

RESOLUTION NO. 2017-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
APPROVING LEASE AGREEMENT BETWEEN THE CITY OF MARINA
AND DRIVEN PERFORMANCE MANUFACTURING, LLC, OF SAND CITY,
CALIFORNIA FOR THE BUILDING LOCATED AT 3240 IMJIN ROAD
(BUILDING 510) AT THE MARINA MUNICIPAL AIRPORT,
AUTHORIZING FINANCE DIRECTOR TO MAKE NECESSARY
ACCOUNTING AND BUDGETARY ENTRIES, AND AUTHORIZING CITY
MANAGER TO EXECUTE LEASE AGREEMENT ON BEHALF OF THE
CITY, SUBJECT TO FINAL REVIEW AND APPROVAL BY CITY
ATTORNEY

WHEREAS, Since the fall of 2015, Driven Performance Manufacturing, LLC, (DPM) has communicated interest in locating a composite manufacturing and precision tooling business supporting the aerospace industry at the Marina Municipal Airport and formal negotiations for the lease of Building 510 began in March 2016; and

WHEREAS, estimated to be constructed in 1959, Building 510 is a former military maintenance hangar of approximately 21,452 sq. ft – 18,026 square feet of hangar, office and miscellaneous use space located on the ground floor and 3,426 square feet of office and miscellaneous use space on the mezzanine (second level). The building has remained vacant of a full-time tenant since late 2010; and

WHEREAS, building 510 is located in the A-1 zone district at the Marina Airport, which does permit Aviation-related manufacturing/assembly/research; and

WHEREAS, the Airport relies heavily upon the revenue generated from leasing buildings and/or space in the buildings which accounts for approximately forty-nine percent (49%) of the airport's annual revenue; and

WHEREAS, staff and City Attorney's office have prepared and DPM has reviewed the Lease Agreement for Building 510 ("**EXHIBIT A**"). The Lease Agreement provides for:

- Base Term of five years and one conditional option period of five years.
- Market Rate Base Rent consistent with the recent Airport Rent Study completed in April 2016.
- Rent will increase annually by five percent (5.0%); and

WHEREAS, further benefits of the proposed lease include:

- The lease of Building 510 will create ongoing/reoccurring building lease revenue for the Airport.
- DPM will generate sales tax from the sale of manufactured materials benefiting the City's General Fund.
- DPM will increase employment within the community.
- DPM will seek to rehire former employees laid off due to the relocation of Integrated Composites.
- DPM will offer direct part fulfillment for the onsite repair and maintenance facility; this expands the services that can be offered through GEM Aviation.
- Onsite composite manufacturing increases the ability to attract aircraft manufacturing business to the airport; and

WHEREAS, anticipated rent revenue to the airport over the full term (10 years) of Lease Agreement is approximately \$742,000. Building lease rent revenue is recorded to FY 2016-17 Budget, Airport Operations Fund 555, Facilities Rents Building Rents, Account No. 555.000.000.00-5460.220. The anticipated rent revenue for the remainder of FY 2016-17 (3 months) is estimated to be \$13,500.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina does hereby:

1. Approve Lease Agreement between City of Marina and Driven Performance Manufacturing, LLC, of Sand City, California for the building located at 3240 Imjin Road (Building 510) at the Marina Municipal Airport; and
2. Authorize Finance Director to make necessary accounting and budgetary entries; and
3. Authorize City Manager to execute Lease Agreement on behalf of the City, subject to final review and approval by City Attorney.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 22nd day of February, 2017, by the following vote:

AYES, COUNCIL MEMBERS: Amadeo, Morton, O'Connell, Delgado

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: Brown

ABSTAIN, COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

February 16, 2017

Item No: **8g(1)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of February 22, 2017

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2017- ,
APPROVING LEASE AGREEMENT BETWEEN THE CITY OF MARINA
AND DRIVEN PERFORMANCE MANUFACTURING, LLC, OF SAND
CITY, CALIFORNIA FOR THE BUILDING LOCATED AT 3240 IMJIN
ROAD (BUILDING 510) AT THE MARINA MUNICIPAL AIRPORT,
AUTHORIZING FINANCE DIRECTOR TO MAKE NECESSARY
ACCOUNTING AND BUDGETARY ENTRIES, AND AUTHORIZING
CITY MANAGER TO EXECUTE LEASE AGREEMENT ON BEHALF OF
THE CITY, SUBJECT TO FINAL REVIEW AND APPROVAL BY CITY
ATTORNEY**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2017- , approving Lease Agreement between City of Marina and Driven Performance Manufacturing, LLC, of Sand City, California for the building located at 3240 Imjin Road (Building 510) at the Marina Municipal Airport; and
2. Authorizing Finance Director to make necessary accounting and budgetary entries; and
3. Authorizing City Manager to execute Lease Agreement on behalf of the City, subject to final review and approval by City Attorney.

BACKGROUND:

Since the fall of 2015, Driven Performance Manufacturing, LLC, (DPM) has communicated interest in locating a composite manufacturing and precision tooling business supporting the aerospace industry at the Marina Municipal Airport and formal negotiations for the lease of Building 510 began in March 2016.

At the regular meeting of June 7, 2016, City Council in Closed Session received a staff report, Letter of Intent of proposed terms and company information for discussion and direction to staff.

At the regular meeting of September June 7, 2016, City Council in Closed Session received further company information and new information on completion of an Americans with Disabilities Act (ADA) – Certified Access Specialist (CAsp) review of the building to gain a better understanding of the ADA requirements and use of the second story in the east and west office/shop spaces.

At the regular meeting of December 6, 2016, City Council in Close Session received further information, updated proposed terms and gave direction to staff to move forward with a Lease.

ANALYSIS:

Estimated to be constructed in 1959, Building 510 is a former military maintenance hangar of approximately 21,452 sq. ft – 18,026 square feet of hangar, office and miscellaneous use space located on the ground floor and 3,426 square feet of office and miscellaneous use space on the mezzanine (second level). The building has remained vacant of a full-time tenant since late 2010.

Building 510 is located in the A-1 zone district at the Marina Airport, which does permit Aviation-related manufacturing/assembly/research.

The Airport relies heavily upon the revenue generated from leasing buildings and/or space in the buildings which accounts for approximately forty nine percent (49%) of the airport's annual revenue. Staff and City Attorney's office have prepared and DPM has reviewed the Lease Agreement for Building 510 ("**EXHIBIT A**"). The Lease Agreement provides for:

- Base Term of five years and one conditional option period of five years.
- Market Rate Base Rent consistent with the recent Airport Rent Study completed in April 2016.
- Rent will increase annually by five percent (5.0%).

Further benefits of the proposed lease include:

- The lease of Building 510 will create ongoing/reoccurring building lease revenue for the Airport.
- DPM will generate sales tax from the sale of manufactured materials benefiting the City's General Fund.
- DPM will increase employment within the community.
- DPM will seek to rehire former employees laid off due to the relocation of Integrated Composites.
- DPM will offer direct part fulfillment for the onsite repair and maintenance facility; this expands the services that can be offered through GEM Aviation.
- Onsite composite manufacturing increases the ability to attract aircraft manufacturing business to the airport.

FISCAL IMPACT:

Should the City Council approve this request, anticipated rent revenue to the airport over the full term (10 years) of Lease Agreement is approximately \$742,000.

Building lease rent revenue is recorded to FY 2016-17 Budget, Airport Operations Fund 555, Facilities Rents Building Rents, Account No. 555.000.000.00-5460.220. The anticipated rent revenue for the remainder of FY 2016-17 (3 months) is estimated to be \$13,500.

CONCLUSION:

This request is submitted for the City Council consideration and approval.

Respectfully submitted,

Jeff Crechriou
Airport Services Manager
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina

EXHIBIT A

MARINA MUNICIPAL AIRPORT

LEASE BETWEEN

THE CITY OF MARINA

AND

DRIVEN PERFORMANCE MANUFACTURING, LLC

for

BUILDING 510

Recording Requested by and)
 When recorded mail to:)
 City Clerk)
 City of Marina)
 857 Cass Street, Suite D.)
 Monterey, California 93940)
)
 APN 031-112-007)
 _____)

LEASE

THIS LEASE (the "Lease"), made and entered into this ____ day of _____ 2017, by and between the **CITY OF MARINA**, a California municipal corporation ("City"), and **DRIVEN PERFORMANCE MANUFACTURING, LLC**, a California limited liability company ("Tenant"), as follows:

Recitals:

This Lease is entered into with reference to the following facts and circumstances, which are hereby found and determined by the parties:

- A. City owns and operates the Marina Municipal Airport (the "Airport") located in the City of Marina. The Airport was formerly known and operated by the U.S. Army as Fritzsche Airfield and was part of the Fort Ord Military Reservation.
- B. Tenant desires to lease a portion of the Airport real property, which includes a structure formerly utilized by the U.S. Army as an aircraft hangar and office facility, for use in the Tenant's aviation-related business of developing, designing, engineering, tooling, testing, manufacturing and the sale of composite aircraft components.
- C. As the lease of an existing public structure this Lease is categorically exempt from the California Environmental Quality Act (CEQA) in accordance with CEQA Categorical Exemption 15301.
- D. It is mutually agreed that this Lease is upon and subject to the following terms, covenants, conditions and provisions and Tenant covenants, as a material part of the consideration of this Lease, to keep, perform and comply with each and all of said terms, covenants, conditions and provisions to be kept, performed and complied with, and this Lease is made upon the condition of such performance and compliance.

Terms and Conditions

Conditions Precedent

1. Approval of the terms and conditions of this non aeronautical Lease by the Federal Aviation Administration (FAA).
2. Approval of this Lease by the City Council of the City of Marina.
3. Tenant's receipt of a conditional use permit issued by the City for the non aviation-related use of the premises, if any.
4. Approval by the City Manager/Airport Manager and the Airport Commission and by the City's Community Development and Public Works Departments of Tenant's plans and specifications for construction of the improvements to be made to the leased premises and its improvements.

ARTICLE 1. LEASE OF PREMISES, EASEMENT AND RESERVATION, TERM

1.01 **Leased Premises**. City hereby leases to Tenant, and Tenant hereby leases from City the following real property and premises (the "Premises"), being a portion of the Marina Municipal Airport, located within and around Building Number 510 (the "Building" or "Building 510") located at 3240 Imjin Road, Marina, County of Monterey, California, as shown on **Exhibit A**, attached hereto and made a part hereof. The interior space leased consists of approximately 21,452 square feet including 18,026 square feet of hangar, office and miscellaneous use space located on the ground floor and the mezzanine of Building 510 as outlined and designated on the floor plan attached hereto as **Exhibit B** and made a part hereof. The Premises includes one restroom facility, located on the ground floor, accessible to persons with disabilities ("ADA compliant restroom"). No use of the mezzanine space (approximately 3,426 square feet) is permitted without compliance with requirements of the ADA as set forth in the report prepared by the certified access specialist (CASP) referenced in Section 8.03 herein (the "CASP Report"), and the prior written consent of the City. The exterior area includes the area shown on **Exhibit A**. An easement is granted for ingress to and egress from the leased Premises for vehicles and the following rights, appurtenances, and easements and no others:

a) The exclusive use of the surrounding paved areas and parking lots as shown on **Exhibit A**. City reserves the right to designate alternate parking areas for Tenant's use. Tenant may, in a manner approved in advance and in writing by the City, mark or designate parking spaces for its use.

b) The furniture, furnishings, fixtures, and equipment, if any, to be set forth in the Schedule of Property attached hereto as **Exhibit C** and made a part hereof.

The foregoing rights shall terminate simultaneously on expiration or sooner termination of this Lease.

1.02 **Easement and Reservation.** The following described easement and reservation is hereby reserved by the City:

a) **Avigation Easement.** The leased Premises shall be subject to an easement and right of way for the unobstructed passage of aircraft in the airspace above the leased Premises, which is reserved by City for the benefit of itself and all members of the general public operating aircraft which land at or take off from the Airport. Concomitant and coextensive with said easement and right of way, City and general public shall have the further right to cause in all airspace above the surface of the leased Premises such noise, vibrations, fumes, dust, fuel particles, and other effects that may be caused by the operation of aircraft landing at or taking off from or otherwise operating at the Airport. In connection with this easement and right of way, Tenant agrees not to cause or permit any structure, natural growth, or other object on the leased Premises which extends into the airspace over the leased Premises more than 210 feet above mean sea level, and not to use or permit the use of the leased Premises in such a manner as to create electrical interference with radio communications between aircraft and the Airport, to make it difficult for flyers to distinguish between airport lights and other lights, to impair visibility in the vicinity of the Airport, or to otherwise endanger aircraft landing at or taking off from the Airport. Tenant further agrees that in the event it causes or permits any structure, natural growth, or other object on the leased Premises which extends into the airspace over the leased Premises more than 210 feet above mean sea level, or otherwise causes or permits any condition on the leased Premises which endangers aircraft landing at or taking off from the Airport, then City shall have the right to enter upon the leased Premises and to remove such structure, natural growth, object or condition endangering aircraft landing at or taking off from the Airport, all at Tenant's sole cost and expense.

b) **Utility Reservation.** City reserves the right 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 electrical 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 leased Premises. No right reserved by the City in this clause shall be so exercised as to interfere unreasonably with Tenant's operations or to impair the security of any secured creditor of Tenant.

c) **Parking.** The City reserves the right, with prior written notice to Tenant, to use the parking area in conjunction with special events held at the Airport (see 2.03 below). In making use of the parking area, City shall consider and make a good faith effort to alleviate adverse effects on Tenant's operations. City and Tenant agree to reasonably cooperate concerning the City's occasional use of the parking area.

1.04 **Term.** The term of this Lease ("Term") shall be effective upon the date the City completes the repairs specified in Section 9.08 (the "Effective Date"). . City shall confirm the Effective Date of this Lease in writing to the Tenant. The Term shall continue for five years following the Effective Date, to the "Expiration Date" five years hence unless terminated earlier as provided herein.

1.05 **Conditional Option to Extend.** City shall have the conditional right and option to renew and extend the term of this Lease by written amendment for an additional period of five years only, through the election and exercise of one five-year option following the Expiration Date in §1.04 hereof. This option is conditional upon FAA approval and Tenant's acceptance of the terms of the lease amendment. This option may be exercised by the City by its giving written notice of its intent to extend s this option to the Tenant not sooner than 210 nor less than 180 days before the expiration of the Term.

1.06 **Option to Extend – Rent Payable.** The monthly rent to be paid by the Tenant for the conditional five-year option will be increased by five percent (5.0%) above the monthly rent payable in the final year of the Term as follows:

Rent for Year One of first option to extend =	\$6,297.00 per month.
Rent for Year Two of first option to extend =	\$6,612.00 per month.
Rent for Year Three of first option to extend =	\$6,943.00 per month.
Rent for Year Four of first option to extend =	\$7,290.00 per month.
Rent for Year Five of first option to extend =	\$7,654.00 per month.

1.07 **Holding Over.** Any holding over after the expiration of the initial or extended term of this Lease with the consent of the City shall be construed to be a tenancy from month-to-month at a monthly rental equal 125% of the monthly rental for final month of the previous term. Tenant's occupancy during any period of holding over shall otherwise be on the same terms and conditions herein specified so far as applicable.

ARTICLE 2. USE OF LEASED PREMISES

2.01 **Use.** This Lease is made for the purpose of allowing Tenant's commercial, non aeronautical, use of the leased Premises and for granting Tenant certain rights and privileges to occupy Building 510 and to use the adjacent areas designated for parking for Tenant's use. Tenant may use the Premises in its business of aviation-related manufacturing, assemblage or research and aviation-based services, supplies or retail including developing, designing, engineering, tooling, testing, manufacturing and the sale of composite aircraft components. Subject to obtaining a conditional use permit from the City, Tenant may use the Premises for such other non aviation-related uses as may be permitted by the conditional use permit. Tenant shall limit the number of its employees to no more than ten employed upon the Premises at any one time unless and until a second ADA compliant restroom is available within Building 510. There shall be no outdoor storage except within fenced and screened areas approved in advance and in writing by the City or for storage of hazardous materials approved in advance and in writing by the City's Fire Chief. Tenant shall not use the leased premises, or any part thereof, or permit them to be used for any purpose, including residential purposes, other than the purpose specified herein without the consent of the City, such consent not to be unreasonably withheld.

The Tenant by accepting this Lease agrees for itself, its successors and assigns that it will not

make use of the leased Premises in any manner that might interfere with the landing and taking off of aircraft or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the City reserves the right to enter upon the Premises hereby leased and cause the abatement of such interference at the expense of the Tenant.

2.02 **Airport Rules & Regulations.** In making use of the leased Premises as specified in this Lease the Tenant shall, in common with all other users of the Airport, comply with the following rules and regulations:

a) Tenant acknowledges that it has received and reviewed a copy of the City's Airport Operating Ordinance (Marina Municipal Code Chapter 13.22) and shall comply with the minimum operating standards or requirements promulgated by City and applicable to each of Tenant's activities on the Airport.

b) Subject to the provisions of the California Code of Civil Procedure §731a, Tenant shall not do or permit to be done upon the Premises any act or thing which constitutes a nuisance, i.e., which may disturb the quiet enjoyment of City, any other tenant of City or private businesses on adjacent land or neighboring property. If City notifies Tenant that such a nuisance or disturbance exists, Tenant agrees, within 72 hours from receiving written notice by the City, to abate or otherwise cause said nuisance to be cured. In the event Tenant has not taken corrective action within 72 hours, the City may enter and abate said nuisance, including but not limited to entering the Premises and abating the nuisance or disturbance, at the expense of Tenant without any liability whatsoever to City for monetary loss or anticipated profits of Tenant or others.

c) Tenant shall have the right, at its expense, to place in the leased Premises a sign or signs identifying Tenant. Said sign or signs shall be of a size, shape and design, and at a location or locations, approved in advance by the City and in conformance with any overall directional graphics or sign program established by the City including section 17.28.060 of the City's Zoning Ordinance. Tenant shall expeditiously submit its application to the City Planning Department to process Tenant's request for a sign or signs to be affixed to the leased Premises, to be readily visible from Imjin Road. City's approval shall not be delayed or withheld unreasonably. Notwithstanding any other provision of this Lease, any signs shall remain the property of Tenant. Tenant shall remove, at its own expense, all lettering, signs and placards so erected on the Premises upon termination of this Lease.

d) Tenant shall have the right, at its expense, to place in or on the Premises trade fixtures, furnishings, personal property, equipment and materials necessary to perform any services provided for or authorized hereunder. Said trade fixtures, furnishings, personal property, equipment and materials shall remain the property of Tenant.

e) Tenant shall comply with all federal, state and local laws, rules and regulations which may apply to the conduct of the business provided for and authorized hereunder, including rules and regulations promulgated by the City, and Tenant shall maintain in effect and post in a prominent place all necessary or required licenses or permits, including an Occupancy Permit obtained pursuant to Marina Municipal Code, Chapter 15.54 and a City business license pursuant

to Marina Municipal Code Title 5, prior to commencing occupancy and operations. Tenant shall prepare an Emergency Action/Fire Protection Plan. Current plan shall be kept on file with the City's Fire Department.

f) Tenant agrees at its own expense to keep and maintain on the leased Premises portable fire extinguishers of such number, size and type as may be prescribed from time to time by the regulations of the City's Fire Department.

g) Tenant shall be responsible for the maintenance and repair of the Premises as set forth in §10.02 of this Lease and shall keep and maintain the Premises in good condition, order and repair, and shall surrender same upon the expiration of this Lease in the condition in which they are required to be kept, reasonable wear and tear and damage by the elements not caused by Tenant's negligence excepted. Tenant, by this Lease, specifically waives the provisions of §§1941 and 1942 of the California Civil Code with respect to the landlord's obligations for the tenantability of leased Premises and the Tenant's right to make repairs and deduct the expenses of such repairs from rent.

h) Semi trucks and trailers delivering materials and shipping finished products shall not do so within the Airport operations area.

i) Tenant understands and agrees that its right to use the leased Premises for the purposes provided for by this Lease shall not be, and shall not be construed to be, exclusive of the right of any other person or firm to operate the same or a similar business at the Marina Municipal Airport and to lease premises at the Airport from the City for such purposes, within the meaning of §308A of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1349a). City reserves the right, at its sole discretion, to grant others certain rights and privileges upon the Airport which are identical in part or in whole to those granted to Tenant by this Lease, excepting any rights with respect to the use or possession of the leased Premises.

j) Tenant shall, in good faith use its best efforts to efficiently utilize the facilities covered by this Lease in order to promote and aid the commerce of the Marina Municipal Airport and the use of its facilities.

2.03 **Special Events.** Tenant understands and acknowledges that the City will, from time to time, conduct special events at the Airport. Tenant agrees to cooperate with the City concerning these events (e.g. allowing the City to use the Premises Parking Area during weekends). City shall provide not less than 14-days prior written notice to Tenant of any special event which is expected to have an impact on Tenant's operations or use of the property.

ARTICLE 3. USE AND MAINTENANCE OF AIRPORT FACILITIES

3.01 **Maintenance of Airport Facilities.** The City reserves the right, but shall not be obligated to the Tenant to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport together with the right to direct and control all activities

of the Tenant in this regard.

3.02 **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 be erected, any building or other structure on or adjacent to the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

3.03 **FAR Notification Requirements.** Tenant agrees to comply with the notification and review requirements covered in of the Federal Aviation Regulations in the event future construction of a building is planned for the leased Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the leased Premises. This requires the submission of FAA Form 7460-1 *Notice of Construction or Alteration to the FAA*. The Tenant by accepting this Lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or building nor permit objects of natural growth or other obstructions on the land leased hereunder above a height as determined by the application of the requirements of Title 14 CFR Part 77. In the event the aforesaid covenants are breached, the City reserves the right to enter upon the land hereunder and to remove the offending structure or object or cut the offending natural growth, all of which shall be at the expense of Tenant.

3.04 **FAA Safety & Security Rules & Regulations.** Tenant will conform to Airport and FAA safety and security rules and regulations regarding use of the Airport operations area including runways, taxiways, and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; will complete and pass airfield safe driving instruction program when offered or required by the Airport; and will be subject to penalties as prescribed by the Airport Manager for violations of the Airport safety and security requirements.

ARTICLE 4. RENTS AND FEES

4.01 **Time and Place of Payment.** Tenant shall pay all rental charges and all other obligations due to the City under this Lease every month in advance on or before the first day of the month during the term of this Lease at the office of the City Finance Director, City Hall, 211 Hillcrest Avenue, Marina, California 93933. The rent for certain months of this Lease may be pro-rated. For purposes of calculating and pro-rating rents and other charges due, each month shall be considered to have 30 days, and each year of the initial or any extended term of this Lease to have 360 days.

4.02 **Rent: Initial Rent Amount.** The monthly rent payable for the first six months of this Lease shall be \$4,505.00 (at the rate of \$0.21 per square foot). The rent payable for months seven through twelve of this Lease shall be \$4,934.00 (at the rate of \$0.23 per square foot). Thereafter for the initial term the rent shall increase annually by five percent (5.0%) above the monthly rent payable in the prior year as follows:

Rent for Year Two =	\$5,181.00 per month.
Rent for Year Three =	\$5,440.00 per month.
Rent for Year Four =	\$5,712.00 per month.
Rent for Year Five =	\$5,997.00 per month.

Tenant shall also pay as additional rent, every month as provided above, the amounts set forth in Article 12 herein for utilities (water, sewer, and gas), trash collection and assessments. The rent payable under this Lease shall be triple net (*i.e.*, Tenant shall pay all of its operating expenses, insurance premiums and taxes including possessory interest tax). Rent and all net charges shall commence upon the Effective Date.

4.03 Allowance for Building Improvements. The City may extend a rental credit to Tenant up to an amount not to exceed One Hundred Thousand Dollars (\$100,000) based on the costs incurred by Tenant related to the, repair, replacement, construction or installation of building improvements approved in advance by the City in accordance with a written amendment to this Lease, which shall include: (i) an estimate for the cost of the work; and (ii) an amortization schedule for reimbursing the Tenant in accordance with this section, which the City Manager, acting as the Airport Manager, shall have the authority to enter into on behalf of the City. The City's contribution shall be known as the "Tenant Allowance" and shall be effected by means of a credit against the monthly rent to be paid by Tenant as provided herein as set forth in the lease amendment. Any work of improvement for which the Tenant receives a Tenant Allowance shall be a "public work" as that term is defined buy California Labor Code §§1720-1720.6. The total agreed Tenant Allowance for building improvements payable by the City shall be supported by written documentation provided to and approved by the City, acting through the City Manager/Airport Manager, and be paid to Tenant as a credit against the monthly rent taken in monthly installments amortized over thirty-six months or through the Expiration Date of the Lease, whichever is shorter following inspection of the improvements and approval of the City Manager/Airport Manager of the improvements which are the subject of the lease amendment and Tenant's documentation submitted for work done to construct or install the building improvements (the "Proration Period") which are the subject of the Lease amendment(s). The monthly credit so calculated shall be taken until the Tenant Allowance has been credited in full with the final credit against monthly rent taken in the 36th month after inspection and approval of the improvements and approval by the City Manager/Airport Manager of Tenant's documentation or the final month of the Term, so as to be in such amount as required to fully deplete the Tenant Allowance for the improvements which are the subject of the lease amendment. In no event will the City be responsible to reimburse Tenant for improvements constructed by Tenant in any manner other than by a Tenant Allowance and Tenant will be solely responsible for any amounts expended in excess of the proposed amortization schedule to be made a part of the lease amendment. For example, if the final agreed Tenant Allowance under a lease amendment is Thirty Thousand Dollars (\$30,000) Tenant could receive a monthly credit against rent in the amount of Eight Hundred Thirty-three Dollars (\$833.00) for thirty-five (35) months of this Lease, and a credit against rent in the amount of Eight Hundred Seventy-four Dollars and Sixty-two Cents (\$874.62) in the thirty-sixth (36th) month. If there were less than thirty-six months remaining the final proposed amortization schedule included with the lease amendment would be structured to provide for complete amortization of the Tenant Allowance

by the Expiration Date and accordingly for payment by Tenant of a reduced rent during the term of the amortization as agreed by the parties in the lease amendment.

4.04 City Inspection of Building Improvements. Notwithstanding any other provisions of this Lease, the City will have no obligation to reimburse Tenant or to credit the Tenant Allowance to Tenant's rent payment due for any month for building improvements until the City has conducted a final inspection of the improvements to the Premises made in accordance with the Plans and, if necessary, issued a Certificate of Occupancy for the Premises.

4.05 Delinquency Charge. Tenant hereby acknowledges that late payment by Tenant of rent and other sums due hereunder will cause the City to incur costs not contemplated by this Lease, the exact amount will be extremely difficult to ascertain. Should any payments due under this Lease remain unpaid ten days after the due date of such payment, a penalty of 10% shall be added to any payments past due. City and Tenant agree that this late charge represents a fair and reasonable estimate of costs that the City will incur by reason of the late payment of rent by the Tenant. Acceptance of any such late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount, nor prevent the City from exercising any of the other rights and remedies available to it by reason of such default. Interest on any unpaid rents, charges and any penalty shall accrue at the rate of 1.5% per month thereafter until paid.

4.06 Performance Deposit. Upon execution of this Lease, Tenant will pay to the City the sum of \$15,000.00, deposited with the City's funds as partial security of future rental and other payments due. The parties agree that these funds will remain on deposit with the City and shall be considered a performance deposit under this Lease. In the event the City is required to utilize this deposit or any portion thereof during the term of this Lease for the payment of rents, charges, or fees due, Tenant within thirty (30) days from such use of the deposit funds shall deposit with the City an additional sum sufficient to restore the performance deposit to the amount herein set forth. This performance deposit, or any remaining portion thereof, shall be returned to the Tenant at the termination of this Lease, after deduction of any amounts therefrom for payment of any obligation of Tenant due and owing to the City under any of the provisions of this Lease.

4.07 Accord and Satisfaction. No payment by Tenant or receipt by the City or a lesser amount of any sum due hereunder shall be deemed to be other than on account of the earliest due rent or payment, nor shall any endorsement or statement on any check or payment, or any letter accompanying any such check or payment, be deemed an accord and satisfaction, and the City may accept such check or payment and pursue any other remedy available in this Lease, at law or in equity. The City may accept any partial payment from Tenant without invalidation or any contractual notice require to be given herein (to the extent such contractual notice is required) and without invalidation of any notice require to be given pursuant to California Code of Civil Procedure section 1161 *et seq.*, or any successor statute thereto.

4.08 Commissions. City shall not be liable for the payment of any brokerage commissions or fees associated with this Lease to engineers, contractors, or attorneys working on behalf of Tenant.

ARTICLE 5. TAXES AND ASSESSMENTS

5.01 **Payment.** Tenant shall meet all expenses and payments in connection with the use of the Premises and the rights and privileges herein granted including a **possessory interest tax** created by this Lease, permit and license fees, it being understood by Tenant that although the public property is held in public ownership, **Tenant's interest therein will be taxable as a possessory interest** (California Revenue & Taxation Code §107.6). Tenant shall pay any personal property taxes levied on Tenant's inventory, furnishings, personal property or trade fixtures. Tenant may, at its sole expense and cost, contest any tax or fee. All taxes, fees, assessments, charges, etc. shall be paid prior to their delinquency date and satisfactory evidence that such taxes have been paid shall be furnished to the City.

5.02 **Joint Assessment.** If the Premises are not separately assessed, Tenant's liability shall be an equitable portion of the possessory interest taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by the City from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. The City's reasonable determination thereof, in good faith, shall be conclusive.

5.03 **Assessment by the Monterey County Water Resources Agency (MCWRA).** Tenant shall pay any assessment levied by the MCWRA. If the leased Premises are not separately assessed by MCWRA, Tenant's liability shall be an equitable portion of the MCWRA assessment for all of the land and improvements of which the Premises are a part included within the parcel(s) so assessed, such proportion to be determined by the City from the respective valuations assigned in the MCWRA's work sheets or such other information as may be reasonably available. The City's reasonable determination thereof, in good faith, shall be conclusive provided, however, Tenant may appeal the City's determination of the proration of any MCWRA assessments to the City Council, whose decision shall be final. In the event Tenant fails to pay any assessment when due, the City may, at its option, pay the same and collect from Tenant's performance deposit (see Section 4.06) the amounts so disbursed, plus interest at the rate of 10% per annum or fraction thereof.

ARTICLE 6. SUBORDINATE TO FEDERAL A GREEMENT AND REGULATIONS

6.01 **Subordinate to Agreements with U.S.** This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the City and the United States government or any department thereof relative to federal aid for the development and maintenance of the Airport or the development, operation or maintenance of the Airport. Failure of the Tenant or any occupant to comply with the requirements of any existing or future agreement between the City and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of Tenant's rights hereunder. Tenant acknowledges it has been given an opportunity to review the Deed of Conveyance for the leased Premises from the U.S. Army to the City and agrees to comply with

all requirements pertinent to Tenant's activities contained in that document.

6.02 **War or National Emergency.** This Lease and all provisions hereof shall be subject to whatever right the United States government 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 during a time of war or national emergency.

6.03 **Conformance with Federal Aviation Administration Regulations.** Tenant agrees that Tenant's use of the leased Premises, including all future construction, modification or alteration thereon, shall comply with all applicable Federal Aviation Administration regulations now in force or that may be hereafter adopted by Federal authority.

6.04 **Federal or State Grants.** City and Tenant agree to mutually cooperate in any application for such economic development grants and loans as may be available to City or Tenant for relocation, job training and economic development of the Airport.

ARTICLE 7. NON-DISCRIMINATION

7.01 Non-Discrimination.

(a) Tenant, for its personal representatives successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree "as a covenant running with the land" that in the event facilities are constructed, maintained, or otherwise operated on the leased Premises for a purpose for which a Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

(b) Tenant, for its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree "as a covenant running with the land" that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the leased Premises, (2) that, in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Tenant shall use the leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

(c) The Tenant assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, color, national origin, sex, age or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates the Tenant or its transferee

for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of, personal property or real property or interest therein or structures or improvements thereon. In these cases, this provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the City as the Airport sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the City as the Airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract.

(d) In the event of breach of any of the nondiscrimination covenants, City (through the City Manager/Airport Manager) shall have the right to terminate this Lease, and to re-enter the Premises, and hold the same as if this Lease had never been made or issued. This provision does not become effective until the procedures of 49 Code of Federal Regulations Part 21 are followed and completed including expiration of appeal rights.

7.02 **Compliance with Non Discrimination Covenants.** Without limiting the generality of any other terms or provisions of this Lease, noncompliance with Section 7.02 above shall constitute a material breach thereof and in the event of such noncompliance City (through the City Manager/Airport Manager) shall have the right to terminate this Lease and the estate hereby created without liability therefor or, at the election of the City of the United States, either or both said governments shall have the right to judicially enforce Sections 7.01 and 7.02 of this Article 7.

7.03 **Covenants in Other Ancillary Agreements.** Tenant agrees that it shall insert the above two (2) provisions in any agreement, sublease, assignment or other agreement by which Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or non aeronautical services to the public on the Premises.

ARTICLE 8. CONDITION OF THE PREMISES

8.01 **Acceptance of Leased Premises.** Tenant understands that the leased Premises were formerly used by the federal government as part of an Army air base, that surrounding lands which were also part of such Army air base have, in the past been found to contain concentrations of volatile organic chemicals which exceed standards prescribed by the environmental agencies and the state and federal governments. Pursuant to Health & Safety Code §25359.7(a) Tenant is provided this notice that the structure may contain asbestos materials and lead-based paints. The City has provided to the Tenant an asbestos survey report prepared by the U.S. Army Corps of Engineers for Building 510, which is attached hereto as **Exhibit D**. Tenant acknowledges that City has granted to Tenant the right to review all maps and records of the old Army air base presently on file in the office of the City's Planning Department as well as the right to inspect the leased Premises and perform any tests of the soils and improvements thereon or the groundwater thereunder, all in order to afford Tenant a full and complete opportunity to investigate and determine whether the leased Premises can be used for the purposes for which it is being leased.

8.02 No Warranty. Tenant further understands and agrees that no representation, statement, or warranty, express or implied, has been made by or on behalf of the City as to the condition of the leased Premises or the suitability of the Premises for its intended use, save and except for the representation and warranty that no City officer, employee, contractor, subcontractor, tenant, subtenant or agent has caused any condition of pollution or contamination which may now exist on the leased Premises. Such representation and warranty, however, shall not extend to any condition of pollution or contamination caused by the federal government. Upon entering into occupancy, Tenant also agrees to accept the leased Premises in its present condition and "as is", with respect to all conditions which may now exist on or under the leased Premises save and except for any condition of pollution or contamination caused by an officer, employee, or agent of City. Moreover, Tenant agrees to waive any claim or right of action against the City which Tenant now has or hereafter may acquire arising out of the condition of the leased Premises, its soils and/or the groundwater underlying the leased Premises, including but not limited to any claim of indemnity which Tenant may have by reason of costs incurred by Tenant arising out of the abatement or cleanup of any pollution or contamination condition discovered on the leased Premises hereinafter required under applicable state, federal or city laws or regulations save and except for a claim or right of action arising out of a condition of pollution or contamination caused by an officer, employee or agent of the City. Tenant is not responsible for the cost of environmental abatement, remediation or cleanup of pollution or contamination which is unrelated to the activities of the Tenant, or its officers, employees, agents, contractors or invitees, on the Premises.

8.03 Americans with Disabilities Act (ADA). The Building 510 described in this Lease and the real property of which it is a part has undergone inspection by a certified access specialist (CASp) and has been determined not to meet all applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53. There have been no modifications or alterations completed or commenced between the date of the inspection and the date of this Lease which have impacted the subject of the Premises compliance with construction-related accessibility standards. Prior to execution of this Lease the Tenant was provided with a copy of the CASp Report in accordance with a written agreement between the City and the Tenant per California Civil Code section 1938(b). Tenant understands and acknowledges that, with the exception of: (1) an ADA compliant path of travel from the public way to inside the building, including common area restroom facility; and the ADA compliant restroom on the first floor of the Building, the City makes no representation concerning the premises compliance with the ADA. A CASp can inspect the 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. Tenant is solely responsible for determining whether or not Tenant's intended use of Building 510 will be or is in compliance

with the ADA. Tenant acknowledges that certain portions of Building 510 remain inaccessible for some disabled individuals. By entering into this Lease, unless otherwise agreed between the parties in a writing signed by the authorized representative of each party, City agrees to be responsible for all compliance with construction-related accessibility standards in accordance with the ADA, if applicable to the Tenant or the City.

8.04 **Disclosure to Sub Lessees and Assignees.** Tenant agrees that in the event Tenant subleases all or any portion of the Premises or assigns its interest in this Lease, Tenant shall indemnify and defend the City for, from and against any matters which arise as a result of Tenant's failure to disclose any relevant information about the Premises or the improvements to any subtenant or assignee. It is the intention of the City and Tenant that the immediately preceding sentence shall survive any release of Tenant by the City upon any assignment of this Lease by Tenant.

ARTICLE 9. LEASEHOLD IMPROVEMENTS

9.01 **Improvements to Leased Premises Eligible for a Tenant Allowance.** Tenant may construct improvements including the building improvements eligible for a Tenant Allowance per Section 4.03 (the "Tenant Allowance-Eligible Improvements") to the leased Premises in accordance with plans, specifications, and an estimate of the final cost (the "Plans") to be completed by Tenant and submitted to the City with a required lease amendment. The Plans must be approved by the City acting through the City Manager/Airport Manager or his or her designee(s). The Plans shall be reviewed and approved by the issuance of a building permit by the Building Division of the City's Public Works Department. Upon approval by the City, the Plans, together with the lease amendment including a construction schedule ("Construction Schedule") shall be entered into by both parties. Tenant Allowance-Eligible Improvements shall be structural or building system-related improvements to the Premises including, but not necessarily limited to, those: (1) required for compliance with an applicable federal, state or local regulations or codes, including, but not limited to, the codes adopted by the City in Title 15 of the Marina Municipal Code ("Buildings and Construction"), as same may be amended from time to time; or (2) to provide for the addition, repair or restoration, installation, or replacement of a permanent structural improvement or interior system which will thereby enhance the Building's overall value or increase its useful life, including, but not limited to, the parking areas, mechanical including the overhead crane and compressor, electrical, plumbing, or ventilation systems, as well architectural, engineering, planning and design services and certain other costs, shall be eligible for treatment as a Tenant Allowance for which Tenant will receive the credit against the monthly rent payable under this Lease as per Section 4.03. Tenant Allowance-Eligible Improvements shall be as agreed by the City and Tenant and set forth in the lease amendment. Nothing herein shall alter the intent of the parties that Tenant shall be fully and completely responsible for all aspects pertaining to the construction of the Tenant Allowance-Eligible Improvements on the leased Premises and for the payment of all costs associated therewith, subject to Tenant's right to the credit against monthly rent set forth in Section 4.03 hereof and the City's obligations under Section 9.08 below.

9.02 **Tenant Allowance Eligible-Improvements by the Tenant.**

(a) Tenant covenants and agrees and it is an express condition of this Lease that Tenant shall conduct its due diligence, at its own cost and expense and commence to construct upon the Premises the Tenant Allowance-Eligible Improvements in compliance with the Plans, and shall thereafter diligently prosecute to completion the Tenant Allowance-Eligible Improvements in compliance with the Construction Schedule set forth in the lease amendment. Tenant also shall provide, at Tenant's sole cost and expense, all furniture, trade fixtures and equipment necessary to operate the Premises in accordance with the approved use (Sec. 2.01). At least two (2) weeks before the last date Tenant accepts initial bids for any construction for Tenant Allowance-Eligible Improvements, Tenant shall file with the City a written list of the name of all contractors to whom Tenant has submitted a request for bids. In addition, Tenant shall file with the City the name of each contractor with whom Tenant proposes to contract, together with the name of the subcontractors of all tiers, at least five (5) business days before Tenant enters into a final contract with any contractor. Tenant shall promptly provide the City with written notice of the contractor(s) to whom Tenant has awarded any bid. The call for bids and contract documents shall specify that the project for construction of Tenant Allowance-Eligible Improvements is subject to compliance monitoring and enforcement by the California Department of Labor Standards Enforcement. Tenant's failure to strictly comply with this provision shall be a material breach of this Lease. The above provisions are intended to provide the City with notice of the contractor(s) that Tenant may engage to construct the Tenant Allowance-Eligible Improvements but are not intended to give the City the right to approve or disapprove the contractor(s) engaged by Tenant.

In connection with the Tenant Allowance-Eligible Improvements, the following conditions shall apply (collectively, "Basic Conditions"):

(1) The Tenant Allowance-Eligible Improvements may not weaken the structural integrity of the Premises and/or other improvements.

(2) Tenant must, prior to constructing, erecting or making any Tenant Allowance-Eligible Improvement, submit to the City (collectively, "Submissions") (i) complete copies of any and all architectural plans, drawings and specifications, including engineering, mechanical, structural and electrical working drawings, design calculations of and other documents ("Construction Drawings") pertaining to the proposed Tenant Allowance-Eligible Improvements, in form reasonably satisfactory to the City and consistent with all Plans previously delivered to and approved by the City, (ii) complete copies of any and all authorizations or approval from any governmental agency or authority as may be required under applicable law, rules or regulations, including, without limitation, all applicable environmental laws, (iii) a complete list (including contact information) of all Tenant's representatives (including contractors, architects, engineers and other consultants) and all subcontractors, that may perform work or services related to the proposed Tenant Allowance-Eligible Improvements, which must all be licensed and bonded professionals in the State of California, to the extent required under applicable law ("Tenant Contractors"), (iv) a final Construction Schedule, and (v) complete copies of the certificates of insurance required.

(3) Tenant must, prior to constructing, erecting or making any Tenant Allowance-Eligible Improvement, procure and pay for all necessary permits and authorizations, and must comply with all applicable federal, state and local laws and regulations, including the conditions under such necessary permits during the construction and installation of the Tenant Allowance-Eligible Improvements.

(4) The Tenant Allowance-Eligible Improvements must be of new and first quality materials and all related work shall be in a proper, professional and good and workmanlike manner and conducted with all due diligence.

(5) If any such work related to the Tenant Allowance-Eligible Improvements involves the replacement of fixtures or parts thereto, all replacement fixtures or parts shall have a value and useful life equal to the value and useful life on the replacement date of the fixtures being replaced.

(6) All work related to the Tenant Allowance-Eligible Improvements shall be expeditiously completed in compliance with the approved schedule of completion and with all applicable laws, including those regarding disabled or handicapped persons, including without limitation the ADA.

(7) The Tenant Allowance-Eligible Improvements shall strictly conform to the Plans and the final Construction Schedule.

(8) City will require Tenant or Tenant's general contractor, at Tenant's sole cost and expense, to furnish bonds or letters of credit in accordance with Sections 9.04 to assure diligent and faithful performance of all work related to the Tenant Allowance-Eligible Improvements.

(9) If any Tenant Allowance-Eligible Improvement impacts the structure or mechanical systems of the Premises to an extent greater than *de minimis*, or if Tenant otherwise has plans prepared for same, Tenant shall deliver "as-built" plans, including all mechanical systems (prepared using AutoCAD), to the City upon completion of the Improvements.

(10) Subject to Article 14, Tenant shall promptly discharge, remove or contest all liens filed against the Premises arising out of the construction of the Tenant Allowance-Eligible Improvements.

(11) All Tenant Allowance-Eligible Improvements shall be subject to this Lease. The Tenant Allowance-Eligible Improvements shall become the property of the City upon the date their cost has been fully amortized and reimbursed to the Tenant by the City in accordance with Section 4.03. The remaining Tenant Allowance-Eligible Improvements shall become the property of the City as of the termination date of this Lease, unless otherwise agreed upon by Tenant and the City, and Tenant shall execute and deliver to the City any document requested by the City evidencing the assignment to the City of all estate, right, title and interest (other than the interest created under this Lease).

(12) Tenant shall be responsible for the repair of any City or other facilities which are damaged as a result of Tenant's or its contractors, subcontractors or agents construction of the Tenant Allowance-Eligible Improvements.

(13) Tenant shall coordinate the timing of the Tenant Allowance-Eligible Improvements with the City so that the Improvements will not in any material respect interfere with or cause a delay in any other construction activities authorized by the City.

(14) Tenant shall give the City at least seven (7) calendar days' notice prior to the commencement of construction of any Tenant Allowance-Eligible Improvement so that the City may post appropriate notices of non-responsibility and agrees that such notices may remain posted until the Improvements are complete.

(15) Tenant shall comply with the City's waste reduction and recycling programs, as the same may be amended from time to time.

(16) Tenant shall comply with the Prevailing Wage Requirements, if applicable, and the other provisions under Section 9.10.

(17) Tenant shall pay all applicable fees under applicable the City ordinances and resolutions.

(18) Tenant shall be responsible for the repair of any City or other facilities which are damaged in connection with the construction of the Tenant Allowance-Eligible Improvements.

(19) Tenant shall comply with any and all mitigation measures and conditions to approval applicable to the construction of the Tenant Allowance-Eligible Improvements.

9.03 Improvements to Leased Premises – Not Eligible for Tenant Allowance. During the initial or any extended term of this Lease Tenant or its contractors or subcontractors shall not make any additions or alterations to the improvements on the leased Premises which attach to, alter, or in any way affect the structural integrity of the Premises, and for which the Tenant will not seek a Tenant Allowance, without the prior written consent of the City, such consent not to be unreasonably delayed or withheld. Moreover, upon receiving consent to make an addition or alteration to the improvements on the leased Premises which attach to, alter or in any way affect any structural element of Building 510, Tenant or its contractors or subcontractors shall not commence work on the construction or installation of such added or altered improvement until plans and specifications for same have been submitted to and approved by the City's review processes and a building permit issued. During the initial or any extended term of this Lease, Tenant may make or cause to be made improvement which do not attach to, alter or in any way affect the structural integrity of the Premises and are required for Tenant's use. In making any such improvement Tenant shall obtain all required permits and be solely responsible for any damage to the Premises. Prior to making any improvements that do not attach to, alter or in any way affect the structural integrity of the Premises Tenant shall notify the Airport Manager in writing concerning the improvement and the Airport Manager shall have ten calendar days to

object. If the Airport Manager lodges an objection to the improvement the Airport Manager and Tenant shall work in good faith to achieve the Tenant's goal.

9.04 **Performance Bond.** Tenant shall cause to be made, executed and delivered to City, prior to the date of commencement of any work in or on the leased area which attach to, alter or in any way affect any structural element of Building 510, performance bonds approved as to form and as to surety by the City, with Tenant or Tenant's contractor as principal, and the City specifically named as an additional insured, each in the sum of one hundred percent (100%) of the amount of the contract for all work costing in excess of \$5,000.00 for a) the said required work in accordance with the approved plans and specifications and b) to provide that if Tenant or its contractor or contractors fail to pay for any materials, provisions or other supplies, used in or upon, for or about the performance of the work to be done, or for any work or labor thereon of any kind, that the surety will pay the same, in an amount not exceeding the sum specified in the bond, and also, in case suit is brought upon the bond, a reasonable attorney's fee as set by the court.

9.05 **Insurance.** Before commencing any work which attaches to, alters, or in any way affects any structural element of Building 510 which work will be performed by Tenant or its contractors and/or subcontractors engaged by the Tenant, Tenant agrees to obtain, or cause to be obtained, with a responsible insurance carrier authorized under the laws of the State of California to insure employees against liability for compensation under the Workers Compensation Insurance and Safety Act, compensation insurance covering full liability for compensation under said Act, for any person injured while performing any work or labor incidental to the work in or on the leased Premises.

9.06 **Title to Improvements.** Upon termination of this Lease or any extended periods thereof, all additions or alterations to the improvements on the leased Premises made by Tenant or its contractors or subcontractors which are not subject to amortization as Tenant Allowance-Eligible Improvements shall become the property of the City without payment of any compensation therefor; provided, however, that upon termination of this Lease, City shall have the option to require Tenant to remove any or all added improvements or restore any altered improvement to the same condition as it was at the commencement of the term of this Lease, all at Tenant's sole cost and expense.

9.07 **Prevailing Wages.** Tenant shall abide by the regulations promulgated by the Fort Ord Reuse Authority in the FORA Master Resolution regarding the payment of prevailing wages for construction and/or improvement projects on former Fort Ord properties including the requirement that Tenant, any contractor, and any subcontractor performing work on the Premises be registered with the DIR in accordance with California Labor Code 1725.5.

9.08 **Improvements by the City.** Except as otherwise expressly set forth in this Lease, the City is not obligated to construct or install any improvements on or off of the leased Premises. The City shall have no obligation on account of any construction or installation of any improvement by Tenant to pay for all or any portion of the costs or expenses arising out of such

construction or installation, excepting the City's obligation to provide the credits against rent contemplated by Section 4.03 of this Lease. Notwithstanding the above, the City shall be responsible for: (i) installing and/or upgrading the fire sprinkler system to a "wet pipe" system from the current "deluge" fire suppression system; and (ii) installing and/or upgrading the electrical system from 208 volt service to 480 volt service as agreed in a prior writing between City Manager and Tenant and ensuring electrical systems are functional, safe, and code compliant prior to the Effective Date; (iii) any construction-related accessibility improvements required by the CASp Report including but not necessarily limited to: (a) required push bars on doors; (b) entry doors; (c) the restroom facilities located on the ground floor. All improvements that are the responsibility of the City shall be expeditiously completed with first quality materials in a proper, professional and good and workmanlike manner in compliance with any approved schedule of completion of the improvements by the Tenant and all applicable federal, state and local laws, rules, regulations and ordinances.

9.09 Right of Entry for Construction and Maintenance. The City and Tenant each agree that the other shall be permitted to enter upon its property, as may reasonably be necessary in order for Tenant to make the Improvements or do other work required by this Lease or in order for the City to fulfill its responsibilities to make improvements (see Section 9.08) and for maintenance as set forth in Section 10.01, and to maintain or repair the respective party's property. The right of each party to enter the other's property or the Premises shall extend to such party's lessees, and licensees and contractors. A party's exercise of its right of entry shall not unreasonably interfere with the other party's use of its property. Any interference shall be temporary and all work on the entering party's property shall proceed expeditiously as necessary to avoid or minimize any such interference. A party intending to exercise the right of entry shall first give to the other party reasonable prior written notice before commencement of any work on the other party's property. In the event a party's entry results in any damage to the other party's property, the same shall be repaired expeditiously at the entering party's expense.

9.10 Prevailing Wage Required.

(a) Prevailing Wage Standards.

(1) Basic Requirements. Tenant agrees that, with respect to any construction at or on the Premises of the Tenant Allowance-Eligible Improvements for which Tenant is to receive a Tenant Allowance as a credit against rent in accordance with Section 4.03, Tenant (and its contractors and subcontractors) shall comply with the then current Public Works Prevailing Wage Requirements, as the same may be amended from time-to-time (collectively, the "Prevailing Wage Requirements").

(2) Additional Prevailing Wage Provisions. The following provisions of this Section apply only if, and to the extent that, the Prevailing Wage Requirements are applicable:

(a) The Prevailing Wage Requirements shall apply to the employees of any employer including Tenant and any Tenant's contractor(s) or subcontractor(s), including their successors

and assignees, but shall not apply to supervisory or managerial personnel or to persons employed in the operation or maintenance of the Premises.

(b) Tenant shall cause the provisions of this Section to be incorporated into each contract and subcontract for each Tenant contractor and subcontractor which would be subject to this Section. In the event the provisions are not so incorporated, Tenant shall be liable to the worker in any action for the difference between the prevailing wage rate required to be paid under the Prevailing Wage Requirements and the amount actually paid to the worker, including costs and attorney fees, as if Tenant were the actual employer.

(c) Nothing in this Lease shall prevent the employment of any number of properly registered apprentices, as defined in Chapter 4, Division 3 of the California Labor Code. Every such apprentice shall be paid not less than the standard wage paid to apprentices under the regulations of the crafts or trade at which the apprentice is employed, and shall be employed only at the work of the craft or trade to which the apprentice is registered. The employment and training of each apprentice shall be in accordance with the provisions of the apprenticeship standards and apprentice agreements under which the apprentice is in training. Tenant and Tenant's contractors and subcontractors shall be responsible for complying with Section 1777.5 of the California Labor Code concerning apprentice-able occupations, with respect to all work covered by that section.

(d) Tenant agrees that to the extent that Tenant and its contractors and subcontractors are required to comply with the Prevailing Wage Requirements. Tenant shall assure that all workers are paid the prevailing rate of per diem wages, and travel and subsistence payments (defined in applicable collective bargaining agreements filed in accordance with the California Labor Code), in effect at the time the work is performed. Copies of the applicable prevailing rate of per diem wages are on file at the City's Building Division office and will be made available to any interested party on request. Tenant agrees to post a copy of the prevailing rate of per diem wages at the leased Premises.

(e) Except where the context otherwise requires, the definitions of terms and phrases contained in the California prevailing wage law, Sections 1720 et seq. of the California Labor Code, and in the implementing administrative regulations, shall apply to the same terms and phrases which are used in the Prevailing Wage Requirements of this Section 9.10.

(f) In the event a civil wage and penalty assessment is served by the Labor Commissioner, acting through the Division of Labor Standards Enforcement, on the City, the Tenant, or any contractor or subcontractor of the Tenant, as a result of the failure of Tenant or any of its contractors or subcontractors to comply with this Section 9.10, Tenant shall withhold from amounts due to the contractor or subcontractor sufficient funds to satisfy the assessment and, if the assessment becomes final, Tenant shall pay as a penalty to the City the amount determined by the Labor Commissioner in accordance with California Labor Code §1775, as the penalty assessment payable for each worker for each day, or portion thereof, such worker was paid less than the applicable prevailing wage rates for such work or craft in which such worker was employed. Further, the difference between such prevailing wage rates and the amount paid

to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the Tenant or by Tenant's contractor or subcontractor. Tenant, and each affected contractor and subcontractor, shall have the right to request a review by the Labor Commissioner of the civil wage and penalty assessment served by the Labor Commissioner by transmitting a written request for review to the Labor Commissioner within sixty days after service of the assessment, and Tenant and its contractors and subcontractors shall not be obligated to pay the civil wage and penalty assessment to the City until a final written decision affirming, modifying or dismissing the assessment is issued by the Labor Commissioner.

(g) The Prevailing Wage Requirements of this Section 9.10 will be monitored and enforced by the City's Building Division. In addition to any other rights provided by California law to recover compensation, a worker that has been paid less than the prevailing wage rates shall have a right to commence an action or proceeding against the employer of the worker for the difference between the prevailing wage rates and the amount paid to such worker for each calendar day or portion thereof for which the worker was paid less than the compensation required to be paid under the provisions of this subsection. No issue other than that of the liability of the employer for the amount of unpaid wages allegedly due shall be determined in such action or proceeding, and the burden shall be on the employer to establish that the amounts demanded are not due. A worker recovering any or all of the wages claimed to be due shall recover his costs and attorney fees in securing such recovery. Nothing in this Section shall preclude its enforcement by the California Division of Labor Standards Enforcement.

(h) Tenant agrees to keep or cause to be kept by each contractor and subcontractor an accurate payroll record for each worker employed on work covered by this Section showing all of the information specified in subsection (a) of Section 1776 of the California Labor Code. All such payroll records shall be certified, available for inspection and filed monthly in accordance with the procedures specified in subsections (b)-(e) inclusive of Section 1776 and Section 1771.4 of the California Labor Code. In addition, copies of such certified payroll records shall be filed with the City within a reasonable time not to exceed thirty days from close of payroll by the respective employer. In the event Tenant or its contractor or subcontractor fails to make the certified payroll records available for inspection within ten days of a written request made by the Labor Commissioner, acting through the Division of Labor Standards Enforcement, and a penalty assessment is served or levied by the Labor Commissioner arising out of such failure, Tenant shall forfeit as a penalty to the City the penalty per calendar day, or portion thereof, for each worker determined in accordance with California Labor Code §1776, not otherwise paid to the City by the contractor or subcontractor who failed to comply with California Labor Code §1776. In accordance with California Labor Code §1813, in the event Tenant or its contractor or subcontractor requires or permits a worker to work in violation of California Labor Code Division, 2, Part 7, Chapter 1, Article 3 (payment for work in excess of eight hours in one calendar day and forty hours in one calendar week), Tenant shall forfeit as a penalty to the City the sum of Twenty-five Dollars (\$25.00) for each worker so employed, provided such penalty is not otherwise collected from the contractor or subcontractor who permitted its worker(s) to work in violation of such California Labor Code provisions..

(i) It is understood and agreed that all documents that Tenant is required to submit to or file with the City under this Section shall constitute public records that shall be available to any member of the public for review or copying in accordance with the California Public Records Act.

(j) In the event of repetitive breach of the requirements of this Section by Tenant, the City shall be entitled, in addition to all other remedies hereunder for breach of this Lease, to appoint at Tenant's expense a special monitor to oversee Tenant's compliance. Fees for said special monitor shall be billed to Tenant, which fees Tenant agrees to pay as Additional Rent within ten days after Tenant's receipt of such bill.

(k) Tenant shall indemnify, defend (with counsel approved by the City) and hold the City, its officers, officials, employees, and agents harmless from and against all claims which directly or indirectly in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781) or the requirement of competitive bidding, the failure to comply with any state or federal labor laws, regulations or standards in connection with the Lease, including but not limited to the prevailing wage laws, or any act or omission of Tenant related to this Lease with respect to the payment or requirement of payment of prevailing wages or the requirement of competitive bidding, whether or not any insurance policies shall have been determined to be applicable to any such claims. It is further agreed that City does not and will not waive any rights against Tenant that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or deposit by Tenant to City of any of the insurance policies described in this Lease. The provisions of this subsection survive the expiration or earlier termination of this Lease. The indemnification obligations of Tenant as set forth in this section shall not apply to claims arising from the gross negligence or willful misconduct of the City, its officials, officers, employees or agents.

(l) Contractors or subcontractors shall not be qualified to perform work on Tenant Allowance-Eligible Improvements eligible for a Tenant Allowance, or be listed in a bid proposal for such work, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for the work, unless currently registered and qualified to perform public work pursuant to Section 1725.5 of the Labor Code.

9.11 Security Concerning Tenant Allowance-Eligible Improvements – Performance and Labor and Material Bonds. Before the commencement of any construction work hereunder for Tenant Allowance-Eligible Improvements, the City will require that Tenant, or its contractors, at no cost or expense to the City, furnish to the City the following security concerning Improvements to be constructed by or on behalf of Tenant and covering any obligation of Tenant under the Prevailing Wage Requirements provisions of this Lease:

(a) Performance Bond. A bond in cash, or securities satisfactory to the City in its sole discretion, or issued by a surety company licensed to transact business in the State of California

and satisfactory to the City, in a sum of not less than 100% of any construction contract (or in the event Tenant serves as its own general contractor, 100% of the anticipated construction costs of the Tenant Allowance-Eligible Improvements) for the proposed Tenant Allowance-Eligible Improvements, payable to the City and conditioned upon full, faithful and satisfactory performance by Tenant its contractor(s) of the such Tenant Allowance-Eligible Improvements within the period of time specified in the construction schedule. Upon Tenant's or its contractor(s) full, faithful and satisfactory performance and completion of the such Tenant Allowance-Eligible Improvements, said bond shall be cancelled or returned to Tenant or contractor, as the case may be; otherwise, such part of the amount of the bond as shall be required to complete such Tenant Allowance-Eligible Improvements shall be payable to or retained by the City, as the case may be. In the event that said bond shall be in cash, the City shall have the right to invest and reinvest the same as it shall see fit, and any interest earned thereon during the time it is so held by the City shall accrue to and belong to the City, and Tenant or contractor shall have no interest in or claim thereto.

(b) Labor and Material Bond. A bond in cash or securities satisfactory to the City in its sole discretion, or issued by a surety company licensed to transact business in the State of California and satisfactory to the City with Tenant's contractor(s), as principal(s), in a sum not less than 100% of any construction contract (or in the event Tenant serves as its own general contractor, 100% of the anticipated construction costs of the Tenant Allowance-Eligible Improvements) for the proposed Tenant Allowance-Eligible Improvements as such costs are set forth in the estimated Tenant Allowance-Eligible Improvement completion costs, guaranteeing the payment for all materials, provisions, provender, supplies and equipment used in, upon, for or about the performance of said work or labor done thereon of any kind whatsoever and protecting the City from any liability, losses or damages arising therefrom.

(c) General. In the event and to the extent that Tenant obtains from Tenant's contractor(s) the bonds required hereunder which are satisfactory to the City, the City, upon application by Tenant and upon naming the City as an additional obligee of Tenant's principal and surety under such bond or bonds, shall release Tenant from and consent to the cancellation of the bond or bonds originally furnished by Tenant. It is understood and agreed that any bond which, as to the City as obligee, is conditioned upon Tenant making all necessary payments to the contractor shall not be satisfactory to the City. A combination performance and labor and material bond shall satisfy the foregoing requirements of this Section.

9.12 No Right to Demolish. Notwithstanding any other provisions of this Article, Tenant has no right to demolish the Tenant Allowance-Eligible Improvements, once built, or to remove any improvements, equipment or items financed by the City, in whole or in part, unless Tenant has received the prior written approval of the City.

9.13 Accounting for Tenant Allowance-Eligible Improvements; Final Agreed Tenant Allowance; Title to Improvements. Tenant and its contractors and agents shall maintain records and receipts of all costs incurred by Tenant with respect to the Tenant Allowance-Eligible Improvements. Tenant shall provide to the City a copy of all such records and receipts, and such records, once in the possession of the City, shall constitute public records. The final

agreed Tenant Allowance shall be in an amount equal to the final cost to the Tenant of the Tenant Allowance-Eligible Improvements, as supported by records and receipts required by this Section 9.13; provided that the total of all Tenant Allowance(s) shall not exceed One Hundred Thousand Dollars (\$100,000). All Improvements for which the Tenant receives a Tenant Allowance as reimbursement for the costs incurred to construct the same in accordance with Section 4.03, shall become the property of the City at such time as their cost has been fully credited against the rent payable by Tenant under this Lease.

9.10 **Insurance.** Before commencing any construction work and during the course of construction, Tenant agrees to obtain, and cause its contractor(s) to be obtain, with a responsible insurance carrier authorized under the laws of the State of California to insure employees against liability for compensation under the Workers Compensation Insurance and Safety Act, compensation insurance covering full liability for compensation under said Act, for any person injured while performing any work or labor incidental to the work in or on the leased Premises. During the course of construction, Tenant shall, at its cost, keep in full force and effect a policy of builder's risk and liability insurance, including installation floater coverage, in a sum equal, from time to time, to the agreed full replacement cost of Buildings 510 prior to completion of the improvements in the amount of (To be determined by MBASIA) (\$ _____) plus the amount to be expended for construction of the improvements. All risk of loss or damage to the improvements during the course of construction shall be on Tenant with the proceeds from insurance thereon payable to Tenant. The City and Tenant's general contractor, shall be additional named insureds on Tenant's builder's risk and liability insurance.

9.11 **Tenant Responsible for Additional Improvement Costs.** All costs incurred by Tenant in connection with the construction of the Tenant Allowance-Eligible Improvements in excess of the final, agreed total estimated cost of the Tenant Allowance-Eligible Improvements provided as a Tenant Allowance, as set forth in a lease amendment in accordance with Section 4.03 of this Lease subject to the City's obligation to provide the credit against monthly rent set forth in Section 4.03 or for improvements for which the Tenant will not receive a Tenant Allowance, shall be the sole responsibility of Tenant, All costs that are determined to be non-reimbursable under this Lease are the sole responsibility of Tenant.

ARTICLE 10. MAINTENANCE AND REPAIR

10.01 **City's Obligation under this Lease.** The City shall be responsible for the following maintenance and repair of Building 510 for the initial and any extended term of this Lease:

- a) Maintaining and repairing, with the exception of painting, all structural elements of the building's exterior walls, surfaces and foundations.
- b) Maintaining the watertight integrity of the building's exterior walls.
- c) Maintain, repair, or replace as required roof coverings, gutters and drains.

- d) Maintain and repair all exterior underground plumbing, drains and utility connections.
- e) Maintaining in compliance with applicable law, regulations and codes, the interior fire alarm system. Any damage to the interior fire alarm system resulting from tenant misuse or negligence shall be repaired or replaced by the Tenant.
- f) Maintenance of the large, aircraft hangar doors on the eastern and western facing sides of Building 510.

10.02 **Tenant's Obligations under this Lease.** Tenant shall be responsible for the following maintenance and repair of Tenant's leased Premises within Building 510 for the initial and any extended term of this Lease.

- a) Maintenance, repair or replacement of interior systems and components for the electrical, plumbing, ventilation, and mechanical systems including the overhead crane and the air compressor. The cost for repair, replacement or installation of interior systems or components shall be eligible for treatment as a Tenant Allowance per Section 4.03. Tenant understands the heating boiler for Building 510 is inoperable and will not be repaired.
- b) Interior and exterior glass, glazing, if any, and doors damaged by Tenant or its invitees.
- c) All interior walls, ceiling, floors, bathrooms, drains and other structures or components, if any.
- d) All air conditioning systems and components, if any.
- e) All communication systems and components.
- f) The "wet pipe" fire suppression system.
- g) All security alarm systems and components, if any.
- h) Maintenance, sweeping and keeping clear of refuse, regular trash and waste removal, repair or replacement of sidewalks, driveways and asphalt parking areas as well as any damage to the building structure or components or paved surfaces caused by Tenant or its invitees.
- i) General maintenance and upkeep of the trash enclosure.

10.03 **Surrender.** On the last day of this Lease, Tenant shall surrender the leased Premises to the City in the same condition as when received, broom clean, ordinary wear and

tear excepted. Tenant shall repair any damage to the leased Premises occasioned by the removal of Tenant's trade fixtures, furnishings and equipment which repair shall include the patching and filling of holes and repair of structural damage.

ARTICLE 11. DAMAGE OR DESTRUCTION OF IMPROVEMENTS

11.01 Destruction or Substantial Damage of Premises.

a) If, during the initial or any extended term of this Lease, any of the insured improvements now or hereafter located on the leased Premises are substantially damaged or destroyed by a fire or other casualty (excluding earthquake or flood) beyond Tenant's control, City shall proceed with reasonable diligence to restore the leased Premises substantially to the condition thereof immediately prior to such damage or destruction; provided, however, that either party may elect to terminate this Lease by giving written notice of such election to the other party prior to commencement of restoration and not later than 30 days after the date of loss, if the necessary restoration work would reasonably require a period longer than 90 working days to complete, or City may elect to terminate within 30 days of the date of loss if the total of the necessary restoration work would reasonably require the expenditure of more than fifteen thousand dollars (\$15,000.00) including insurance proceeds. In no event will City be required to repair or replace Tenant's stock in trade, fixtures, improvements, furniture, furnishings and equipment.

(b) If, during the initial or any extended term of this Lease, any substantial damage or destruction occurs to the leased Premises and the cost to repair the damage or destruction that is not covered by insurance exceeds fifteen thousand dollars (\$15,000.00), the City may terminate this Lease upon giving thirty (30) days prior written notice to the Tenant; provided, however, that the Tenant shall have the right to elect to pay the difference between the cost of repairing or restoring the damaged or destroyed improvements and fifteen thousand dollars (\$15,000), in which case this Lease shall remain in full force and effect, and Tenant shall proceed with reasonable diligence to restore the Premises.

c) In no event will the City be required to make repairs for any damage caused by the willful acts or negligence of Tenant or Tenant's employees, agents, subtenants or invitees, which damage Tenant shall promptly repair, replace or restore at Tenant's sole cost and expense. Upon any termination of this Lease under this section, City and Tenant shall be released thereby without further obligation to each other, except for obligations which have theretofore accrued and are then unpaid or unperformed.

d) In the event that restoration is made pursuant to this section, this Lease shall remain in full force and effect, and City shall be entitled to and shall have possession of the necessary parts of the leased Premises for such purposes, and if there is any substantial interference with Tenant's business on account of such repairs, Tenant shall be entitled to a proportionate reduction of rent during the time that said repairs are being made from the date on which such damage occurred until the City completes repairs computed on the basis of the

relation which the gross square foot area of space rendered untenable bears to the total square footage of the Premises and the extent to which the Premises are unusable by Tenant. Should any dispute arise over the reduction of rent to which Tenant is entitled, such dispute shall be resolved according to the provisions of §17.04 of this Lease.

11.02 **Waiver.** Except as otherwise specifically provided in this section, Tenant specifically waives the provisions of §§1932 and 1933 of the California Civil Code with respect to the termination of the hiring of a thing by virtue of the perishing or destruction of the thing being hired.

ARTICLE 12. UTILITIES, GARBAGE COLLECTION & ASSESSMENT

12.01 **Provision of Utilities.** Tenant shall have the right to use the utility service facilities serving the Premises at the commencement of the Term of this Lease. The City will use its best efforts to continue all utility services, but it cannot and does not guarantee that there will be no interruptions of service and Tenant hereby waives any rights or claims it may have resulting from temporary interruptions of service. To the extent it has knowledge the City will provide notice of any work scheduled which may interrupt the utility service to the leased Premises. If City is unable to provide utility service facilities due to the imposition of any limit on consumption or on the construction of additional utility facilities, or the allocation or curtailment of utility facilities or services by law or regulation, it shall have no obligation hereunder.

12.02 **Payment of Utilities.** Tenant agrees upon entering into occupancy of the Premises to pay directly to the utility providers for all utility services provided under the terms of any contract between the Tenant and the utility provider and to the City for all utility services provided under the terms of any contract between the City and a utility provider serving the premises through existing lines and connections. Tenant shall be responsible to provide and pay for all new connection equipment and any fees required. Tenant shall pay all utility charges within twenty (20) days of receipt of invoice and shall provide evidence of payment when requested to do so in writing by the City. In the event Tenant fails to pay any utility bill when due, the City may, at its option, pay the same and collect from Tenant's performance deposit the amounts so disbursed, plus interest at the rate of 1½% per month or fraction thereof.

12.03 **Telephone / Internet Connectivity.** Tenant shall be responsible for providing and paying directly to the provider for telephone and internet connection to the Premises.

12.04 **Garbage/Trash Collection.** Tenant agrees upon entering into occupancy of the leased Premises to pay for garbage and trash collection and removal services. Tenant shall arrange and pay for the disposal of all hazardous waste in accordance with all applicable local, state and federal laws and regulations. In the event Tenant fails to pay any bill when due, the City may, at its option, pay the same and collect from Tenant's performance deposit the amounts so disbursed, plus interest at the rate of 1½% per month or fraction thereof.

12.05 **Monterey County Water Resources Agency (MCWRA) Assessment.** Tenant

agrees to pay its pro rata share of assessments levied by the MCWRA. Tenant's liability shall be an equitable portion of the MCWRA assessment for all of the land and improvements included within the parcel so assessed, such proportion to be determined by the City from the respective valuations assigned in the MCWRA's work sheets or such other information as may be reasonably available. The City's reasonable determination thereof, in good faith, shall be conclusive. Charges will be due and payable within fifteen (15) days of the date of the invoice. Provided, however, Tenant may appeal the City's determination of the proration of MCWRA assessments to the City's Airport Commission, whose decision shall be final. In the event Tenant fails to pay any assessment when due, the City may, at its option, pay the same and collect from Tenant's performance deposit the amounts so disbursed, plus interest at the rate of 1½% per month or fraction thereof.

12.06 **Compliance with Regulations of Local Agencies.** It shall be the responsibility of the Tenant under this Lease to contact, consult and comply with any regulation applicable to Tenant's activities at the Airport which are now or may be promulgated by a local public or private utility provider or regulator having jurisdiction over activities or utility services at the Airport, including, but not limited to, the Fort Ord Reuse Authority, Monterey Regional Water Pollution Control Agency, Marina Coast Water District, Pacific Gas & Electric Company and the Monterey Bay Unified Air Pollution Control District and the Monterey County Water Resources Agency.

ARTICLE 13. INSURANCE & INDEMNIFICATION

13.01 **Insurance to be provided by the Tenant.** The Tenant shall obtain insurance coverage, naming the City, its council, boards, commissions and members thereof, its officers, employees, volunteers and agents as an additional insured, and maintain same continuously in effect at all times during the term of this Lease:

a) **Commercial General Liability Insurance** (primary) shall be provided on ISO-CGL form No. CG 00 01 11 85 or 88 or a form approved by the City's Risk Manager including contractual liability, independent contractors, board form property damage, sudden and accidental pollution, personal injury and products and completed operations. Policy limits shall be no less than one million dollars per occurrence (i.e., non aggregate program) for all coverage and two million aggregate. City and its Council, boards, commissions, officers, employees, volunteers and agents shall be added as additional insureds using ISO form GC 20 10 11 85 or a form approved by the City Attorney. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the City or any employee or agent of the City and must include a severability of interest (cross liability) provision, that is, it shall act as though a separate policy were written for each insured and additional insured named in the policy.

Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractor's limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage or employment-related practices.

b) **Umbrella Liability Insurance** (over primary) is required and shall apply to bodily injury/property damage, personal injury/advertising injury, contractual and products and completed operations at a minimum, and shall include a “drop down” provision providing primary coverage above a maximum \$25,000.00 self-insured retention for liability not covered by primary policies but covered by the umbrella policy. Coverage shall be provided on a “pay on behalf” basis, with defense costs payable in addition to policy limits. There shall be no cross liability exclusion and no contractor’s limitation endorsement. Policy limits shall be not less than one million dollars per occurrence and in the aggregate, above any limits required in the underlying policies. The policy shall have starting and ending dates concurrent with the underlying coverages.

c) **Workers’ Compensation/Employer’s Liability** shall provide workers’ compensation statutory benefits as required by law. Employer’s liability limits shall be no less than one million dollars per accident or disease. Employer’s liability coverage shall be scheduled under any umbrella policy described above. Unless otherwise agreed, this policy shall be endorsed to waive any right of subrogation as respects the City, its Council, boards, commissions, officers, employees or agents.

d) **Business Auto Coverage** If Tenant uses or causes to be used vehicles in connection with its use of the leased property, it shall obtain comprehensive or business automobile liability insurance with limits not less than \$1,000,000.00 each occurrence combined single limit for bodily injury and property damage, including owned, non-owned and hired vehicles. Coverage shall be written on ISO Business Auto Coverage form CA 00 01 06 92 including symbol 1 (Any Auto) or on a form approved by the City Attorney. Limits shall be no less than one million dollars per accident. This policy shall be scheduled as underlying insurance to any umbrella policy required above for a total limit of no less than \$2,000,000.00 each accident.

13.02 **Fire insurance.** The City shall obtain and maintain continuously in effect at all times during the term of this Lease, the following insurance coverage:

a) Fire and extended coverage insurance (excluding smoke pollution, or damage occasioned by earthquake or flood) on the structure and fixed improvements located on the Premises; with deductibles to be paid by the City for insured losses, in an amount to be determined by the City in its sole discretion during the term of this Lease. The proceeds of any such insurance may be used for rebuilding or repairing permanent improvements, subject to the provisions of Article 11 of this Lease.

b) Tenant shall reimburse the City for the full cost, if any, of all additional insurance assessments required by City’s insurer due to any hazardous activities by Tenant on the leased property.

c) Tenant hereby agrees to maintain, at its own cost and expense, during the entire term of this Lease or as said term may be extended, a policy or policies of insurance

against loss or damage upon its furnishings, fixtures, inventory, personal property and equipment. A certificate or certificates of Tenant's current insurance coverage must be filed with the City's Risk Manager.

13.03 Tenant and the City further agree as follows:

a) This Article supersedes all other sections and provisions of this Lease to the extent that any other section or provision conflicts with or impairs the provisions of this section.

b) The insurance requirements set forth in this Article are intended to be separate and distinct from any other provision in this Lease and shall be interpreted as such.

c) All insurance coverage and limits provided pursuant to this Lease shall apply to the full extent of the policies involved, available or applicable. Nothing contained in this Lease or any other agreement relating to the City or its operations limits the application of such insurance coverage. Nothing contained in this Article is to be construed as affecting or altering the legal status of the parties to this Lease.

d) For purpose of insurance coverage only, this Lease will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards, performance of this Lease.

e) Requirements of specific coverage features or limits contained in this Article are not intended as a limitation on coverage limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only and is not intended by any party to be all inclusive, or to the exclusion of other coverage or a waiver of any type.

f) All general or auto liability insurance coverage provided pursuant to this Lease or any other agreements pertaining to the performance of this Lease, shall not prohibit Tenant and Tenant's employees, or agents, from waiving the right of subrogation prior to a loss. Tenant waives its right or subrogation against the City.

g) Unless otherwise approved by the City, Tenant's insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best's" Insurance Guide rating of "A:VII." Self-insurance will not be considered to comply with these requirements.

h) In the event any policy of insurance required under this Lease does not comply with these requirements or is canceled and not replaced, the City has the right but not the duty to obtain insurance it deems necessary and any premium paid by City will be promptly reimbursed by Tenant.

i) Tenant agrees to provide evidence of the insurance required herein,

satisfactory to the City prior to taking any steps in furtherance of this Lease and annually upon renewal of the Tenant's business license, consisting of certificate(s) of insurance evidencing all of the coverages required and an additional insured endorsement to Tenant's general liability and umbrella policies using ISO form CG 20 10 1 85 or a form approved by the City Attorney. Certificate(s) are to reflect that the insurer will provide 30 days notice of any cancellation of coverage. Tenant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions. Tenant agrees to provide complete certified copies of policies to City within 10 days of City's request for said copies.

j) Tenant shall provide proof that policies of insurance required herein expiring during the term of this Lease have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished within 72 hours of the expiration of the coverages.

k) Any actual or alleged failure on the part of the City or any other additional insured under these requirements to obtain proof of insurance required under this Lease in no way waives any right or remedy of City or any additional insured, in this or any other regard.

l) Tenant agrees to require all contractors, subcontractors or other parties hired to perform work on the leased Premises to provide general liability insurance naming as additional insureds all parties to this Lease. Tenant agrees to obtain certificates evidencing such coverage and make reasonable efforts to ensure that such coverage is provided as required here. Tenant agrees to require that no contract used by any contractor or subcontractor, will reserve the right to charge back to City the cost of insurance required by this Lease. Tenant agrees that upon request, all agreements with contractors or subcontractors or others with whom Contractor contracts with will be submitted to City for review. Failure of City to request copies of such agreements will not impose any liability on City, its Council, commissions, officers, employees and agents.

m) Tenant agrees to provide immediate notice to City of any claim or loss against Tenant or its contractors or subcontractors that includes City as a defendant. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve the City.

n) In the event of any loss that is not insured due to the failure of Tenant to comply with these requirements, Tenant agrees to be personally responsible for any and all losses, claims, suits damages, defense obligations and liability of any kind attributed to City, or City's employees as a result of such failure.

o) Coverage will not be limited to the specific location or individual or entity designated as the address of the leased Premises.

p) Tenant agrees not to attempt to avoid its defense and indemnity

obligations to City and its Council, commissions, boards, employees, agents, officials and servants by using as a defense Tenant's statutory immunity under workers compensation and similar statutes.

q) Tenant agrees to require all contractors, subcontractors or parties, including architects or others, with which it enters into contracts or hires pursuant to or related in any way with the performance of this Lease, to provide insurance covering the operations contracted for and naming as additional insureds all parties to this Lease. Tenant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided as required here.

r) Tenant agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and that there will be no cross liability exclusions that preclude coverage for suits between the Tenant and City or between City and any other insured or Named Insured under the policy, or between City and any party associated with Tenant or its employees.

s) Insurance requirements shall be applied uniformly to all Tenants engaged in similar-type operations at the Airport, and such requirements shall be consistent with industry standards.

13.04 Approval of Insurance Coverage. Upon execution of this Lease, a copy of the insurance policy or policies required herein or, in lieu thereof, the face page of such policy or policies and any endorsements which limit or otherwise affect the coverage provided therein shall be delivered by Tenant to the City Manager, or his or her designee, for approval as to form and sufficiency. When such insurance policy or policies have been so approved, Tenant may substitute for same a certificate of insurance issued by the respective insurance company or companies certifying that such insurance policies are in full force and effect and that all liabilities arising out of this lease or Tenant's possession and use of the leased property are covered by such insurance policy or policies and a current copy of such certificate shall be provided to the City annually upon renewal of Tenant's business license. Notwithstanding any provisions to the contrary contained herein, Tenant shall not have the right to take possession of the leased property until such insurance policy or policies are filed with and approved by the City Manager.

13.05 Review of Insurance Coverage. City shall have the right at any time during the term of this Lease to review the type, form and coverage limits of the insurance requirements. If in the opinion of the City, the insurance provisions of this Lease are not sufficient to provide adequate protection for the City and the members of the public using the Airport, the City may require Tenant to maintain insurance sufficient to provide such adequate protection. Insurance requirements shall be applied uniformly to all Tenants engaged in similar-type operations at the Airport, and such requirements shall be consistent with industry standards. City shall notify Tenant in writing of any changes in the insurance provisions necessary to provide adequate protection. If Tenant does not deposit acceptable certificates evidencing valid insurance policies acceptable in form and content to the City, incorporating such changes, within 60 days of receipt

of such notice, this Lease shall be in default. The procuring of such policy of insurance shall not be construed to be a limitation upon Tenant's liability nor as a full performance of its part of the indemnification provisions of this Lease; Tenant's obligation being, notwithstanding said policy or policies of insurance, the full and total amount of any damage, injury or loss caused by the negligence or neglect connected with the operation under this Lease.

13.06 **Indemnification.** Tenant and the City agree that City, its Council, boards and commissions, officers, employees, agents, and volunteers, should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuits, cost, expense, attorney's fees, litigation costs, defense costs, court costs or any other cost arising out of or in any way related to the matters set forth below.

Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to the City. Tenant acknowledges that City would not enter into this Lease in the absence of the commitment from Tenant to indemnify and protect City as set forth here.

To the full extent permitted by law, Tenant shall defend, indemnify and hold harmless the City, its Council, boards and commissions, officers, employees, agents, and volunteers, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorney fees incurred by the City, court costs, interest, defense costs, including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part to (i) the intentional act or negligence of Tenant or Tenant's employees, agents, contractors, subcontractors or invitees, (ii) any breach or default in performance of any obligation to be performed by Tenant under this Lease, or (iii) the occupancy of the Premises by Tenant and the operation of Tenant's business thereon. All obligations under this provision are to be paid by Tenant upon receipt of notice by Tenant from the City that the City has suffered or incurred the same.

Without affecting the rights of the City under any provision of this Lease or this section, Tenant shall not be required to indemnify, defend or hold harmless City as set forth above to the extent liability is attributable to the sole negligence, gross negligence or willful misconduct of City, or officers, employees, agents, contractors, subcontractors, tenants, subtenants or volunteers of the City, provided such is determined by agreement between the parties or the findings of a court of competent jurisdiction. This exception will apply only in instances where the City is shown to have been solely or grossly negligent or to have engaged in willful misconduct and not in instances where Tenant is solely or partially at fault, or in instances where City's fault account for only a percentage of the liability involved. In those instances, the obligation of Tenant will be for that portion of the liability not attributable to the City's gross negligence or willful misconduct.

Notwithstanding the above, or anything in the Lease, the City shall not in any event, including, without limitation, the sole or gross negligence or willful misconduct of the City or

any person for whom it is responsible in law, be in any way liable or responsible to the Tenant for any consequential, indirect, special, punitive or incidental loss, injury or damages of any nature whatsoever (including, without limitation, loss of income or revenue or business interruption) that may be suffered or sustained by the Tenant or its representatives, customers or any other person for whom the Tenant is responsible in law.

Tenant agrees to obtain executed indemnity agreements with provisions identical to those set forth in this Article from any assignee, contractor, subcontractor or any other person or entity involved by, for, with or on behalf of Tenant in the performance of Tenant's obligations under this Lease. In the event Tenant fails to obtain such indemnity from such third parties, as required here, Tenant agrees to be fully responsible according to the terms of this section.

Failure of the City to monitor compliance with these requirements imposes no additional obligations on City and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City as set forth herein is binding on the successors and assigns of Tenant and shall survive the termination of this Lease or this Article.

ARTICLE 14. LIENS & CLAIMS

14.01 **Liens and Claims**. Tenant shall not suffer or permit to be enforced against City's title to the leased Premises, or any part thereof, any lien, claim or demand arising from any work of construction, repair, restoration, maintenance or removal as herein provided, or otherwise arising (except liens, claims or demands suffered by or arising from the actions of City).

14.02 **Tenant to Pay Liens & Claims**. Tenant shall pay all such liens, claims and demands before any action is brought to enforce same against said land; and Tenant agrees to hold City and said land free and harmless from all liability for any and all such liens, claims or demands, together with all costs and expenses in connection therewith.

14.03 **Payment of Liens & Claims by City**. Should Tenant fail or refuse to pay any lien, claim, or demand arising out of the construction, repair, restoration maintenance and use of said Premises and the buildings and improvements thereon, or any other claim, charge or demand which Tenant has agreed to pay under the covenants of this lease, Tenant or its authorized encumbrancers, if any, shall, within 30 days written notice from City to Tenant of its said encumbrance, pay and discharge the same or shall furnish to City, in a form satisfactory to City, sufficient security for such lien, claim or demand and all costs and expenses in connection therewith. Should Tenant or its said encumbrancer within said 30 day period, not pay and discharge said lien, claim or demand, or not provide said security to City, then City may, at its option, either treat such failure or refusal as a breach of or default under this Lease, or may pay any such lien, claim, charge or demand, or settle or discharge any action therefore or judgment thereon, and all costs, expenses and other sums incurred or paid by City in connection therewith shall be repaid to City by Tenant upon written demand, together with interest thereon at the rate of 10%, per annum from the date of payment until repaid, and any default in such repayment shall constitute a breach of the covenants and conditions of this Lease.

ARTICLE 15. TRANSFERS & ENCUMBRANCES

15.01 **Sales, Assignments, Transfers, Subleases, and Encumbrances.** Tenant shall not sell, assign, transfer, or encumber this lease, any interest of Tenant in and to the leased Premises, nor sublease the leased Premises, in whole or in part, except with the consent of City, which consent shall not be unreasonably withheld. Tenant acknowledges and understands that the leased Premises are restricted to aviation/aeronautical-related uses unless a non-aviation/non aeronautical use is approved by both the City and the Federal Aviation Administration. Neither shall this Lease, nor any interest of Tenant in and to the leased Premises be subject to an involuntary sale, assignment or transfer, or sale, assignment or transfer by operation of law in any manner whatsoever. Any such sale, assignment, transfer, encumbrance or sublease, whether voluntary or involuntary shall be void and of no effect and shall be a default which entitles City to terminate this Lease, Tenant's rights in and to the leased Premises, in the manner hereinafter provided by this lease.

15.02 **Tenant Affiliate.** Notwithstanding the provisions of §15.01, the Tenant may assign or sublet the Premises, or any portion thereof, with the City's consent to any corporation which controls, is controlled by or is under common control with the Tenant, or to any corporation resulting from the merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant as a going concern of the business that is being conducted on the Premises, provided that said assignee assumes, in full, the obligations of Tenant under this Lease. Any such assignment shall not, in any way, affect or limit the liability of Tenant under the terms of this lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of Tenant, the consent of whom shall not be necessary.

15.03 **No Release of Tenant.** Regardless of City's consent, no subletting or assignment shall release Tenant of Tenant's obligation or alter the primary responsibility of Tenant to pay the rent and to perform all other obligations to be performed by Tenant under this Lease. The acceptance of rent by the City shall not be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of Tenant or any successor of Tenant in the performance of any of the terms hereof, City may proceed directly against Tenant without the necessity of exhausting remedies against said assignee. City may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with assignees of Tenant without notifying Tenant, and without obtaining his consent thereto and such action shall not relieve Tenant of liability under this Lease.

ARTICLE 16. HAZARDOUS SUBSTANCES

16.01 **Hazardous Materials Study.** Prior to, or following its occupancy of the Premises, Tenant may, at its sole cost and expense, arrange for a hazardous materials study of the leased property. City shall provide Tenant any documents, drawings and data in its possession relating to environmental analysis of the leased property. Tenant and City agree that, upon occupancy, the City shall have no further obligation under this Lease to remove any hazardous materials in or on the leased property, including any required repairs identified in any study Tenant may

chose to make, prior to, or after Tenants occupancy of the leased Premises.

16.02 **Hazardous Substances.** Pursuant to Health and Safety Code §25359.7(b), Tenant shall notify City in writing within a reasonable time, of any material release of hazardous substances and of any hazardous substances that have come to be located beneath the Marina Municipal Airport.

16.03 **Removal.** Prior to the expiration of this Lease, Tenant shall at its sole expense, remove all items of personal property, including but not limited to all flammable substances and hazardous materials and wastes as defined by state or federal law at the time of the expiration of this lease.

16.04 **Inspection of Records.** Tenant shall make available for inspection to the City, all records relating to the maintenance, release, mitigation and cleanup for any hazardous substances on the Premises.

16.05 **Compliance.** Tenant shall comply with all federal, state and local laws and regulations relating to hazardous materials and wastes, and shall timely comply with the orders of any governmental agencies relating thereto.

16.06 **Notice.** Upon execution of this Lease, Tenant shall provide the City's Fire Department with a complete list of all hazardous substances used or to be used or stored on the Premises with total quantities of each hazardous substance. Tenant shall notify City of changes in quantity of type within five days of change.

16.07 **Right to Inspect.** The City, in its proprietary capacity, agrees to give reasonable notice in accordance with the general laws of the City, prior to entering upon and inspecting the Premises at any time.

ARTICLE 17. GENERAL PROVISIONS

17.01 **Additional Rules & Regulations.** The City Manager/Airport Manager shall have the power to establish in writing such additional rules and regulations respecting operation of the Airport as are not inconsistent with provisions of this Lease or any applicable ordinances or laws, providing such rules and regulations are found to be necessary or convenient by the City Manager/Airport Manager for the operation of the Airport or the enforcement of the provisions of this Lease, the provisions of any and all applicable laws and ordinances, and the preservation of the public peace, health, safety and welfare; and Tenant shall comply with any and all such rules and regulations adopted in writing by the City Manager/Airport Manager.

17.02 **Compliance with Laws; Permits and Licenses.** Tenant's business shall be conducted and maintained in strict compliance with all applicable laws, ordinances, regulations, and other requirements of federal, state, county, city or other governmental agencies having jurisdiction over the operation of Airports. Similarly, Tenant will obtain and pay for any necessary permits, licenses and other consents for the operation of Tenant's business including a

City of Marina Business License. Tenant represents and warrants that it has full power and authority to enter into this Lease and perform hereunder, and holds all permits and licenses which are required by law or regulation for complete performance in accordance with the terms of this Lease.

17.03 **Independent Status.** Tenant is an independent entity. Tenant is solely responsible for the acts and omissions of its officers, agents, employees, contractors and subcontractors, if any. Nothing in this Lease shall be construed as creating a partnership or joint venture between City and Tenant. Neither Tenant nor its officers, employees, agents or subcontractors shall obtain any rights to retirement or other benefits which accrue to City employees.

17.04 **Dispute Resolution.** The parties agree that if any dispute arises over the interpretation or performance of this Lease, the parties will first attempt to negotiate any such dispute informally. If such informal negotiation fails, and if the parties mutually agree at the time, the parties may then submit the dispute for formal mediation to the American Arbitration Association (AAA) or the Judicial Arbitration and Mediation Services (JAMS), or such other mediation service as the parties may mutually agree upon. Expenses of such mediation shall be shared equally between the parties.

17.05 **Confidentiality.** To the extent allowed by law, the City shall not disclose Tenant's financial statement or confidential financial condition. Tenant acknowledges that the City is a municipal corporation and has limited powers to withhold information from the public.

17.06 **Attorney's Fees and Costs.** Should the dispute of the parties not be resolved by negotiation or mediation, and in the event it should become necessary for either party to enforce or interpret any of the terms and conditions of this Lease by means of court action or administrative enforcement the laws of the State of California shall govern the interpretation of the terms and conditions of this Lease and such action shall be brought in a court of proper jurisdiction in Monterey County, the prevailing party, in addition to any other remedy at law or in equity available to such party, shall be awarded all reasonable costs and reasonable attorney's fees in connection therewith, including the fees and costs of experts reasonable consulted by the attorneys for the prevailing party.

17.07 **Litigation Involving Lease.** In the event the City is made a party to any litigation concerning this Lease or the leased Premises by reason of any act or omission by Tenant, Tenant shall hold the City harmless from all loss or liability, including reasonable attorney's fees, incurred by the City in such litigation. In case suit shall be brought for an unlawful detainer of said Premises, for the recovery of any rent due under the provisions of this Lease, or because of the breach of any other covenant or provision herein contained on the part of Tenant to be kept or performed, and the City prevails therein, Tenant shall pay to the City a reasonable attorney's fee, which shall be fixed by the court.

17.08 **Bankruptcy and Insolvency.** If Tenant shall, at any time during the term of this Lease, become insolvent, or if proceedings in bankruptcy shall be instituted by or against Tenant, or if Tenant shall be adjudged bankrupt or insolvent by any court, or if a receiver or trustee in

bankruptcy or a receiver of any property of Tenant shall be appointed in any suit or proceeding brought by or against Tenant, or if Tenant shall make any assignment for the benefit of creditors, then in each and every case, this Lease and the rights and privileges granted hereunder shall immediately cease, terminate and be forfeited and canceled; provided, however, that if Tenant shall, within six days after the filing and service on Tenant of any involuntary petition in bankruptcy or for appointment of a receiver, commence proper proceedings to dismiss or deny the petition or vacate the receivership and shall expeditiously pursue and diligently exhaust all proper remedies toward that end, the bankruptcy or receivership shall not constitute a default until the entry of a final determination adverse to Tenant.

17.09 **Eminent Domain.** In the event of a total or partial taking of the leased Premises or any interest therein by a public authority under the power of eminent domain, including but not limited to any taking of Tenant's leasehold estate by City under City's power of eminent domain, then the rights of the Tenant with respect to the term, rent, and the just compensation awarded in such eminent domain proceeding shall be in accordance with the law in effect when such taking occurs.

17.10 **Force Majeure; Waiver.** Tenant shall not be in default under this Lease in the event that the activities of Tenant are temporarily interrupted for any of the following reasons: riots; war or national emergency declared by the President or Congress and affecting the City of Marina; sabotage; civil disturbance; insurrection; explosion; natural disasters such as floods, earthquakes, landslides and fires; strikes, lockouts and other labor disturbances; or other catastrophic events which are beyond the reasonable control of Tenant. "Other catastrophic events" does not include the financial ability of Tenant to perform or failure of Tenant to obtain any necessary permits or licenses from other governmental agencies or the right to use facilities of any public entity where such failure occurs because Tenant has failed to exercise reasonable diligence.

17.11 **Abandonment.** Tenant shall not vacate or abandon the leased Premises or any part thereof at any time during the term of this Lease. If Tenant shall abandon, vacate or surrender the leased Premises or be dispossessed by process of law or otherwise, any property belonging to Tenant and left on the leased Premises shall be deemed, at the option of City, to be abandoned. Upon relinquishing possession, Tenant shall be in default of this Lease and City shall be entitled to terminate this lease, Tenant's rights in and to the leased Premises in the manner hereinafter provided by this Lease.

17.12 **Default.** Tenant shall be deemed in default under this Lease:

a) Upon breach of any of the covenants and conditions of this Lease with respect to discrimination on the grounds of race, creed, color, national origin, or sex; with respect to economic discrimination; with respect to the sale, assignment, transfer, encumbrance, or subletting of the leased Premises which is the subject matter of this Lease; with respect to the bankruptcy or insolvency of Tenant; or, with respect to any other covenant or condition of this Lease, which breach cannot be cured, immediately upon being given notice thereof by City.

b) Upon failure to pay any rent or any other consideration required under this Lease to be paid by Tenant to City within 10 days following the date those obligations are due.

c) Upon failure to provide written evidence of the insurance when due, within 14 days after being given notice thereof by City.

d) Upon the breach of any of Tenant's other duties and obligations under this Lease, which breach can be cured, if such breach is not cured within thirty days after being given written notice thereof by City.

17.13 **Remedies on Default.**

a) City's Right to Terminate Lease. Upon Tenant's default of this lease, City shall have the right, without further notice, to terminate this Lease as well as Tenant's rights in and to the leased Premises, to enter upon and retake possession of the leased Premises, including all improvements thereon and facilities appurtenant thereto, by legal proceedings or otherwise, and to recover from Tenant, at the time of such termination, the excess, if any, of the amount of rent to be paid by Tenant under this Lease for the balance of the lease term over the then reasonable rental value of the leased Premises for the same period. For the purposes of this section, City and Tenant agree that the "reasonable rental value" shall be the amount of rent which City can obtain as rent for the balance of the lease term.

b) City's Right to Repossess, Operate, or Relet the Leased Premises for Tenant's Account. Upon Tenant's default under this Lease, City shall also have the right, without further notice and without terminating this Lease, to enter upon and retake possession of the leased Premises, including all improvements thereon and fixtures appurtenant thereto, by legal proceedings or otherwise, and to take, operate, or relet the same in whole or in part for the account of Tenant at such rental, on such conditions, and to such Tenant or Tenants as City, in good faith, may deem proper, for a term not exceeding the unexpired period of the full term of this Lease. City shall receive all proceeds from rent accruing from such operating or reletting of the leased Premises and shall apply the same first to the payment of all costs and expenses incurred by City in the operation or reletting of the leased Premises and any alterations or repairs reasonably necessary to enable City to operate or relet the leased Premises, and then to the payment of all such amounts as may be due or become due under the provisions of this Lease, and the balance remaining, if any, at the expiration of the full term of this Lease or on the sooner termination thereof, by written notice of termination given by City to Tenant, shall be paid over to Tenant. In the event proceeds from rentals received by City under the provisions of this section are insufficient to pay all costs and expenses and all amounts due and becoming due hereunder, Tenant shall pay to City, on demand by City, such deficiency as may from time-to-time occur or exist. Notwithstanding any such operation or reletting without terminating this Lease, City may, at any time thereafter, elect to terminate this lease in the event that Tenant remains in default hereunder at such time.

c) City's Right to Perform. Notwithstanding any provisions as to notice of default in this Lease to the contrary, if, in City's judgment, a continuance of any default by Tenant for the

full period of the notice otherwise provided for will jeopardize the leased Premises, including any improvements thereon or facilities appurtenant thereto, or the rights of City, City may, without notice, elect to perform those acts in respect of which Tenant is in default at Tenant's expense and Tenant shall thereupon reimburse City, with interest at the rate of 10% per annum, upon thirty days' written notice by City to Tenant.

d) **Other Remedies.** All rights, options, and remedies of City contained in this Lease shall be construed and held to be cumulative and not one of them shall be exclusive of the other, and City shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided for by law, whether or not stated in this lease.

17.14 **Waiver of Default.** Any waiver by City of a default of this Lease arising out of the breach of any of the covenants, conditions, or restrictions of this Lease shall not be construed or held to be a waiver of any succeeding or preceding default arising out of a breach of the same or any other covenant, condition, or restriction of this lease.

17.15 **City's Right of Entry.** Tenant shall permit City and any agents and employees of City to enter in and upon the leased Premises at all reasonable times for the purpose of inspecting the same, or for the purpose of posting notices of non-responsibility for improvements, alterations, additions, or repairs, without any rebate of rent and without any liability to Tenant for any loss of occupation or quiet enjoyment of the leased Premises thereby occasioned.

17.16 **Notices.** All notices required or permitted to be given under this Lease shall be in writing and shall be personally delivered or sent by facsimile or by United States certified mail, postage prepaid, return receipt requested, addressed as follows:

To City: City of Marina
 City Hall
 Attention: City Manager/Airport Manager
 211 Hillcrest Avenue
 Marina, California 93933
 Fax Number: (831) 384-0425

Copy to: City Attorney
 City of Marina
 Law Offices of Robert R. Wellington
 857 Cass Street, Suite D.
 Monterey, California 93940
 Fax Number: (831) 373-7106

To Tenant: Driven Performance Manufacturing, LLC

Fax Number (____) _____

or to such other address as either party may from time-to-time designate by notice to the other given in accordance with this section. Notice shall be deemed effective on the date personally served or sent by facsimile or, if mailed, three business days from the date such notice is deposited in the United States mail.

17.17 **Corporate Authority.** If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation, Tenant shall, within 30 days after execution of this Lease, deliver to the City a certified copy of a resolution of the Board of Directors or said corporation authorizing or ratifying the execution of this Lease. If Tenant is, or at any time during the initial or any extended term of this lease becomes a limited liability company, Tenant shall provide City with a certified copy of Tenant's LLC-1 articles of organization together with a certificate of the status certified by the Secretary of State. If Tenant is a general partnership, Tenant shall provide the City with a copy of the recorded statement of partnership.

17.18 **Amendment or Modification.** This Lease may be amended, altered or modified only by a writing specifying such amendment, alteration or modification, executed by authorized representatives of both of the parties hereto. In the event that the FAA requires, as a condition precedent to granting of funds for the improvement of the Airport, modifications or changes to this Lease, Tenant agrees to consent in writing upon the request of the City to such reasonable amendments, modifications, revisions, supplements or deletions of any of the terms, conditions, or requirements of the Lease as may be reasonable required to enable City to obtain FAA funds, provided that in no event shall such changes materially impair the rights of Tenant hereunder. A failure by Tenant to so consent shall constitute a breach of this Lease.

17.19 **Construction of Lease.** Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders. If there shall be more than one Tenant designated in or signatory to this Lease, the obligations hereunder imposed upon Tenant shall be joint and several; and the term "Tenant" as used herein shall refer to each and every of said signatory parties, severally as well as jointly.

17.20 **Covenant & Condition.** Each term and provision of this Lease performable by Tenant shall be construed to be both a covenant and a condition.

17.21 **Time.** Time is and shall be of the essence of each term and provision of this Lease.

17.22 **Material Breach.** Each and every term, condition, covenant and provision of this Lease is and shall be deemed to be a material part of the consideration for the City's entry into this Lease, and any breach hereof by Tenant shall be deemed to be a material breach.

17.23 **Heirs, Successors and Assigns.** All of the covenants, agreements, conditions and undertakings herein contained shall, subject to the provisions as to assignments, apply to and bind the representatives, heirs, executor, administrators, successors or assigns of all the parties hereto; and all the parties hereto shall be jointly and severally liable hereunder.

17.24 **Further Actions.** Each of the parties agree to execute and deliver to the other such documents and instruments, and to take such actions, as may reasonably be required to give effect to the terms and conditions of this Lease.

17.25 **Interpretation.** This Lease has been negotiated by and between the representatives of both parties. Accordingly, any rule of law (including Civil Code §1654) or legal decision that would require interpretation of any ambiguities in this Lease against the party that has drafted it is not applicable and is waived. The provisions of this Lease shall be interpreted in a reasonable manner to affect the purpose of the parties and this Lease.

17.26 **Captions.** Titles or captions of articles and sections contained in this Lease are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Lease or the intent of any provision of it.

17.27 **Severability.** If any of the provisions of this Lease are determined to be invalid or unenforceable, those provisions shall be deemed severable from the remainder of this Lease and shall not cause the invalidity or unenforceability of the remainder of this Lease, unless this Lease without the severed provisions would frustrate a material purpose of either party in entering into this Lease.

17.28 **Waiver.** No waiver of any right or obligation of either party hereto shall be effective unless made in writing, specifying such waiver and executed by the party against whom such waiver is sought to be enforced. A waiver by either party of any of its rights under this Lease on any occasion shall not be a bar to the exercise of the same right on any subsequent occasion or of any other right at any time.

17.29 **Counterparts.** This Lease may be executed in two counterparts, each of which shall be deemed an original, but both of which shall be deemed to constitute one and the same instrument.

17.30 **Exhibits Incorporated.** All exhibits reference in this Lease and attached to it are hereby incorporated in it by this reference. In the event there is a conflict between any of the terms of this Lease and any of the terms of any exhibit to the lease, the terms of the Lease shall control the respective duties and liabilities of the parties.

17.31 **Entire Agreement.** This Lease constitutes the entire and complete agreement between the parties regarding the subject matter hereof, and supersedes all prior or contemporaneous negotiations, understandings or agreements of the parties, whether written or oral, with respect to the subject matter.

IN WITNESS WHEREOF, this Lease has been executed by the duly authorized officers or representatives of each of the parties on the date first shown above.

CITY OF MARINA,
a municipal corporation

DRIVEN PERFORMANCE MANUFACTURING
a California Limited Liability Company

By: _____
Layne Long, City Manager

By: _____
Rick Wilcoxson, _____

Dated: _____

Dated: _____

(Pursuant to Reso. 2017-____)

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBITS

(To be added)

EXHIBIT A

**A PLAT OF THE AIRPORT REAL PROPERTY
INCLUDING AREAS FOR PARKING**

EXHIBIT B

A FLOOR PLAN OF THE LEASED PREMISES

EXHIBIT C

SCHEDULE OF CITY-OWNED PROPERTY

EXHIBIT D

ASBESTOS SURVEY FOR BUILDING 510

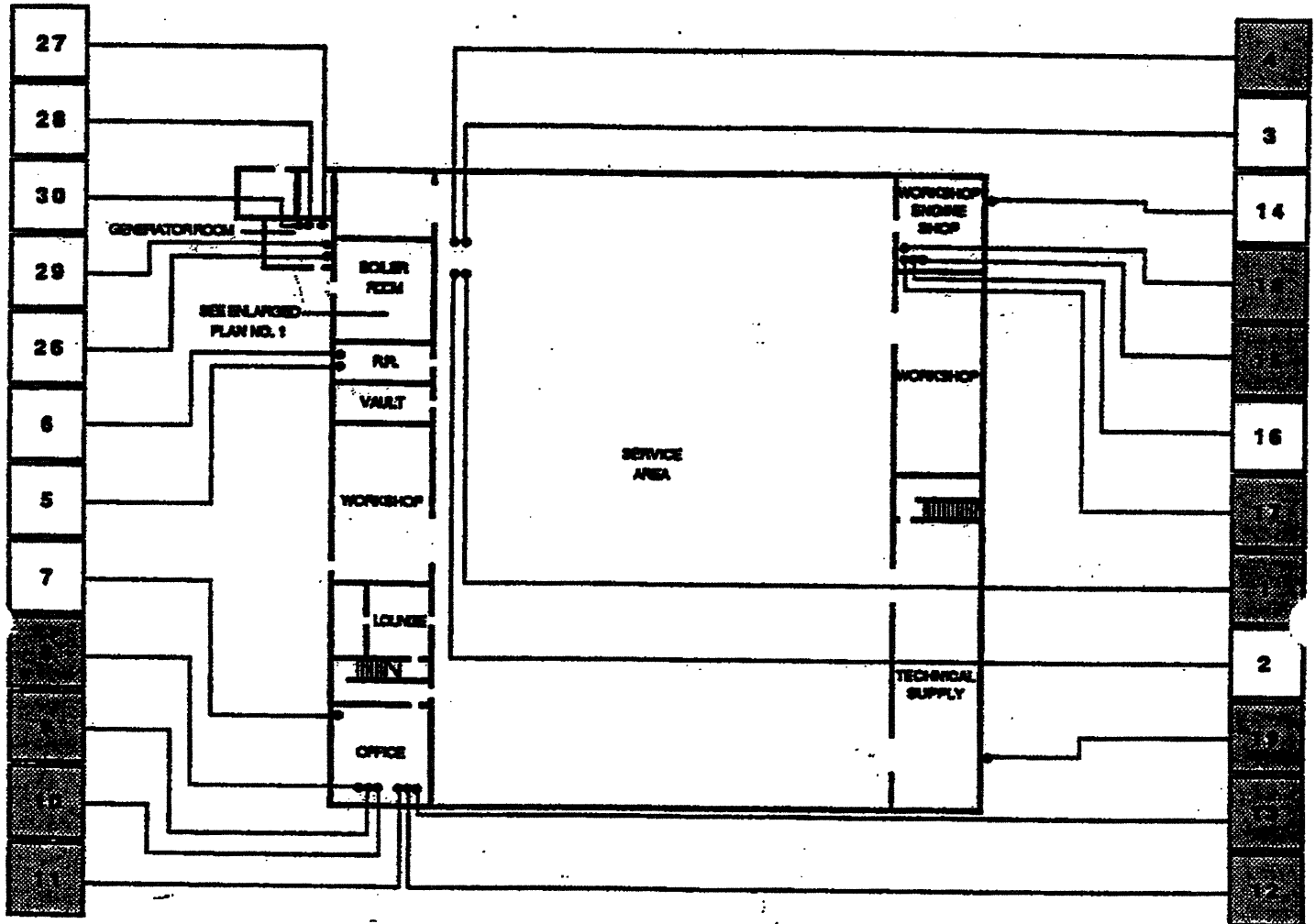
EXHIBIT A

PLAT OF THE AIRPORT REAL PROPERTY INCLUDING AREAS FOR PARKING



RED LINE IS THE BOUNDARY OF THE LEASEHOLD

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION



BUILDING P00510
FIRST FLOOR PLAN
NOT TO SCALE

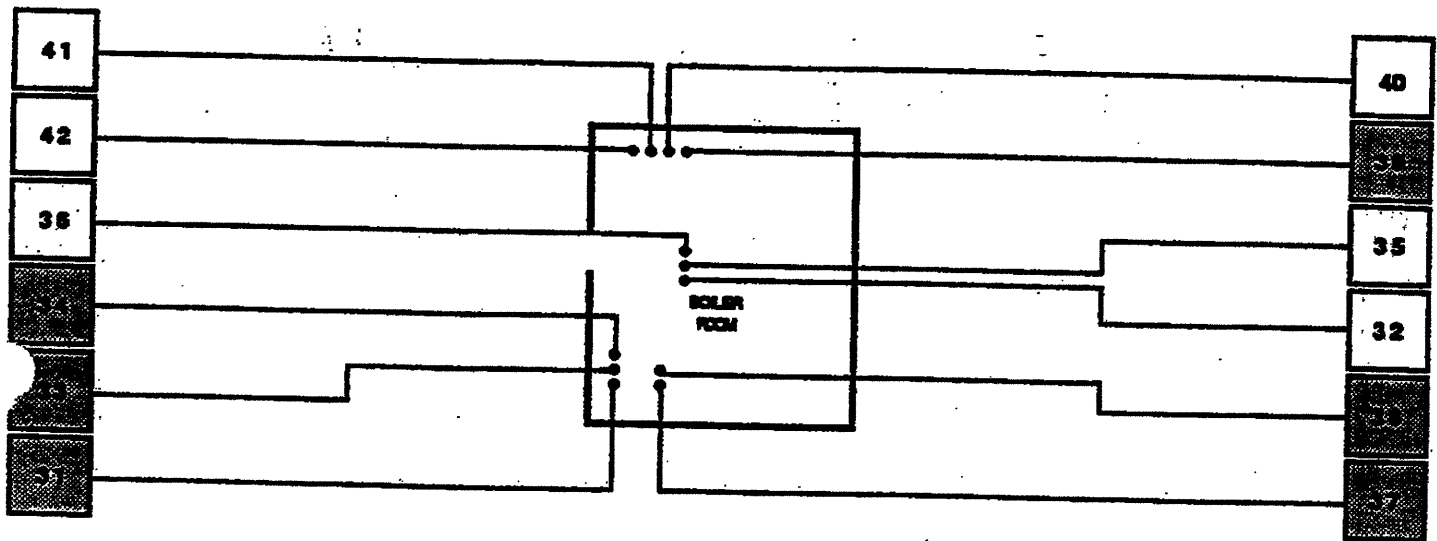


BULK SAMPLE ASBESTOS CONTENT = >0.1% = NONE DETECTED

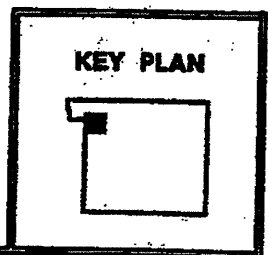
DIAGNOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB00

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION



BUILDING P00510
FIRST FLOOR PLAN
ENLARGED PLAN NO. 1
NOT TO SCALE

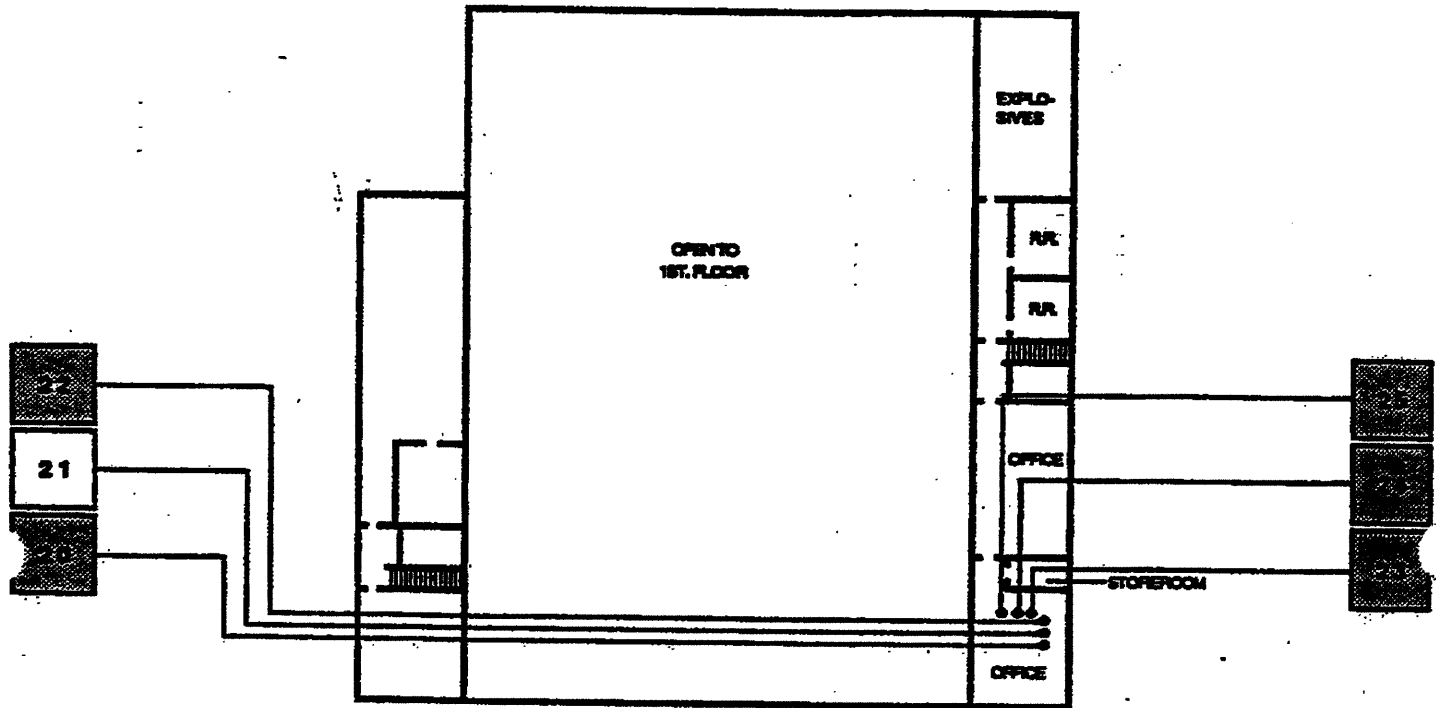


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INOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB001

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION



BUILDING P00510
MEZZANINE FLOOR PLAN
NOT TO SCALE

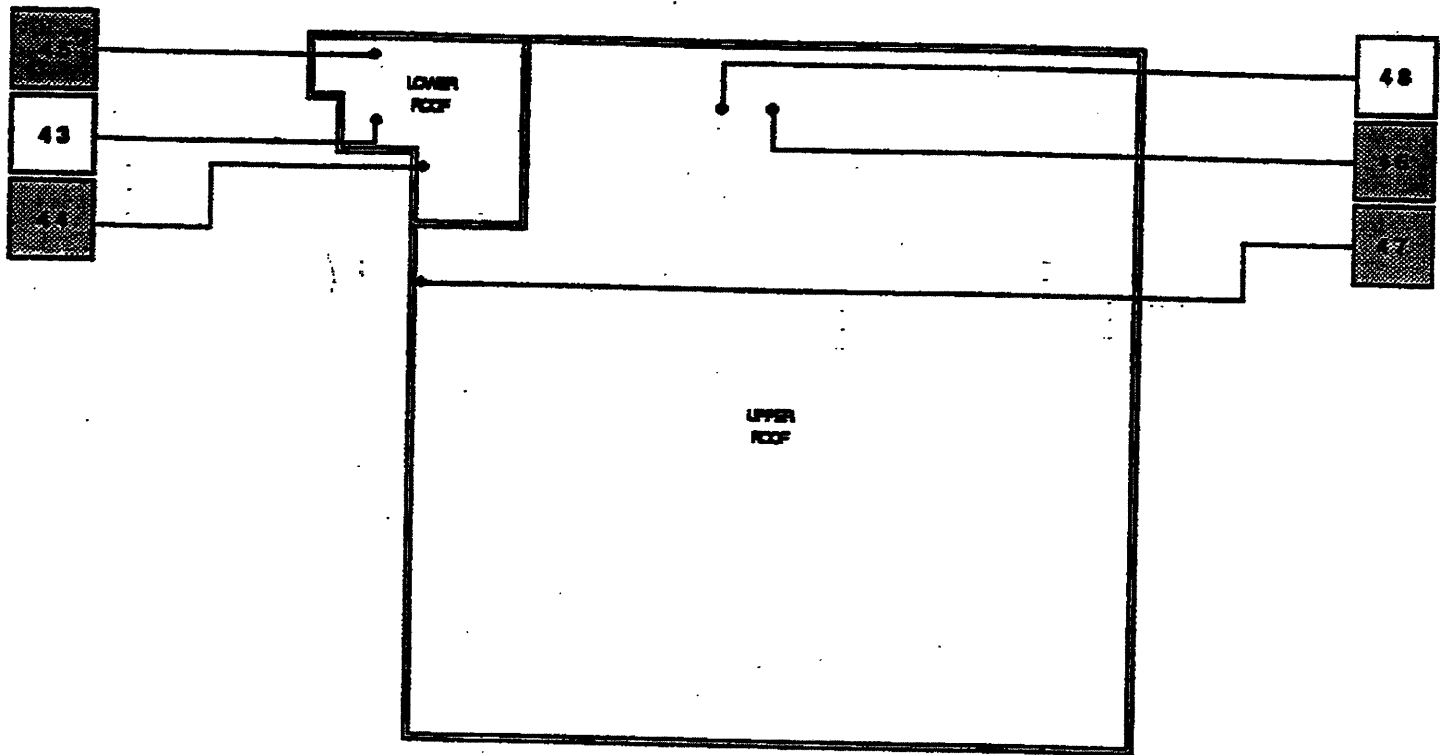


BULK SAMPLE ASBESTOS CONTENT  = >0.1%  = NONE DETECTED

AGNOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB001

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION



BUILDING P00510
ROOF PLAN
NOT TO SCALE



BULK SAMPLE ASBESTOS CONTENT  = $\geq 0.1\%$  = NONE DETECTED

DIAGNOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB001

EXHIBIT C

SCHEDULE OF CITY-OWNED PROPERTY

There is no City owned property remaining in the building that is not a part of (attached) the building or not a system of the building.

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

EXHIBIT D
Asbestos Survey Report

BUILDING SUMMARY

BUILDING P00510

Date(s) of Survey 1/13/92
 Estimated Date of Construction 1959
 Building Usage Maintenance Hangar Aviation
 Total Gross Square Footage 21,947 Sq. Ft.
 Building Type Cinderblock/Metal
 Number of Levels 1
 Estimated Cost of Recommended Work Items for Asbestos-Containing Materials (CWE) \$10,977
 Total Estimated Cost Including Additive Items (CWE) \$166,082
 • Cost per Square Foot Including Additive Items (CWE) \$7.57
 Friable Asbestos-Containing Materials Pipe Fitting Insulation, Pipe Run Insulation
 Nonfriable Asbestos-Containing Materials Res Floor Tile, Floor Tile Mastic, Pipe Fitting Ins Lagging, Pipe Run Ins Lagging, Roof Pen Mastic, Roofing Mastic, Window Putty

WORK ITEM INVENTORY

BLDG./WORK	DE	CONSTR.	TYPE OF	ESTIMATED	DESCRIPTION			CONTRACTOR
1	RATING	YEAR	MATERIAL	QUANTITY	LOCATION	FRIABILITY	ACTION	COST
P00510 1	8	1993	Pipe Run and Fitting Insulation and Lagging	913 LF	1st Flr Various Locations	Friable/Nonfriable	Repair	\$8,400
FINDINGS: Asbestos-containing friable pipe run and fitting insulation and nonfriable lagging throughout the first floor, primarily along the interior perimeter of the building, were in generally good condition with spot damage noted. These materials are accessible to maintenance personnel but are generally out of reach to building users who enter the building frequently. The materials in the boiler room are also accessible, but this room is entered infrequently by maintenance personnel. Asbestos fibers released by damaged lagging or insulation may be distributed to other areas of the building by natural air movement. [Bulk Sample(s) 1, 4, 31, 33, 34, 37, 38, 39]								
RECOMMENDATIONS: Repair this material using asbestos-free materials, and clean up any visible debris. Prohibit any disturbance of this material by maintenance personnel or other building occupants. Once repairs are completed, inspect this material periodically as part of the O&M. See work item No. 2 for O&M action.								

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

WORK ITEM INVENTORY

WQI WORK ITEM	DBI RATING	CONSTR. YEAR	TYPE OF MATERIAL	ESTIMATED QUANTITY	DESCRIPTION LOCATION	FRAILABILITY	ACTION	CONTRACTOR COST
P00510 2	12	N/A	Pipe Run and Fitting Ins and Lagging	913 LF	1st Flr Various Locations	Friable/Nonfriable	O&M	\$0
FINDINGS: Asbestos-containing friable pipe run and fitting insulation and nonfriable lagging throughout the first floor, primarily along the interior perimeter of the building, were in generally good condition with spot damage noted. These materials are accessible to maintenance personnel but are generally out of reach to building users, who enter the building frequently. The materials in the boiler room are also accessible, but this room is entered infrequently by maintenance personnel. Asbestos fibers released by damaged lagging or insulation may be distributed to other areas of the building by natural air movement. [Bulk Sample(s) 1, 4, 31, 33, 34, 37, 38, 39] RECOMMENDATIONS: Inspect these materials annually as part of the O&M. Prohibit any disturbance of these materials by maintenance personnel or other building occupants. Should these materials be removed, delete this work item from the O&M. Any replacement should be performed with asbestos-free materials. See work item No. 1 for repair. Additive cost for optional removal and replacement of this material is \$42,453.								
P00510 3	13	N/A	Resilient Floor Tile and Mastic	1,805 SF	1st Flr/Mezz Various Locations	Nonfriable	O&M	\$0
FINDINGS: Nonfriable asbestos-containing 9" x 9" green, 9" x 9" beige, 9" x 9" brown, and 9" x 9" black resilient floor tile (some forming checkerboard patterns) and associated floor tile mastic in the first floor office, lounge and room west of the lounge and the mezzanine south office, storeroom and southwest mezzanine area were in good condition. The floor tile, which protects the mastic in all locations, is accessible to building users. These materials do not pose a risk of contamination as long as they do not become damaged or deteriorated in such a way that they could release asbestos fibers into the air. [Bulk Sample(s) 8-13, 15, 17, 18, 20, 22-25] RECOMMENDATIONS: Inspect these materials biannually as part of the O&M. Prohibit any disturbance to these materials including sanding, chipping or the use of corrosive cleaning chemicals which may cause the generation of airborne asbestos fibers. Should these materials be removed, delete this work item from the O&M. Any replacement should be performed with asbestos-free materials. Additive cost for optional removal and replacement of this material is \$25,181.								

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

WORK ITEM INVENTORY

..DGL/ WORK ITEM	DEI RATING	CONSTR. YEAR	TYPE OF MATERIAL	ESTIMATED QUANTITY	DESCRIPTION LOCATION	FRIABILITY	ACTION	CONTRACTOR COST
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P00510	13	N/A	Window Putty	4,260 LF	1st Flr Exterior Wall	Nonfriable	O&M	\$0
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FINDINGS: Nonfriable asbestos-containing window putty was in good condition. This material is accessible to building users but does not pose a risk of contamination as long as it does not become damaged or deteriorated in such a way that it could release asbestos fibers into the air. [Bulk Sample(s) 19]

RECOMMENDATIONS: Inspect this material biannually as part of the O&M. Prohibit disturbance to this material including sanding, chipping or the use of corrosive cleaning chemicals which may cause generation of airborne asbestos fibers. Should this material be removed, delete this work item from the O&M. Any replacement should be performed with asbestos-free materials.

Additive cost for optional removal and replacement of this material is \$40,257.

P00510	13	N/A	Roofing Mastic	700 LF	Roof	Nonfriable	O&M	\$0
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FINDINGS: Nonfriable asbestos-containing roofing mastic located at the perimeters of the upper and lower roofs was in good condition. This material is exposed but does not pose a risk of contamination as long as it does not become damaged or deteriorated in such a way that it could release asbestos fibers into the air. [Bulk Sample(s) 44, 47]

RECOMMENDATIONS: Inspect this material biannually as part of the O&M. Prohibit any disturbance to this material which may cause the generation of airborne asbestos fibers. For any repair, removal or O&M activities, materials associated with the roofing mastic must be considered asbestos-contaminated. Should this material be removed, delete this work item from the O&M. Any replacement should be performed with asbestos-free materials.

Additive cost for optional removal and replacement of this material is \$9,975.

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

WORK ITEM INVENTORY

..02/ WORK ITEM	DB RATING	CONSTR. YEAR	TYPE OF MATERIAL	ESTIMATED QUANTITY	DESCRIPTION LOCATION	FIABILITY	ACTION	CONTRACTOR COST
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P00510 6	13	N/A	Roof Penetration Mastic	40 E	Roof	Nonfriable	O&M	\$0
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FINDINGS: Nonfriable asbestos-containing roof penetration mastic located on the roof in association with vents was in good condition. This material is accessible to maintenance personnel but does not pose a risk of contamination as long as it does not become damaged or deteriorated in such a way that it could release asbestos fibers into the air. [Bulk Sample(s) 45, 46]

RECOMMENDATIONS: Inspect this material biannually as part of the O&M. Prohibit any disturbance to this material which may cause the generation of airborne asbestos fibers. For any repair, removal or O&M activities, materials associated with the roof penetration mastic must be considered asbestos-contaminated. Should this material be removed, delete this work item from the O&M. Any replacement should be performed with asbestos-free materials.

Additive cost for optional removal and replacement of this material is \$825.

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

WORK ITEM INVENTORY

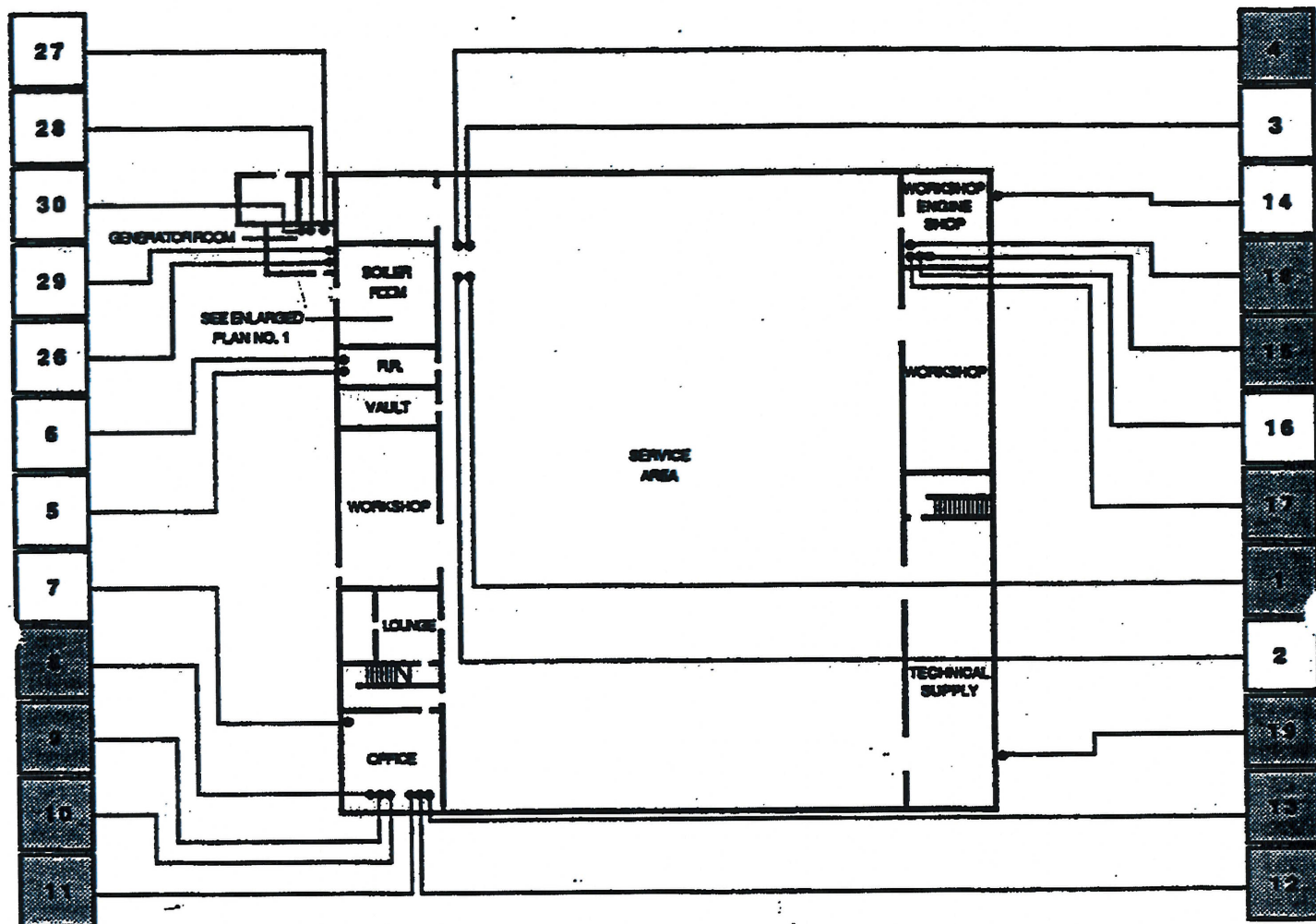
DEI/ WORK ITEM	DEI RATING	CONSTR. YEAR	TYPE OF MATERIAL	ESTIMATED QUANTITY	DESCRIPTION LOCATION	FRIABILITY	ACTION	CONTRACTOR COST
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**WORK ITEM SUMMARY
BUILDING P00510**

The work items are listed below in numerical (and DEI Rating) order, and their estimated costs have been totaled.

P00510 1	8	1993	Pipe Run and Fitting Insulation and Lagging	913 LF	1st Flr Various Locations	Friable/Nonfriable	Repair	\$8,400
P00510 2	12	N/A	Pipe Run and Fitting Ins and Lagging	913 LF	1st Flr Various Locations	Friable/Nonfriable	O&M	\$0
P00510 3	13	N/A	Resilient Floor Tile and Mastic	1,805 SF	1st Flr/Mezz Various Locations	Nonfriable	O&M	\$0
P00510 4	13	N/A	Window Putty	4,260 LF	1st Flr Exterior Wall	Nonfriable	O&M	\$0
P00510 5	13	N/A	Roofing Mastic	700 LF	Roof	Nonfriable	O&M	\$0
P00510 6	13	N/A	Roof Penetration Mastic	40 E	Roof	Nonfriable	O&M	\$0
								\$8,400

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION**



**BUILDING P00510
FIRST FLOOR PLAN
NOT TO SCALE**

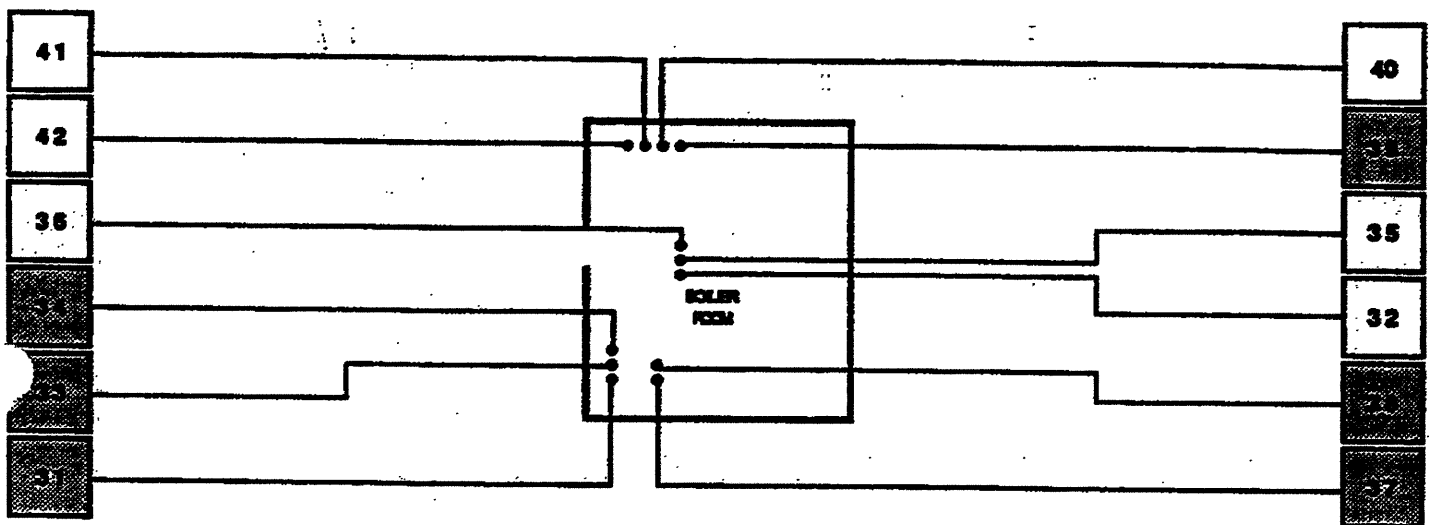


BULK SAMPLE ASBESTOS CONTENT = >0.1% = NONE DETECTED

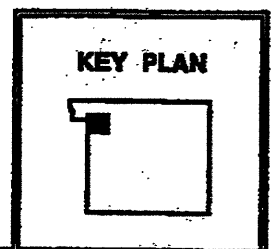
DIAGNOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB00

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION



BUILDING P00510
FIRST FLOOR PLAN
ENLARGED PLAN NO. 1
NOT TO SCALE

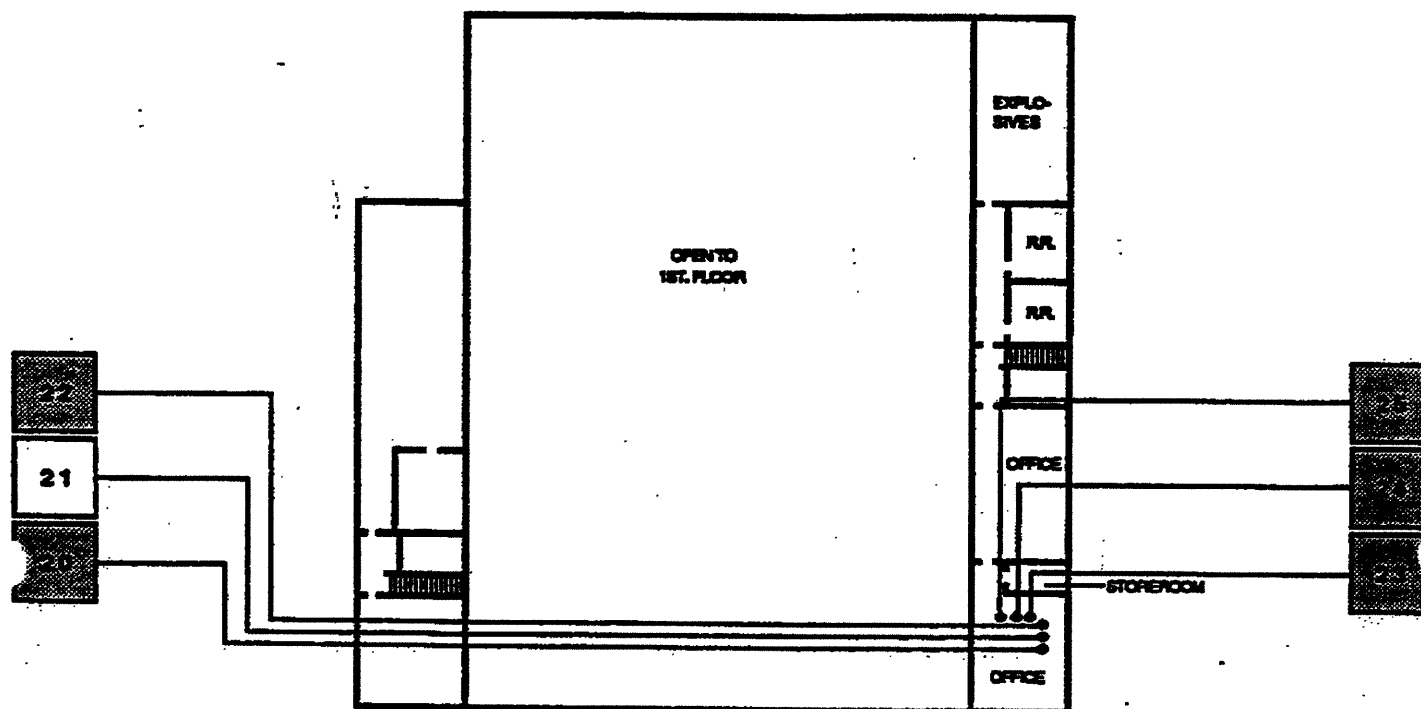


BULK SAMPLE ASBESTOS CONTENT  = >0.1%  = NONE DETECTED

INOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB001

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION



BUILDING P00510
MEZZANINE FLOOR PLAN
NOT TO SCALE

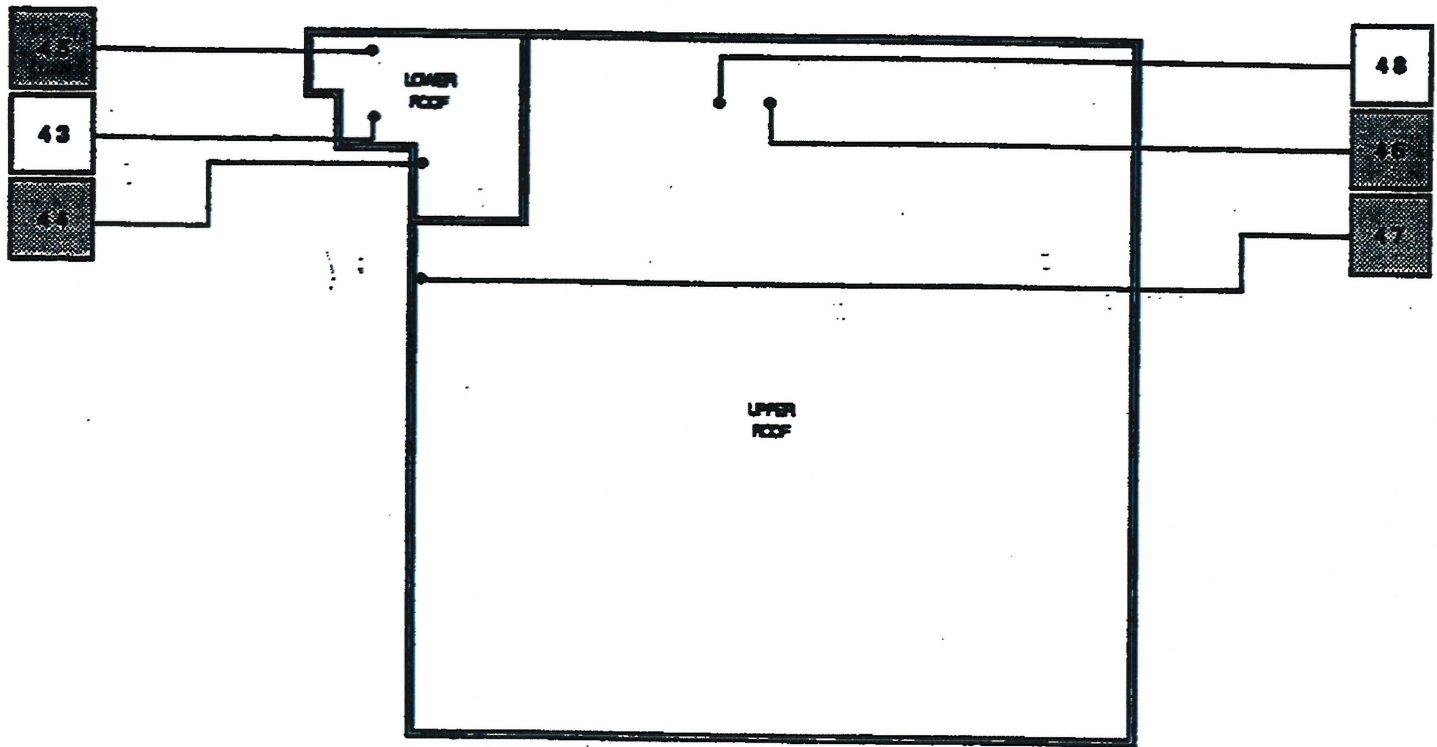


BULK SAMPLE ASBESTOS CONTENT  = >0.1%  = NONE DETECTED

DIAGNOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB001

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION



BUILDING P00510
ROOF PLAN
NOT TO SCALE



BULK SAMPLE ASBESTOS CONTENT  = >0.1%  = NONE DETECTED

DIAGNOSTIC ENGINEERING INC.

PROJECT NO. 1A2141AB001

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

BULK SAMPLE LOG

BUILDING NO.	SAMPLE NO.	TYPE OF MATERIAL	ESTIMATED QUANTITY	FLOOR/ LEVEL	SAMPLE LOCATION	POS./ NEG.	ASBESTOS TYPE	%	FRIABILITY	DAMAGE
P00510	1	Pipe Run Insulation (4" O.D.)	860 LF	1	Service Area	P	Chrysotile	30	Friable	Minor
P00510	2	Pipe Fitting Insulation (4" O.D.)	38 E	1	Service Area	N		N/D		
P00510	3	Pipe Run Insulation (4" O.D.)	(R1)	1	Service Area	N		N/D		
P00510	4	Pipe Fitting Insulation (4" O.D.)	(R2)	1	Service Area	P	Chrysotile	30	Friable	Minor
P00510	5	Acoustic Panel (2' x 4') White	5,000 SF	1	Restroom	N		N/D		
P00510	6	Acoustic Panel (2' x 4') White	(R5)	1	Restroom	N		N/D		
P00510	7	Acoustic Panel (2' x 4') White	(R5)	1	Office	N		N/D		
P00510	8	Resilient Floor Tile (9" x 9") Brown	360 SF	1	Office	P	Chrysotile	5	Nonfriable	None
P00510	9	Floor Tile Mastic Black	1,085 SF	1	Office	P	Chrysotile	3	Nonfriable	None
P00510	10	Resilient Floor Tile (9" x 9") Brown	(R8)	1	Office	P	Chrysotile	5	Nonfriable	None
P00510	11	Resilient Floor Tile (9" x 9") Beige	725 SF	1	Office	P	Chrysotile	3	Nonfriable	None
P00510	12	Resilient Floor Tile (9" x 9") Beige	(R11)	1	Office	P	Chrysotile	3	Nonfriable	None
P00510	13	Floor Tile Mastic Black	(R9)	1	Office	P	Chrysotile	3	Nonfriable	None

(R#) denotes that the estimated material quantity for the area has been included in referenced sample number.

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

BULK SAMPLE LOG

BUILDING NO.	SAMPLE NO.	TYPE OF MATERIAL	ESTIMATED QUANTITY	FLOOR/ LEVEL	SAMPLE LOCATION	POS./ NEG.	ASBESTOS TYPE %	FRIABILITY	DAMAGE
P00510	14	Window Putty White	4,260 LF	1	Exterior Wall	N	N/D		
P00510	15	Resilient Floor Tile (9" x 9") Green	320 SF	1	Workshop Area	P	Chrysotile 3	Nonfriable	None
P00510	16	Floor Tile Mastic Gray	320 SF	1	Workshop Area	N	N/D		
P00510	17	Resilient Floor Tile (9" x 9") Green	(R15)	1	Workshop Area	P	Chrysotile 5	Nonfriable	None
P00510	18	Floor Tile Mastic Gray	(R16)	1	Workshop Area	P	Chrysotile 3	Nonfriable	None
P00510	19	Window Putty White	(R14)	1	Exterior Wall	P	Chrysotile 5	Nonfriable	None
P00510	20	Resilient Floor Tile (9" x 9") Brown	200 SF	Mezz	Office	P	Chrysotile 5	Nonfriable	None
P00510	21	Floor Tile Mastic Black	400 SF	Mezz	Office	N	N/D		
P00510	22	Resilient Floor Tile (9" x 9") Brown	(R20)	Mezz	Office	P	Chrysotile 5	Nonfriable	None
P00510	23	Resilient Floor Tile (9" x 9") Black	200 SF	Mezz	Office	P	Chrysotile 5	Nonfriable	None
P00510	24	Resilient Floor Tile (9" x 9") Black	(R23)	Mezz	Office	P	Chrysotile 5	Nonfriable	None
P00510	25	Floor Tile Mastic Black	(R21)	Mezz	Office	P	Chrysotile 2	Nonfriable	None
P00510	26	Pipe Fitting Insulation (3" O.D.)	10 E	1	Generator Room	N	N/D		

(R#) denotes that the estimated material quantity for the area has been included in referenced sample number.

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

BULK SAMPLE LOG

BUILDING NO.	SAMPLE NO.	TYPE OF MATERIAL	ESTIMATED QUANTITY	FLOOR/ LEVEL	SAMPLE LOCATION	POS./ NEG.	ASBESTOS TYPE	%	FRIABILITY	DAMAGE
P00510	27	Pipe Fitting Insulation (3" O.D.)	(R26)	1	Generator Room	N		N/D		
P00510	28	Pipe Fitting Insulation (3" O.D.)	(R26)	1	Generator Room	N		N/D		
P00510	29	Pipe Fitting Insulation Lagging (3" O.D.)	10 E	1	Generator Room	N		N/D		
P00510	30	Pipe Fitting Insulation Lagging (3" O.D.)	(R29)	1	Generator Room	N		N/D		
P00510	31	Pipe Run Insulation (5" O.D.)	15 LF	1	Boiler Room	P	Chrysotile	30	Friable	Minor
P00510	32	Pipe Fitting Insulation (5" O.D.)	5 E	1	Boiler Room	N		N/D		
P00510	33	Pipe Run Insulation Lagging (5" O.D.)	15 LF	1	Boiler Room	P	Chrysotile	5	Nonfriable	Minor
P00510	34	Pipe Run Insulation (5" O.D.)	(R31)	1	Boiler Room	P	Chrysotile	30	Friable	Minor
P00510	35	Pipe Fitting Insulation (5" O.D.)	(R32)	1	Boiler Room	N		N/D		
P00510	36	Pipe Fitting Insulation Lagging (5" O.D.)	5 E	1	Boiler Room	N		N/D		
P00510	37	Pipe Run Insulation (5" O.D.)	(R31)	1	Boiler Room	P	Chrysotile	40	Friable	Minor
P00510	38	Pipe Fitting Insulation (4" O.D.)	(R2)	1	Boiler Room	P	Chrysotile	5	Friable	Minor
P00510	39	Pipe Fitting Insulation Lagging (4" O.D.)	38 E	1	Boiler Room	P	Chrysotile	40	Nonfriable	Minor

(R#) denotes that the estimated material quantity for the area has been included in referenced sample number.

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

BULK SAMPLE LOG

BUILDING NO.	SAMPLE NO.	TYPE OF MATERIAL	ESTIMATED QUANTITY	FLOOR/ LEVEL	SAMPLE LOCATION	POS./ NEG.	ASBESTOS TYPE	%	FRIABILITY	DAMAGE
P00510	40	Pipe Fitting Insulation (4" O.D.)	(R2)	1	Boiler Room	N		N/D		
P00510	41	Pipe Run Insulation Lagging (4" O.D.)	860 LF	1	Boiler Room	N		N/D		
P00510	42	Pipe Fitting Insulation (5" O.D.)	(R32)	1	Boiler Room	N		N/D		
P00510	43	Roofing Composite	16,900 SF	Roof	Lower Roof	N		N/D		
P00510	44	Roofing Mastic Black	700 LF	Roof	Lower Roof	P	Chrysotile	10	Nonfriable	None
P00510	45	Roof Penetration Mastic Black	40 E	Roof	Lower Roof	P	Chrysotile	10	Nonfriable	None
P00510	46	Roof Penetration Mastic Black	(R45)	Roof	Upper Roof	P	Chrysotile	10	Nonfriable	None
P00510	47	Roofing Mastic Black	(R44)	Roof	Upper Roof	P	Chrysotile	10	Nonfriable	None
P00510	48	Roofing Composite	(R43)	Roof	Upper Roof	N		N/D		

(R#) denotes that the estimated material quantity for the area has been included in referenced sample number.

ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510

CURRENT WORKING ESTIMATE (CWE)

UNIT COST ESTIMATE SUMMARY

DATE PREPARED: 5/27/82

SHEET 1 OF 2

PROJECT: FORT ORD INSTALLATION BUILDING - P 00510
 ASBESTOS MATERIAL ABATEMENT/REPLACEMENT

LOCATION: FORT ORD, CALIFORNIA

ARCHITECT/

ENGINEER: DIAGNOSTIC ENGINEERING INC.

BASIS FOR ESTIMATE

☒ CODE A (NO DESIGN)
☐ CODE B (PRELIMINARY DESIGN)
☐ CODE C (FINAL DESIGN)
☐ OTHER (SPECIFY):

REPORT NO. 1A2141AB001

ESTIMATOR: M. EISSINGER

CHECKED BY: L. WERNER

ITEM NO.	DESCRIPTION	RECOMMENDED ACTION	ESTIMATED QUANTITY	UNIT	COST BREAKDOWN	UNIT COST (\$)	DIRECT COST (\$)
W.I. 1	Pipe Run and Fitting Insulation and Lagging	Repair	913	LF	ABATEMENT	6.13	5,600
					REPLACEMENT	0.00	0
					ADDITIVE REMOVAL	0.00	0
					ADDITIVE REPLACEMENT	0.00	0
W.I. 2	Pipe Run and Fitting Ins and Lagging	O&M	913	LF	ABATEMENT	0.00	0
					REPLACEMENT	0.00	0
					ADDITIVE REMOVAL	16.00	14,608
					ADDITIVE REPLACEMENT	15.00	13,694
W.I. 3	Resilient Floor Tile and Mastic	O&M	1,805	SF	ABATEMENT	0.00	0
					REPLACEMENT	0.00	0
					ADDITIVE REMOVAL	5.80	10,469
					ADDITIVE REPLACEMENT	3.50	6,318
W.I. 4	Window Putty	O&M	4,260	LF	ABATEMENT	0.00	0
					REPLACEMENT	0.00	0
					ADDITIVE REMOVAL	3.30	14,058
					ADDITIVE REPLACEMENT	3.00	12,780
W.I. 5	Roofing Mastic	O&M	700	LF	ABATEMENT	0.00	0
					REPLACEMENT	0.00	0
					ADDITIVE REMOVAL	3.50	2,450
					ADDITIVE REPLACEMENT	6.00	4,200
W.I. 6	Roof Penetration Mastic	O&M	40	E	ABATEMENT	0.00	0
					REPLACEMENT	0.00	0
					ADDITIVE REMOVAL	6.25	250
					ADDITIVE REPLACEMENT	7.50	300

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

CURRENT WORKING ESTIMATE (CWE)

UNIT COST ESTIMATE SUMMARY

DATE PREPARED: 5/27/92

SHEET 2 OF 2

PROJECT: FORT ORD INSTALLATION BUILDING - P 00510
ASBESTOS MATERIAL ABATEMENT/REPLACEMENT
LOCATION: FORT ORD, CALIFORNIA
ARCHITECT/
ENGINEER: DIAGNOSTIC ENGINEERING INC.

BASIS FOR ESTIMATE

☒ CODE A (NO DESIGN)
☐ CODE B (PRELIMINARY DESIGN)
☐ CODE C (FINAL DESIGN)
☐ OTHER (SPECIFY):

REPORT NO. 1A2141AB001

ESTIMATOR: M. EISSINGER

CHECKED BY: L. WERNER

COSTS FOR BUILDING P00510 : DIRECT COST

**CONTRACTORS' 50%
MARKUP (OVERHEAD,
PROFIT, BONDS)**

**CONTRACTOR
COST**

ABATEMENT	\$5,600	\$2,800	\$8,400	
REPLACEMENT	\$0	\$0	\$0	\$8,400
ADDITIVE REMOVAL	\$41,835	\$20,918	\$62,753	
ADDITIVE REPLACEMENT	\$37,292	\$18,646	\$55,938	\$118,691

RECOMMENDED ITEMS:

Building P00510 Contractor Cost		\$8,400
INDEPENDENT MONITORING (CONTRACT)	10%	\$840
SITE & UTILITIES		\$0
Total Contract Cost		\$9,240
Contingencies During Construction	10%	\$924
Subtotal		\$10,164
Supervision & Administration	8%	\$813
Total Construction		\$10,977
SUB-ALLOTMENT		\$0
Total CWE Without Additives		\$10,977

ADDITIVE ITEMS:

Building P00510 Additive Contractor Cost		\$118,691
INDEPENDENT MONITORING (CONTRACT)	10%	\$11,869
Total Additive Contract Cost		\$130,560
Contingencies During Construction	10%	\$13,056
Subtotal		\$143,616
Supervision & Administration	8%	\$11,489
Total Additives CWE		\$155,105
Total CWE Including All Additives		\$166,082

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

UNIT COST ESTIMATE

DATE PREPARED: 5/27/92

SHEET 1 OF 1

PROJECT: FORT ORD INSTALLATION BUILDING - P 00510
ASBESTOS MATERIAL ABATEMENT
LOCATION: FORT ORD, CALIFORNIA
ARCHITECT/
ENGINEER: DIAGNOSTIC ENGINEERING INC.

BASIS FOR ESTIMATE	
☒	CODE A (NO DESIGN)
☐	CODE B (PRELIMINARY DESIGN)
☐	CODE C (FINAL DESIGN)
☐	OTHER (SPECIFY):

REPORT NO. 1A2141AB001

ESTIMATOR: M. EISSINGER

CHECKED BY: L. WERNER

ITEM NO.	DESCRIPTION	ACTION	ESTIMATED QUANTITY	UNIT	UNIT COST (\$)	DIRECT COST (\$)
W.L. 1	Pipe Run and Fitting Insulation and Lagging	Repair	913	LF	6.13	5,600
W.L. 2	Pipe Run and Fitting Ins and Lagging	O&M	913	LF	0.00	0
W.L. 3	Resilient Floor Tile and Mastic	O&M	1,805	SF	0.00	0
W.L. 4	Window Putty	O&M	4,260	LF	0.00	0
W.L. 5	Roofing Mastic	O&M	700	LF	0.00	0
W.L. 6	Roof Penetration Mastic	O&M	40	E	0.00	0

DIRECT COST

\$5,600

CONTRACTORS' 50% MARKUP (OVERHEAD, PROFIT, BONDS)

\$2,800

CONTRACTOR COST - ABATEMENT

\$8,400

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

UNIT COST ESTIMATE

DATE PREPARED: 5/27/92

SHEET 1 OF 1

PROJECT: FORT ORD INSTALLATION BUILDING - P 00510
ABATED MATERIAL REPLACEMENT

LOCATION: FORT ORD, CALIFORNIA

ARCHITECT/

ENGINEER: DIAGNOSTIC ENGINEERING INC.

BASIS FOR ESTIMATE

☒ CODE A (NO DESIGN)
☐ CODE B (PRELIMINARY DESIGN)
☐ CODE C (FINAL DESIGN)
☐ OTHER (SPECIFY): _____

REPORT NO. 1A2141AB001

ESTIMATOR: M. EISSINGER

CHECKED BY: L. WERNER

ITEM NO.	DESCRIPTION	ACTION	ESTIMATED QUANTITY	UNIT	UNIT COST (\$)	DIRECT COST (\$)
W.I. 1	Pipe Run and Fitting Insulation and Lagging	Replacement	913	LF	0.00	0
W.I. 2	Pipe Run and Fitting Ins and Lagging	Replacement	913	LF	0.00	0
L 3	Resilient Floor Tile and Mastic	Replacement	1,805	SF	0.00	0
W.I. 4	Window Putty	Replacement	4,260	LF	0.00	0
W.I. 5	Roofing Mastic	Replacement	700	LF	0.00	0
W.I. 6	Roof Penetration Mastic	Replacement	40	E	0.00	0

DIRECT COST

\$0

CONTRACTORS' 50% MARKUP (OVERHEAD, PROFIT, BONDS)

\$0

CONTRACTOR COST - REPLACEMENT

\$0

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

UNIT COST ESTIMATE

DATE PREPARED: 5/27/92

SHEET 1 OF 1

PROJECT: FORT ORD INSTALLATION BUILDING - P 00510
ADDITIVE ASBESTOS MATERIAL REMOVAL

LOCATION: FORT ORD, CALIFORNIA

ARCHITECT/

ENGINEER: DIAGNOSTIC ENGINEERING INC.

BASIS FOR ESTIMATE

☒ CODE A (NO DESIGN)
☐ CODE B (PRELIMINARY DESIGN)
☐ CODE C (FINAL DESIGN)
☐ OTHER (SPECIFY):

REPORT NO. 1A2141AB001

ESTIMATOR: M. EISSINGER

CHECKED BY: L. WERNER

ITEM NO.	DESCRIPTION	ACTION	ESTIMATED QUANTITY	UNIT	UNIT COST (\$)	DIRECT COST (\$)
W.I. 1	Pipe Run and Fitting Insulation and Lagging	Additive Removal	913	LF	0.00	0
W.I. 2	Pipe Run and Fitting Ins and Lagging	Additive Removal	913	LF	16.00	14,608
W.I. 3	Resilient Floor Tile and Mastic	Additive Removal	1,805	SF	5.80	10,469
W.I. 4	Window Putty	Additive Removal	4,260	LF	3.30	14,058
W.I. 5	Roofing Mastic	Additive Removal	700	LF	3.50	2,450
W.I. 6	Roof Penetration Mastic	Additive Removal	40	E	6.25	250

DIRECT COST \$41,835

CONTRACTORS' 50% MARKUP (OVERHEAD, PROFIT, BONDS) \$20,918

CONTRACTOR COST - ADDITIVE REMOVAL \$62,753

**ASBESTOS SURVEY REPORT
CORPS OF ENGINEERS - FORT ORD INSTALLATION
BUILDING P00510**

UNIT COST ESTIMATE

DATE PREPARED: 5/27/92

SHEET 1 OF 1

PROJECT: FORT ORD INSTALLATION BUILDING - P 00510
ADDITIVE ABATED MATERIAL REPLACEMENT
LOCATION: FORT ORD, CALIFORNIA
ARCHITECT/
ENGINEER: DIAGNOSTIC ENGINEERING INC.

BASIS FOR ESTIMATE

☒ CODE A (NO DESIGN)
☐ CODE B (PRELIMINARY DESIGN)
☐ CODE C (FINAL DESIGN)
☐ OTHER (SPECIFY):

REPORT NO. 1A2141AB001

ESTIMATOR: M. EISSINGER

CHECKED BY: L. WERNER

ITEM NO.	DESCRIPTION	ACTION	ESTIMATED QUANTITY	UNIT	UNIT COST (\$)	DIRECT COST (\$)
W.I. 1	Pipe Run and Fitting Insulation and Lagging	Additive Replacement	913	LF	0.00	0
W.I. 2	Pipe Run and Fitting Ins and Lagging	Additive Replacement	913	LF	15.00	13,694
I. 3	Resilient Floor Tile and Mastic	Additive Replacement	1,805	SF	3.50	6,318
W.I. 4	Window Putty	Additive Replacement	4,260	LF	3.00	12,780
W.I. 5	Roofing Mastic	Additive Replacement	700	LF	6.00	4,200
W.I. 6	Roof Penetration Mastic	Additive Replacement	40	E	7.50	300

DIRECT COST

\$37,292

CONTRACTORS' 50% MARKUP (OVERHEAD, PROFIT, BONDS)

\$18,646

CONTRACTOR COST - ADDITIVE REPLACEMENT

\$55,938