

FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE AGREEMENT (“Amendment”) is dated as of _____, 2017 and is entered into by and between the City of Salinas, a municipal corporation (“Lessor”) and Airport Ranch, LLC, a California limited liability company (“Lessee”).

RECITALS

1.1 Lessor and J.R. Norton Ventures Limited Partnership, an Arizona limited partnership (“Original Lessee”) entered into a Ground Lease (“Lease”) that was approved by Lessor on February 20, 2007 for certain real property (the “Leased Premises”) as more particularly described in the Lease. The Original Term of the Lease was from November 1, 2006 through October 31, 2013. Original Lessee exercised its first renewal option under Section 5.B of the Lease, such that the expiration date of the Lease is now October 31, 2018.

1.2 Original Lessee assigned the Lease to Lessee effective April 28, 2017, which assignment was approved by Lessor pursuant to a Consent to Assignment of Lease Agreement executed by Lessor on April 12, 2017.

1.3 Lessor and Lessee now desire to amend the Lease regarding the gross farmable acreage (which will result in a change of rent), clarifying Lessee’s maintenance obligation, and adding two (2) additional renewal options of five (5) years each (resulting in a total of three (3) renewal options of five (5) years each). The parties also desire to clarify that the Leased Premises are at the end of Runway 26 and Runway 13/31, not only at Runway 13/31 as stated in the Lease.

1.4 Lessor and Lessee desire to enter into this Amendment to memorialize these changes.

1.5 All terms not expressly defined herein shall have the same meaning as defined in the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, conditions, representations, and warranties contained in this Amendment, the parties agree to enter into this transaction based on the following terms and conditions:

2. **Leased Premises.** The first sentence of the first paragraph of Section 1 (“Leased Premises”) is hereby amended and restated in its entirety to read as follows:

“The property leased to Lessee pursuant to this Lease is herein referred to as the ‘Leased Premises’ and consists of approximately seventy eight and six tenths (78.60) gross farmable acres of land (excluding the ditch) used for agricultural farming purposes, located near the approach end of Runways 26 and 13/31, as more particularly described and shown in **Exhibit A** attached hereto and incorporated herein by reference.”

3. **Maintenance.** The following language shall be added to the end of Section 4.A (“Maintenance of Leased Premises”):

“Lessee will maintain and repair the existing cyclone fence on the Leased Premises except and excluding any damage to the cyclone fence caused by Lessor or Lessor’s agents, in which event Lessor shall be responsible to repair the cyclone fence. Notwithstanding the foregoing, Lessee will not be liable for any replacement or repair of the existing cyclone fence that is due to normal wear and tear.”

“Lessee agrees to maintain the storm water ditch and conveyances that runs through or abuts the Leased Premise. Lessee will make all reasonable attempts to limit erosion and keep nuisance weeds to a minimum. Lessor consents that this area is prone to flooding due to storm water discharge breaching the ditch and that Lessee’s maintenance and care will not prevent flooding of the area.”

4. **Options to Extend Term.** The first sentence of Section 5.B (“Term”) is hereby amended and restated in its entirety to read as follows:

“B. Lessor hereby grants to Lessee the option to extend this Lease for three (3) additional terms of five (5) years each from and after October 31, 2018, such that the first renewal option will be for November 1, 2018 through October 31, 2023, the second renewal option will be for November 1, 2023 through October 31, 2028, and the third renewal option will be for November 1, 2028 through October 31, 2033.”

5. **Total Rent Due.** A new subsection D is added to Section 6 (“Rent”) as follows:

“D. Lessee will pay rent to Lessor at a rate of \$954 per acre multiplied by 78.60 acres, for a total annual rental amount of \$74,984 per year, which is \$6,248.70 per month. The new monthly rent of \$6,248.70 will go into effect in the month immediately following the month in which Lessor executes this Amendment Number 1.”

6. **Notices.** The Lessee address portion of Section 32 (“Notices”) is hereby amended and restated in its entirety to read as follows:

“Airport Ranch, LLC
c/o Ronald Mondo
1067A Merrill Street
Salinas, CA 93901”

7. **Effective Date.** This Amendment shall be effective as of the date that Lessor executes this Amendment.

8. **No Further Modifications.** Except as expressly modified herein, all other provisions of the Lease shall remain in full force and effect without amendment or modification.

(Signatures contained on following page)

In Witness Whereof, the undersigned have executed this Lease Amendment to Ground Lease as of the dates written below.

LESSOR:

CITY OF SALINAS

By: _____ Dated: _____
_____, (print name and title)

Approved as to form:

By: _____ Dated: _____
_____, City Attorney

Attest:

By: _____ Dated: _____
_____, City Clerk

LESSEE:

AIRPORT RANCH, LLC,
a California limited liability company

By: _____ Dated: _____
Ronald Mondo, Manager

EXHIBIT A

MAP OF LEASED PREMISES

(see attached document)

Exhibit 1



