shall be so exercised as to interfere unreasonably with Lessee's permitted use or operations hereunder or to impair the security or

any secured creditor of Lessee. Lessor further agrees that rights granted to third parties by reason of this clause shall contain provisions that the Premises will be restored as nearly as practicable to its original condition upon the completion of any construction. Lessor further agrees that should the exercise of these rights temporarily interfere with the use of any and all of the Premises by Lessee, the rental and other charges due hereunder shall be reduced in proportion to the interference with Lessee's use of the Premises.

(b) Development of Landing Area. Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance to Lessee's permitted use or operations hereunder or to impair the security or any secured creditor of Lessee. In the event the exercise of such rights unreasonably interferes with Lessee's use of the Premises, Lessee shall have a termination right as set forth in Section 6.4, and will be entitled to compensation as set forth therein.

(c) Facility Repairs. Lessor reserves the right, but shall not be obligated to the Lessee, 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 Lessee in this regard. In the event the exercise of such rights unreasonably interferes with Lessee's use of the Premises, Lessee shall have a termination right as set forth in Section 6.4, and will be entitled to compensation as set forth therein.

(d) Aerial Approaches. Lessor 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 Lessee from erecting, or permitting to erect, any building or other structures on the Airport which, in the opinion of Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(e) Super Adjacent Airspace. It is agreed and understood that Lessee's right and interest in the airspace above the Premises is limited by, and subordinate to, the primary use of the Airport for aviation purposes, and Lessor 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"). Lessor further reserves and excepts from this Lease, and Lessee hereby grants to Lessor (insofar as the hereinafter described easements and rights in any manner or to any extent that affect the Premises, any improvements which may be made thereon, and Lessee's leasehold or other interest therein and Lessee's use, occupancy or enjoyment thereof):

(1) An aviation easement over and laterally adjacent to the Leased Premises 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 Lessor, and the easements and rights herein granted by Lessee to Lessor, shall be deemed both in gross and also appurtenant to each and every portion of the real property of the Airport (save and except the Premises).

Section 3.2 City of Salinas Regulations.

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

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

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

Section 3.3 Federal Requirements.

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

(b) Non-Exclusive Right. Lessee 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 Lessor reserves the right to grant others the privilege and right of conducting activities at the Airport of an aeronautical nature.

(c) Nondiscrimination.

(1) Lessee agrees to furnish any services provided to the public at the Premises 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 Lessee may make reasonable and nondiscriminatory discounts, rebates, or similar price reductions to volume purchasers.

(2) Lessee 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 Premises; (ii) in the construction or use of any improvements on, over, or under the Premises, and in the furnishing of services at the Premises, no person will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) Lessee will use the premises 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").

(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), Lessor will have the right to terminate this Lease and to reenter and repossess the Premises, and to hold the same as if this Lease had never been made or issued.

(4) Lessee assures that it will undertake an 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. Lessee 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. Lessee assures that it will require that its covered sub-organizations provide assurances to Lessee 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.

(5) Nothing in this Subsection is intended to authorize discrimination on any basis not addressed in Part 21 or Subpart E, and Lessee 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) Lessee 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 Premises, nor to permit the growth 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. Lessor reserves the right to enter the Premises to remove any offending structure, object, or tree at Lessee's expense.

(2) Lessee 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

Premises, or in the event of any planned modification or alteration of any present or future building or structure on the Leased Premises.

(3) Lessee 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 Premises in any manner whatsoever that might interfere with the departure or landing of aircraft from the Airport or otherwise constitute a hazard. Lessor reserves the right to enter the Premises to abate any such interference at Lessee's expense.

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

(f) War or National Emergency. This Lease and all the provisions of it are subject to whatever right the United States of America has affecting the control, operation, regulation, and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States of America during the time of war or national emergency.

(g) Other Federal Requirements. Lessee agrees that Lessee's use of the Premises, including any initial construction, all future construction, and any maintenance, repair, or modification of the Premises, will comply with all applicable Federal Aviation Regulations or other applicable federal statutes, regulations, or rules affecting airports or aviation as may now be in force or that may be hereafter adopted by any federal agency or instrumentality. This Subsection will be construed broadly to ensure compliance with applicable federal requirements.

ARTICLE 4. OTHER COVENANTS

Section 4.1 Maintenance and Repair.

(a) Lessee's Maintenance and Repair Obligations. Except as otherwise specifically provided in this Lease Agreement, Lessee will be solely responsible for keeping the Premises clean and in good condition and repair, reasonable wear and tear excepted, and for maintaining and repairing all interior and exterior components of the Premises, including without limitation all roof, structure, foundation, exterior and load-bearing walls, landscaping, parking areas, heating, air-conditioning and ventilation systems, telephone and communication systems, plumbing and electrical systems, and all appliances, lighting, and light bulbs, flooring, ceilings, walls, doors, door locks, door frames, windows, window locks, window frames, and painted surfaces. Lessee will also be responsible for all damage or destruction of the Premises caused by any acts of Lessee or by Lessee's employees, agents, licenses, contractors, assignees, sublessees, guests, or invitees.

(b) Lessor's Right to Cure; Additional Rents. If, in the opinion of the Lessor's Airport Manager, the Premises are not being properly maintained, the Airport Manager may,

after giving written notice to Lessee and after a reasonable time to cure, cause such repair and maintenance to be made. The cost of such maintenance will be added to the rent, and will be due immediately upon invoice.

Section 4.2 Signs.

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

Section 4.3 Liens and Claims.

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

(b) No Liens. Lessee will pay all taxes, assessments, property related fees, and other charges and impositions that Lessee is obligated to pay under this Lease before the same become delinquent. Furthermore, Lessee will not permit or suffer any liens or encumbrances to be imposed upon the Premises, the Airport, or any building or structure thereon as a result of nonpayment of any obligation of Lessee. Neither will Lessee permit or suffer any lien, claim, or demand to be imposed upon the Premises, the Airport, or any building or structure thereon, arising from any work of construction, repair, restoration, or maintenance at or on the Premises (except liens, claims, or demands suffered by or arising from the actions of Lessor).

(c) Payment and Performance Bonds. To ensure the completion of works of improvement and to protect the Premises from liens, prior to the commencement of any work of construction, repair, restoration, or maintenance at or on the Premises, which exceeds Five Thousand and No/100 Dollars (\$5,000.00) in cost, Lessee shall furnish to Lessor's Airport Manager, at no cost to Lessor, payment and performance bonds approved as to form by the Lessor's City Attorney in the full amount of the total cost of the contract or contracts for the work.

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

(e) Payment by Lessor. If Lessee fails to pay any amount required by this Section to be paid by Lessee, Lessor will have the right, but not the duty, on five (5) days' prior written

notice to Lessee, pay, discharge, or adjust such obligation for Lessee's benefit. On written demand from Lessor, Lessee will, as additional rent, reimburse Lessor within ten (10) days for the full amount expended by Lessor, together with interest from the date of payment at the lesser of ten percent (10%) or the maximum amount allowed by law.

Section 4.4 Right to Assign or Transfer.

(a) Limitation on Assignment, Subleasing, Encumbrance, or Transfer. Lessee will not sublease the Premises or otherwise encumber, assign or transfer this Lease, or any right or interest herein.

(b) Change in Control. If Lessee is a corporation, unincorporated association, partnership, or other business entity, the transfer, assignment, or hypothecation of any stock or interest in said entity, in the aggregate in excess of twenty-five percent (25%), transfer of the general partner or managing general partnership interest in a limited partnership, or transfer of the manager of a limited liability company, will be deemed an assignment within the meaning of this Lease. The following transfers are excepted from the provisions of this Subsection:

(1) Transfer or assignment of stock or interest to a shareholder or member of Lessee or an entity controlled by, under common control with, or controlling Lessee, or pursuant to a merger [or sale of all or substantially all of the assets of Lessee].

(2) Transfer or assignment of stock or interest to a spouse, child, or grandchild of a shareholder, member, or partner, or to a trust for the benefit of the same.

(c) Lessor's Option to Terminate. Notwithstanding any other provision in this Lease regarding default or termination, should Lessee attempt to make or suffer to be made any such encumbrance, assignment, sublease, or transfer in violation of this Section, or should any right or interest of Lessee hereunder or in or to the Premises be transferred or sold by or under court order or legal process, or otherwise, then any of the foregoing events will be deemed a breach of this Lease and thereupon Lessor may, at its option, terminate this Lease immediately by written notice to Lessee, or exercise other rights provided by law or in this Lease to be exercisable by Lessor in the event of any default or breach under this Lease. Should Lessor consent to any such encumbrance, assignment, sublease, or transfer, such consent will not constitute a waiver of any of the restrictions of this Section, and the same will apply to each and every encumbrance, assignment, sublease, or transfer hereunder and shall be severally binding upon each and every encumbrancer, assignee, sublessee, transferee, and other successor in interest of Lessee.

(d) Grounds for Withholding Consent. It is agreed and understood that Lessor may withhold Lessor's consent to any assignment, transfer, sublease, or encumbrance under the following circumstances:

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

(2) If Lessee is in default under this Lease at such time in any respect.

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

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

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

(6) Any other reasonable basis.

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

Section 4.5 Encumbrances of Leasehold Interests.

(a) Subject to Section 4.6, Lessee may encumber Lessee's interest in the Premises to secure a loan from a federally insured institutional lender to construct the Tenant Improvements and any Additional Improvements, provided the unpaid balance of any such loan will not at any time exceed [Seven Hundred Fifty Thousand and No/100] Dollars ([extract_itex]750,000.00]) without the prior written consent of Lessor's City Council. Such encumbrance will be subject, however, to the following covenants and conditions:

(1) Any document evidencing the loan or any security given for it must be filed with Lessor's City Clerk within ten (10) days after its execution.

(2) Except as otherwise provided in this Section, any instrument securing the loan will be subordinate to this Lease and Lessor's interests in the Premises, the Airport, and all improvements thereon. In the event of any conflict between the provisions of this Lease and the provisions of such security instrument, the provisions of this Lease will control, and any person acquiring any interest in the Premises by foreclosure, trustee's sale, or any similar remedy, will acquire that interest subject to Lessee's obligations under this Lease.

(3) If Lessee elects to terminate this Lease pursuant to Section 6.6 in the case of any casualty, Lessee will be obligated disburse the proceeds of any insurance first to repay an loan secured by Lessee's interest in the Premises. The remaining proceeds, if any, will be paid to Lessor for such amounts, if any, due and owing to Lessor by Lessee under this Lease. Thereafter, any proceeds remaining may be disbursed to Lessee.

(b) To the extent that a loan secured by Lessee's interest in the Premises is reasonably necessary for Lessee to finance the Tenant Improvements and any Additional Improvements authorized by Lessor, and provided that Lessor has approved such encumbrance pursuant to Section 4.6 and this Section, Lessor will not unreasonably withhold agreement to customary creditor protections, including by providing the lender notice and an opportunity to

cure any breach of this Lease on Lessee's behalf prior to exercising any remedy hereunder that would threaten the lender's security.

Section 4.6 Right to Enter.

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

Section 4.7 Abandonment.

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

Section 4.8 Recording of Lease Forbidden.

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

Section 4.9 Licenses and Permits.

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

ARTICLE 5. RISK MANAGEMENT

Section 5.1 Indemnification.

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

Section 5.2 Insurance.

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

Section 5.3 Reporting Damage.

Lessee will report any transaction or occurrence at or relating to the Premises for which Lessor may have significant exposure to liability. Such report will be made immediately by phone, and within one (1) business day in writing, to Lessor's Airport Manager or such other person as Lessor may designate in writing. The written report will describe the incident in reasonable detail, including a description of the nature of the damages and the identity and contact information (if available) of any witnesses. The report will also identify any insurance policy that may be available to cover the damage.

Section 5.4 Disclaimer and Release; ADA Notice.

(a) General Release.

(1) Lessee agrees that it was provided a reasonable opportunity prior to entering into this Agreement to inspect the Premises and to conduct such due diligence as it, in its discretion, has deemed appropriate. **LESSEE ACCEPTS THE PREMISES SUBJECT TO AND AS PROVIDED IN THIS LEASE IN ITS CURRENT "AS-IS" CONDITION, INCLUDING ALL FAULTS OR DEFECTS, ZONING CONDITIONS, OR HAZARDOUS CONDITIONS KNOWN OR UNKNOWN (IF ANY).** Lessor will not be liable to Lessee for, and Lessee hereby releases the Released and Indemnified Parties from any and all liability, whether in tort or in contract, for any injury, damage, or loss resulting from or attributable to the condition or status of the Premises. Lessee hereby waives and agrees not to commence any action, legal or administrative proceeding, cause of action, or suit in law or equity, of whatever kind or nature, directly or indirectly against the Released Parties in connection with the Premises, this Lease or Lessee's use of the Premises pursuant to this Lease.

(2) Lessee, on its own behalf and of any other party claiming by or through Lessee, expressly waives the provisions of Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Lessee's Initials: _____

(3) Lessee acknowledges that the release set forth above is an integral part of this Lease, and that Lessor would not have agreed to enter into this Lease without it. The release shall survive the expiration and termination of this Lease.

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

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

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

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

The Premises [have not] been inspected by a CASp. Lessee is responsible for all costs of complying with federal, state, and local statutes, regulations, and guidelines imposing standards for accessibility applicable to the Premises, and Lessee's failure to comply with such laws shall be subject to Lessee's obligations stated in Section 5.1.

(d) Assumption of Risks and Waiver. Lessee assumes all risks associated with the use of the Airport for aviation purposes, including, without limitation, risks (including any psychological risks) associated with noise, vibration, currents and other effects of air, illumination, and fuel consumption. Lessee expressly waives any and all claims whatsoever against the Released and Indemnified Parties arising in any manner out of the normal operation of the Airport as an airport, and waives any nuisance claim Lessee may have against another lessee or licensee of Airport property so long as the lessee or licensee is in full compliance with all applicable laws, as well as with its lease or license. Lessees within the scope of the foregoing waiver are intended beneficiaries of the waiver.

Section 5.5 Hazardous Substances.

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

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

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

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

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

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

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

(e) Indemnification. Without limiting Lessee's indemnification obligations in any manner under this Lease, Lessee agrees to hold harmless, indemnify, and defend the Released and Indemnified Parties for any liability to the extent caused by Lessee's breach of this Section.

Section 5.6 Survival.

Except for those duties described in subsections (b) and (d) of Section 5.5, Lessee's duties under this Article will survive the termination of this Lease.

ARTICLE 6. DEFAULT AND TERMINATION

Section 6.1 Termination for Nonpayment of Rent or Other Charges.

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

Section 6.2 Other Events of Default.

In the case of any Event of Default under this Lease other than as described in Section 6.1, Lessee will cure the default on ten (10) days' written notice from Lessor; provided that if a cure cannot reasonably be accomplished within such time, Lessee will commence a cure within ten (10) days, and will diligently pursue a cure as quickly as reasonably possible. If the default is not timely cured, the Lessor may take whatever action at law or in equity as may appear reasonably necessary to enforce performance or observance of any obligations, agreements, or covenants of the Lessee under this Lease, including without limitation, termination of this Lease. In the event of such default, the Lessor's remedies shall be cumulative, and no remedy expressly provided for in this Section shall be deemed to exclude any other remedy allowed by law

Section 6.3 Future Expansion.

Lessor may, upon six (6) months' prior written notice, terminate this Lease in the event that it requires the Premises in connection with the future expansion or operation of the Airport. Lessor will abate any rent due from Lessee accordingly, and will pay Lessee the fair market value of the Tenant Improvements and any Additional Improvements constructed with Lessor's permission, less the amount of the Tenant Improvements Allowance (if any).

Section 6.4 Force Majeure.

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

(b) Termination by Lessee. If, due to an act of God, war, civil unrest, terrorism, the action of another government agency, or for otherwise for good cause not reasonably within Lessor's control, Lessee can no longer use the Premises as contemplated under this Lease, Lessee may, upon three (3) months' written notice, terminate this Lease. Lessor will equitably abate

Lessee's rent during such period of notice, and will refund any prepaid rent for the period following termination, but will otherwise have no liability for any damages to Lessee.

Section 6.5 Insolvency.

Insolvency by Lessee will constitute an Event of Default under this Lease. Insolvency includes any circumstance in which Lessee has, (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by its creditors (provided that the filing of any involuntary petition in bankruptcy against Lessee will not constitute a breach of this lease unless and until there is an adjudication that Lessee is bankrupt); (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets; (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets; (v) admitted in writing its inability to pay its debts as they come due; or (vi) made an offer of settlement, extension or composition to its creditors generally.

Section 6.6 Casualty.

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

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

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

30 Mortensen Avenue
Salinas, CA 93905

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

If to Lessee: District Manager - Biologist
Northern Salinas Valley Mosquito Abatement District
342 Airport Boulevard
Salinas, CA 93905-3301

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

Section 7.2 Venue and Applicable Law.

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

Section 7.3 Time.

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

Section 7.4 Third Party Beneficiaries.

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

Section 7.5 Integration; Amendment.

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

Section 7.6 Waiver.

No waiver of any provision of this Lease will constitute a continuing waiver of that provision or a waiver of any other provision. No waiver will be binding unless executed in writing by the party making the waiver.

Section 7.7 Interpretation.

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

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

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

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

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

Section 7.8 Attorneys' Fees and Costs.

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

Section 7.9 Heirs, Successors, and Assigns.

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

Section 7.10 Conflicts of Interest.

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

Section 7.11 Relationship Between the Parties.

The parties to this Lease are independent contractors, and no agency, joint venture, partnership, employee, co-employer, or similar relationship exists between them, so that neither party has authority to bind the other.

Section 7.12 Brokers.

Each party represents that it has not dealt with any broker, agent, or other intermediary who is or may be entitled to be paid a commission or finder's fee in connection with this Lease [*insert any exceptions here*]. Each party agrees to indemnify, hold harmless, and defend the other party from any and all liabilities arising from any breach of the representations in this Section.

Section 7.13 Multiple Originals.

This Lease may be executed in counterparts, each of which will be deemed an original.

Section 7.14 Signatures.

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

_[Signatures on Following Page]

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

CITY OF SALINAS,
a California charter city and municipal corporation

**NORTHERN SALINAS VALLEY
MOSQUITO ABATEMENT DISTRICT,**
a California Special District

By: _____

Name: Joe Gunter
Title: Mayor

By: _____

Name: Kenneth Klemme
Title: District Manager - Biologist

RECOMMENDED FOR APPROVAL

By: _____

Name: Brett J. Godown
Title: Airport Manager

APPROVED AS TO FORM

By: _____

Name: Christopher A. Callihan
Title: City Attorney

ATTEST

By: _____

Name: Patricia M. Barajas
Title: City Clerk

EXHIBIT A

Legal Description of the Premises

All that real property situated in the City of Salinas, County of Monterey, State of California, located and described as follows:

Being a portion of the Salinas Municipal Airport deeded to the City of Salinas, by the United States by deed dated April 9, 1948, and recorded in Volume 1116 of Official Records, at page 77 therein, records of Monterey County, California, being more particularly described as follows:

Beginning at a point at the northerly edge of Bardin Road, from which the most northerly corner of Mayfair Park, as shown on a map titled "Mayfair Park" and filed in Volume 5 of Cities and Towns, at page 5 therein, records of Monterey County, California, bears the following 6 courses and distances:

- | | | |
|-----|-------------------|--------------|
| (1) | S. 36° 43' 45" E. | 25.0 feet |
| (2) | S. 57° 46' 00" W. | 420 feet |
| (3) | N. 39° 36' 00" W. | 880.50 feet |
| (4) | N. 60° 23' 00" W. | 1307.06 feet |
| (5) | N. 38° 02' 00" W. | 507.21 feet |
| (6) | S. 53° 55' 00" W. | 5.0 feet |

Said point being the most easterly corner of a parcel of land leased by the City of Salinas to the California National Guard; thence along the northeastern boundary of said land leased to the California National Guard N. 36° 43' 45" W. for a distance of 200.0 feet to the most northerly corner of said land leased to the California National Guard; thence, leaving said land leased to the California National Guard N. 57° 46' 00" E. for a distance of 200.0 feet to a point; thence S. 36° 43' 45" E. for a distance of 200.00 feet to a point; thence S. 57° 46' 00" W. for a distance of 200.0 feet to the point of beginning.

All courses true.

Contains .915 acres more or less.

EXHIBIT B

Depiction of the Premises



EXHIBIT C

Permitted Uses of the Premises

Operation of District administration offices (a non-aeronautical activity). District administrative operations shall include the following allowed uses: laboratory uses, fish rearing, vehicle/equipment/fabrication/maintenance/storage and training facilities to carry out the charge of protecting the public health and well-being.

EXHIBIT D

Description of the Tenant Improvements

EXHIBIT E

Insurance Requirements

A. Coverage shall be at least as broad as:

1. Commercial General Liability (“CGL”): Insurance Services Office (“ISO”) Form CG 00 01 covering CGL on an occurrence basis, including products and completed operations, property damage, bodily injury, and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

2. Workers’ Compensation insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease.

3. Property insurance against all risks of loss to any Lessee owned or controlled property, including without limitation Improvements, Additional Improvements, or betterments, at full replacement cost with no coinsurance penalty provision. Such property insurance shall include fire insurance with extended coverage and debris-cleanup provisions in an amount equal to ninety percent (90%) of the actual cash value of all Improvements and Additional Improvements in or on the Premises.

B. Other Insurance Provisions:

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

(1) Additional Insured Endorsement - The liability policies shall include the City of Salinas, its elected and appointed officials, officers, employees, representatives, volunteers, and agents (hereinafter collectively the “City”) as Additionally Insured via endorsement.

(2) Waiver of Subrogation Endorsement - Owner/Operator hereby grants to Entity a waiver of subrogation which any insurer may acquire against Entity, its officers, officials, employees, and volunteers, from Owner/Operator by virtue of the payment of any loss. Owner/Operator agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation but this provision applies regardless of whether or not the Entity has received a waiver of subrogation endorsement from the insurer. The Workers’ Compensation policy shall be endorsed with a waiver of subrogation in favor of the Entity for all work performed by the Owner/Operator, its employees, agents, and subcontractors.

(3) Primary and Non-contributing Coverage - All required insurance policies and all renewals thereof shall be primary and non-contributing; the required insurance policy shall

be primary over any other insurance, deductible, or self-insurance maintained by the City and non-contributory with respect to the City.

(4) Cancellation - Required insurance policies shall not be cancelled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(5) Broader Coverage/Higher Limits - If the Permit Holder maintains broader coverage and/or higher limits than the minimums shown above, the Permit Holder requires and shall be entitled to the broader coverage and/or higher limits maintained by the Permit Holder. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

(6) Acceptability of Insurers - Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best rating of no less than A: VII, unless otherwise acceptable to the City.

(7) Verification of Coverage - Permit Holder shall furnish the City with original Certificates of Insurance including an additional insured endorsement and all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Pages of the liability policies listing all policy endorsements to City before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Permit Holder's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

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

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

(10) Contractors and Subcontractors - Lessee shall require all contractors and subcontractors who perform work on the Premises to maintain general liability insurance in an amount of no less than \$1 million combined single limit per occurrence which complies with all of the provisions in this Insurance section above, including providing an

additional insured endorsement in favor of the City, and Lessee shall provide City with copies of such insurance certificates and endorsements upon request.

Furthermore, before commencing or allowing commencement of any work of improvement, Lessee shall ensure that all of its employees and/or all employees of any contractors and subcontractors retained by Lessee, are covered by workers' compensation insurance.