

LEASE / CONCESSION AGREEMENT

between

COUNTY OF SAN MATEO

and

SAN CARLOS FLIGHT CENTER, INC.

San Carlos Airport San Carlos, California

Lease No. 5343

LEASE / CONCESSION AGREEMENT

(No. 5343)

San Carlos Airport San Carlos, California

SAN CARLOS FLIGHT CENTER, INC.

This is intended to be a legally binding contract, read it carefully and consult an attorney.

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below shall be deemed to incorporate all the terms in this Lease pertaining to such item. In the event of any conflict between the information in this section and any more specific provision of this Lease, the more specific provision shall control.

1.1. Lease Reference Date	August 13, 2024
1.2. Landlord	County of San Mateo, a political subdivision of the State of California
1.3. Tenant/Operator	San Carlos Flight Center, Inc., a California Corporation
1.4. Premises (Section 4)	795 Skyway Road, San Carlos: Suite A, Office Space: <ul style="list-style-type: none">● 2,125 square foot office space; and● 1,202 square foot classroom space, and● 1,167 square foot half-hangar space 795 Hangar: <ul style="list-style-type: none">● 7,600 square foot hangar facility
1.5. Term (Section 5)	The Term shall be for a period of five (5) years, commencing on August 13, 2024 and terminating on August 12, 2029.
1.6. Options to Extend	Operator shall have one option to renew the Term for an additional five (5) years under the same terms and conditions, except that the Monthly Rent/Concession Fee shall reflect current fair market value.

<p>1.7. Monthly Rent Fees (Section 6)</p>	<p>The monthly Rent Fee for the 3,327 square foot of Suite A (Office and Classroom Space) shall be \$7,434 per month.</p> <p>The monthly Rent Fee for the 7,600 sq. ft. 795 Hangar Space shall be \$11,552 per month.</p> <p>The monthly Rent Fee for 1,167 sq. ft. Half-Hangar space shall be \$639 per month.</p> <p>The Total Monthly Rent shall be \$19,625, payable on the 1st of each month.</p>								
<p>1.8. Monthly Concession Fees (Section 6)</p>	<p>Operator shall pay to County, for the rights and privileges received from the concession activities permitted under this Lease as set forth in Section 10, Use and Concession below, the following fees, collectively referred to as "Concession Fee:"</p> <table border="1" data-bbox="841 852 1468 1171"> <thead> <tr> <th>Concession Activity</th> <th>Fee per activity per month</th> </tr> </thead> <tbody> <tr> <td>Aircraft Rental and Flight Training</td> <td>\$500</td> </tr> <tr> <td>Aircraft Maintenance</td> <td>\$500</td> </tr> <tr> <td style="text-align: right;">Total:</td> <td>\$1,000</td> </tr> </tbody> </table>	Concession Activity	Fee per activity per month	Aircraft Rental and Flight Training	\$500	Aircraft Maintenance	\$500	Total:	\$1,000
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Aircraft Rental and Flight Training	\$500								
Aircraft Maintenance	\$500								
Total:	\$1,000								
<p>1.9. 1.11 Utilities and Services (Section 6)</p>	<p>The monthly Utility Fee for the 3,327 square foot of Suite A (Office and Classroom Space) shall be \$998 per month.</p> <p>The monthly Utility Fee for 60 sq. ft. of Common Areas shall be \$6 per month.</p> <p>The monthly Utility Fee for the 7,600 sq. ft. 795 Hangar Space shall be \$175 per month.</p> <p>The Total Monthly Utility Fee shall be \$1,179, payable on the 1st of each month.</p>								
<p>1.10. Rent Adjustment Dates (Section 8)</p>	<p>Beginning July 1, 2025, and on the 1st of July each year of the term of this Lease, including any extensions or holdover periods, the Monthly Rent as set forth in Section 6, for the following twelve month period shall be adjusted to equal one</p>								

	hundred three percent (103%) of the Monthly Rent, rounded to the nearest dollar, for the lease year preceding such Adjustment Date.
1.11. Use and Concession (Section 10)	For the operation of a Specialized Aviation Service Operator to provide aviation related activities including aircraft flight training, aircraft maintenance and related activities, as further detailed in Section 10.
1.12. Notice Address of County (Section 36)	County of San Mateo, Real Property Services 555 County Center Redwood City, CA 94063 with a copy to County of San Mateo Department of Public Works Airports Division 620 Airport Drive Suite 10 San Carlos, CA 94070
1.13. Key Contact for County	Airport Manager (650) 573-3700 620 Airport Drive Suite 10 San Carlos, CA 94070
1.14. Notice Address for Tenant	San Carlos Flight Center 795 Skyway Road, Suite A San Carlos, CA 94070
1.15. Key Contact for Tenant	Alessandro Franco President (650) 946-1700

2. PARTIES

This Lease and Concession Agreement ("Lease"), dated for reference purposes only as of the date identified in Section 1, Basic Lease Information, is made by and between the COUNTY OF SAN MATEO, a political subdivision of the State of California ("Landlord" or "County") and San Carlos Flight Center, Inc., a California Corporation ("Tenant" or "Operator")

3. TERMS, COVENANTS AND CONDITIONS

This Lease is subject to the terms, covenants and conditions herein set forth. Each party covenants, as a material part of the consideration for this Lease, to keep and perform each and all said terms, covenants and conditions that are to be performed, and that this Lease is made upon the condition of said performance.

4. PREMISES

Landlord does hereby lease to Tenant, and Tenant hereby leases from Landlord, the Premises as identified in Section 1, Basic Lease Information, and shown on the attached Exhibit A ("Site Plan of Premises") for the purposes set forth herein. All that certain real property described herein as a portion of the San Carlos Airport, located in San Carlos, California, is hereby referred to as "Premises."

5. TERM

This Lease is effective on the date which the Lease is duly executed by both Parties, and shall commence on the date identified in Section 1, Basic Lease Information ("Commencement Date"). Tenant acknowledges it already occupies Suite A of the Premises and therefore, Monthly Rent owed shall be due on the 1st of each month. The Lease shall expire on that date specified in Section 1, Basic Lease Information.

6. MONTHLY RENT/CONCESSION FEES

Tenant shall pay the Monthly Rent Fee, Monthly Utility Fee and Monthly Concession Fee (collectively referred to as "Monthly Rent"), as identified in Section 1, Basic Lease Information.

A. Monthly Rent Fee

The Monthly Rent Fee, as identified in Section 1 above, shall be a set amount each month. This fee shall also be referred to as the Base Rent, which is subject to the Rental Adjustments identified in Section 8 below.

\$2.48/ square foot	Suite A Office	2,125 sf.	\$5,270
\$1.80/square foot	Suite A Classroom (non-A/C Rate)	1,202	\$2,164
\$1.52/ square foot	Hangar Space	7,600 sf.	\$11,552
\$0.55/ square foot	Half-Hangar Space	1,167 sf.	\$639
		Total Monthly Rent Fee	\$19,625

B. Utility Fee

Tenant agrees to pay to County for their portion of utilities as determined by County and estimated to be \$1,179 per month.

\$0.30/ square foot	Suite A	3327 sf.	\$998
\$0.023/square foot	Hangar Space	7600 sf	\$175
\$0.10/ square foot	Common-use area	60 sf.	\$6.00
		Total monthly Utility Charge:	\$1,179

In addition to the Monthly Rent, Tenant shall be required to pay an additional amount each month for the estimated cost of utilities as set forth herein ("Utility Fee"). The Utility Fee includes electricity and water and is based on the average utility usage of similar facilities located at the Airport, on a per square foot basis. The initial estimated monthly Utility Fee is \$1,179.

Beginning on July 1, 2025 and each July 1st thereafter, the Utility Fee shall be adjusted based on the percentage change in like facility utility costs for the preceding 12-months. Landlord reserves the right to revise the Utility Fee as necessary upon 30-day written notice.

Landlord shall not be required to construct, maintain, or repair utility installations, including, without limitation, wiring, plumbing, conduits, and mains, resulting from Tenant's changed or increased utility requirements.

Landlord shall not be liable for failure to furnish utilities to the Premises when the failure results from causes beyond Landlord's reasonable control, but in case of failure Landlord shall immediately take all reasonable steps to restore the interrupted utilities.

C. Concession Fee

Tenant Monthly Concession Fee shall be charged in accordance with the Airports Master Fee Schedule as amended.

D. Payment of Fees

The Monthly Rent, Concession Fee, and other amounts due hereunder are sometimes collectively referred to herein as "Rent".

Said Rent shall be paid to Landlord at:

County of San Mateo
Department of Public Works
Airports Division
620 Airport Way, Ste 10
San Carlos, CA 94070

or to such other person or at such other place as Landlord may from time to time designate in writing.

Landlord shall not be required to invoice Tenant for payment of Rent or other fees due hereunder. Tenant shall be responsible for payment of all fees due without prior notice or demand including adjustments pursuant to Section 8 (Rental Adjustment). Any amount due which is not paid shall be subject to late fees as set forth in Section 6E (Interest on Late Payment) and Section 9 (Late Charges and Returned Check Charge). Should Tenant fail to make an adjustment in the amount of rent paid upon an Adjustment Date, Tenant shall be obligated to pay all back rent accrued, within thirty (30) days of receiving written notice by County.

E. Interest on Late Payment

Any Rent, if not paid within ten (10) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per annum (the "Interest Rate"). However, interest shall not be payable on late charges incurred by Tenant as set forth in Section 9 (Late Charges and Returned Check Charge) hereof, nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant.

7. EXTENSION OPTION

At each party's discretion and upon mutual agreement by both Landlord and Tenant, Tenant may extend the Term of this Lease (the "Extension Option") for one (1) additional term of five (5) years (the "Extended Term"). Such Extension Option shall be on all of the terms and conditions contained in this Lease except that the Base Rent shall be adjusted as set forth in this section. Tenant and Landlord may exercise the Extension Option by mutually executing a written notice no earlier than two hundred ten (210) days and no later than ninety (90) days prior to expiration of the term to be extended.

At the commencement of the Extended Term, the Base Rent shall be adjusted as set forth in Section 8 (Rental Adjustments) hereof, to a Prevailing Market Rate as identified by Landlord provided, however, in no event shall the Base Rent be reduced below 103% of the Base Rent for the lease year prior to commencement of such Extended Term.

If Tenant disputes Landlord's determination of the Prevailing Market Rate, Tenant shall so notify Landlord within fourteen (14) days following Landlord's notice to Tenant of the Prevailing Market Rate and such dispute shall be resolved as follows:

- i. Within forty-five (45) days following Landlord's notice to Tenant of the Prevailing Market Rate, Landlord and Tenant shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement.
- ii. If within this forty-five (45) day period Landlord and Tenant cannot reach agreement as to the Prevailing Market Rate, they shall each select one appraiser to determine the Prevailing Market Rate. Each such appraiser shall arrive at a determination of the Prevailing Market Rate and submit their conclusions to Landlord and Tenant within thirty (30) days of the expiration of the forty-five (45) day consultation period described in (A) above. Tenant and Landlord shall pay for each respective appraiser.
- iii. If only one appraisal is submitted within the requisite time period, it shall be deemed to be the Prevailing Market Rate. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%), then the average of the two shall be the Prevailing Market Rate. If the two appraisals differ by more than ten percent (10%), then the two appraisers shall immediately select a third appraiser who will, within thirty (30) days of his or her selection, make a determination of the Prevailing Market Rate and submit such determination to Landlord and Tenant. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the Prevailing Market Rate. The cost for the third appraiser shall be equally borne by the Parties. Under no circumstance shall the adjusted Monthly Base Rent be less than 103% of the prior year's Monthly Base Rent.
- iv. All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in the area. Additionally, appraisals must be conducted in accordance with Federal Aviation Administration (FAA) Appraisal Requirements for Sale and Lease of Federally Obligated Airport Property. Landlord and Tenant shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the determination.

8. RENT ADJUSTMENTS

On each and every July 1st for the term of this Lease, including during any extended term or holdover period as set forth herein (the "Adjustment Date"), the Rent as set forth in Section 6 (Base Rent) shall be adjusted to equal one hundred three percent (103%) of the Base Rent for the lease year preceding such Adjustment Date.

9. LATE CHARGES AND RETURNED CHECK CHARGE

Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent, fees, or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices and accounting charges. Accordingly, if any rent, fee, or sum due by Tenant is not received by Landlord within ten (10) days after said amount is due, that payment shall be delinquent and Tenant shall pay to Landlord, in addition to interest as set forth in Section 6.A. (Base Monthly Rent) hereof, a late charge equal to six percent (6%) of the total balance due at that time,

Fifty Dollars (\$50.00), is greater. A late charge shall be applied for each month rent is delinquent. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost that Landlord will incur by reason of the late payment by Tenant. Acceptance of late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

Tenant agrees to pay Landlord a special handling charge of Fifty Dollars (\$50.00) for any check dishonored by the bank for any reason. This charge shall be added to and become part of Tenant's obligations hereunder and shall be in addition to any charge for late payment provided for herein. Tenant agrees to pay Landlord immediately upon request any and all charges for dishonored checks.

In the event any two payments are delinquent in a twelve-month period, Landlord may require Tenant to make future payments quarterly in advance for a 24-month probationary period.

If Tenant fails to make any payments on time during the probationary period, such failure shall constitute a default as defined in Section 24 (Default) of this Lease.

10. USE AND CONCESSION

The concession pursuant to this Lease shall be non-exclusive and limited to:

- (1) Aircraft Flight Training and Aircraft Rental: authorizing the Operator to provide aircraft rental and flight instruction to the public from the Operator's leased premises.
- (2) Aircraft Maintenance: authorizing Operator to perform aircraft maintenance, preventative maintenance, rebuilding and alteration as described in 14 CFR Part 43 for its fleet aircraft and aircraft other than those owned, leased, and/or operated by Operator.

Operator shall not do or permit anything to be done in or about the Airport nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Airport or any of its contents, or cause cancellation or any insurance policy covering the Airport or any of its contents, or cause cancellation of any insurance policy upon the Airport or any part thereof or any of its contents. Operator shall not use or allow the Airport to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Operator cause, maintain or permit any nuisance in, on or about the Airport. Operator shall not commit or suffer to be committed any waste in or upon the Airport.

Tenant shall not be permitted to use this Lease in such a manner as to allow another business, corporation, entity or individual to perform or conduct commercial activities.

Tenant shall not do or permit anything to be done in or about the Airport nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Airport or any of its contents, or cause cancellation of any insurance policy covering the Airport or any part thereof or any of its contents. Tenant shall not use or allow the Airport to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Airport. Tenant shall not commit or suffer to be committed any waste in or upon the Airport.

The Use and Concession activities listed herein are subject to restrictions as described and outlined in this Agreement. A complete description and definition of concession activities can be found in the Airport Minimum Standards as referenced in Exhibit B, attached hereto and incorporated herein.

11. USE OF AIRPORT FACILITIES

Landlord shall allow Tenant full use of all facilities on the Airport, which are normally open to and usable by the public, subject to Airport rules and regulations. The right to use Airport facilities shall be non-exclusive and shall allow Tenant to use the runway, taxiways, loading and transient aprons, fueling facilities, parking areas and any other facilities as required, if they are normally furnished to the public. If Landlord normally receives payment for use of the facilities, Tenant shall pay Landlord in accordance with fees charged to users of the facilities. Airport user rules are subject to change by the FAA and San Mateo County Board of Supervisors.

12. MOTOR VEHICLES/PARKING

Tenant shall ensure that its vehicles and those of its agents and customers are parked in areas and locations as approved by the Landlord. Tenant shall have the non-exclusive use of the general parking areas of the Property for the reasonable use of its employees, invitees, and other guests. All such parking shall be subject to the limitation, rules and regulations established from time to time by Landlord. No vehicle offered for sale by Tenant shall be parked or stored in the general parking areas of the Property.

Camper trucks, trailers, other temporary living facilities, or any object or equipment not required for the use as defined in Section 10 (Use and Concession) may not be parked overnight in any area of the Property without written authorization from the Landlord. No overnight camping is permitted.

13. JANITORIAL SERVICES

Tenant shall provide janitorial services sufficient to maintain the entirety of the Premises, including but not limited to exclusive-use restrooms, kitchen, entry ways, and outdoor seating area(s), in a clean and well-maintained condition. If County determines that Tenant has failed to maintain the Premises appropriately, it shall provide written notice to specific violations. Tenant shall have thirty (30) days from receipt of such notice to dispute or correct listed violations, after which time, if Tenant fails to bring the Premises maintenance into compliance, County may provide such services at the Tenant's expense and invoice Tenant separately for such services.

Tenant shall be responsible for the maintenance and upkeep of landscaping adjacent to the building, shown on Exhibit A as "Landscaped Areas," at its sole expense. Any alterations or additions to the existing landscaping shall be approved in advance by the County. Tenant shall ensure that landscaping is maintained to standards reasonably acceptable to the County. If County determines that Tenant failed to maintain property adjacent to the Premises, County shall provide written notice of specific violations, wherein Tenant shall have thirty (30) days from receipt of such notice to correct the listed violations. If Tenant fails to bring landscaping into compliance, County may provide such services at Tenant's expense and invoice Tenant separately for those services.

14. ASSESSMENTS/TAXES

Tenant shall pay all federal, state and local taxes that are levied or required with respect to its employees, services, products and operations. As between Tenant and Landlord, Tenant shall be responsible for the payment of all sales or excise taxes on its operation. Tenant shall also be liable for

any special assessments levied against the property. Tenant reserves the right to challenge any tax and special assessments.

Tenant shall pay, or cause to be paid, before delinquency, any and all taxes and assessments levied against Tenant's personal property in the Premises.

15. POSSESSORY INTEREST TAX

Tenant recognizes and understands in executing this Lease that its interest in the Premises created herein may be subject to a "possessory interest tax" that the County Assessor may impose on such interest, and any such tax would be the liability of and be paid solely by Tenant in addition to Rent and other fees and charges due hereunder. Tenant agrees to pay promptly when due, any possessory interest tax imposed on its interest in the Premises.

16. MAINTENANCE AND REPAIRS

Throughout the term of this Lease, Tenant shall, at Tenant's sole expense, maintain and repair the Premises to keep the Premises in good working order. This includes windows, doors, interior walls and wall coverings, interior lighting, flooring, equipment, trade fixtures, drop ceiling support and tiles, building systems including hot-water heaters, plumbing, traps, and electrical systems within the Premises or related to Tenant's operation, except as specifically set forth in Structural Repairs by Landlord, in good sanitary order, condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, codes, rules, ordinances, orders and regulations of (1) federal, state, county, municipal or other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction; and (3) all insurance companies insuring all or any part of the Premises, or improvements, equipment, and other personal property at the Premises. All repairs and maintenance shall be the sole duty of the Tenant and at the Tenant's sole expense.

If during the initial or extended term, as defined in Section 3 thereof, Tenant's repair costs exceed the sum of \$5,000, County and Tenant shall each pay 50% of such cost exceeding \$5,000. In such an event, Tenant shall receive written approval from County of its agreement to contribute 50% of the cost of those repairs exceeding \$5,000.

Neither offensive or refuse matter, nor any substance constituting an unnecessary, unreasonable or unlawful fire hazard shall ever be permitted to accumulate or remain at the Premises. The Premises shall be kept at all times in an orderly manner to the complete satisfaction of Landlord. Tenant shall be responsible for the costs and coordination of all necessary pest and vermin control services within the Premises or related to Tenant's operation.

Tenant shall, upon the expiration or termination of this Lease, surrender the Premises to Landlord in good condition, ordinary wear and tear and damage from causes beyond the reasonable control of Tenant excepted.

A. Structural Repairs by Landlord

Landlord shall repair and maintain the common areas, walkways and exterior siding and trim of the buildings. Landlord shall maintain, inspect, and test fire alarm and suppression system in the 795 Hangar. Landlord will repair and replace ceiling lights and light fixtures in the 795 Hangar bay. Landlord shall also repair and maintain the roof, basic plumbing outside of the Premises, including fixtures, traps, and drains outside of the Premises, electrical systems outside of the Premises and slab concrete installed or furnished by Landlord, unless the need for such maintenance and repairs is caused in part

or in whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

B. Alterations and Additions

Tenant shall not make any structural, electrical, plumbing or exterior alterations to the Premises without Landlord's prior written consent. Tenant, at its sole cost and expense, shall have the right to make, with Landlord's consent, alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. Tenant shall not be required to obtain permission from Landlord to make minor, non-structural alterations to Premises including interior painting, installation of display cases and cabinets, and installation of office equipment. In making any alterations, Tenant shall comply with the following:

- a. Tenant shall submit detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.
- b. The alterations shall not be commenced until ten (10) days after Landlord has received notice from Tenant stating the date the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.
- c. The alterations shall be approved by Landlord and all appropriate government agencies, and all applicable permits and authorizations shall be obtained before commencement of the alterations.
- d. All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings, applicable laws and airport construction requirements.
- e. Any alterations made shall remain on and be surrendered with the Premises on expiration or termination of this Lease, except that Landlord can elect within thirty (30) days before the expiration of the term, or within ten (10) days after termination of the term, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later.

17. CAPITAL IMPROVEMENT PROJECT/EARLY TERMINATION

County is assessing the feasibility of redeveloping portions of the Airport that generally benefit the Airport, it's customers and its tenants (i.e. HVAC improvements, electrical, ADA restroom(s), building exterior and parking lot) hereinafter referred to as the "Capital Improvement Project". Although no scope of work has been developed as of the Effective Date, if/when a draft of the scope of work for the Capital Improvement Project has been developed, the County will provide said draft to Tenant for its examination, though the final scope of work shall be within the sole discretion of the County.

Should County proceed with the Capital Improvement Project, County reserves the right, at County's sole discretion, to relocate the Premises during the Term, to accommodate the redevelopment of the Airport. If County exercises its right to relocate Tenant, then only reasonable moving expenses incurred by Tenant for physically relocating its furniture, fixtures and equipment (and no amount for any lost revenues, profits or other expenses) shall be paid by County.

Tenants' obligation to make any payment as provided in the Lease shall not be suspended or otherwise modified by the exercise of County's right to relocate Tenant. County shall provide written

notice to Tenant of relocation on or before the date set by County. All other terms and provisions of the Lease shall remain in full force and effect during relocation.

County understands the Capital Improvement Project is desirable by the Tenant. Additionally, Tenant understands that the Capital Improvement Project is subject to approval by the Board of Supervisors. Should the County Board of Supervisors reject the Capital Improvement Project, Tenant shall have the option to terminate this Lease, by delivering written notice (the "Termination Notice") to County of Tenants intent to terminate this Lease, with six (6) months advanced written notice. Such notice shall be delivered to the address identified in Section 1.12, Notice Address for County.

Additionally, the Parties agree that should County construct the Capital Improvement Project, Tenant's rent will be adjusted to reflect any changes made during construction including but not limited to common spaces and air-conditioned spaces. This rent adjustment shall be determined when a scope of work is developed ("Capital Improvement Rental Adjustment").

Should the construction of the Capital Improvement Project lead to a Capital Improvement Rental Adjustment that is unacceptable to Tenant, Tenant shall have the option to terminate this Lease by delivering the "Termination Notice" to County of Tenants intent to terminate this Lease, on or before the thirtieth (30th) day immediately following the date the County advises Tenant of proposed or actual Capital Improvement Rental Adjustments (the "Termination Notice Deadline"). If Tenant timely delivers the Termination Notice, then such termination shall be effective as of the sixth (6th) month immediately following the date on which County receives the Termination Notice. If Tenant fails to deliver the Termination Notice before the Termination Notice Deadline, Tenant shall be deemed to have waived its right to terminate this Lease based on any Capital Improvement Rental Adjustment. Nothing in this section shall be construed to in any way alter the provisions of Section 8, Rental Adjustments, of the Lease.

18. DAMAGE OR DESTRUCTION

If, during the term of this Lease, any improvements that are a part of the Premises are damaged from any natural or manmade cause, rendering the Premises totally or partially inaccessible or unusable, Landlord, at its election, may either terminate this Lease or restore such improvements within a reasonable time and, if so restored, this Lease shall continue in full force and effect. If then existing laws do not permit restoration, either party may terminate this Lease immediately by giving notice to the other party.

In the case of damage, and Landlord decides to restore such improvements, there shall be an abatement or reduction of Rent, but not the concession fee, between the date of the damage and the date of completion of restoration, provided that Tenant can no longer provide services in a reasonable manner. The rate at which the abatement or reduction shall be set will be negotiated at the time. At no point shall the abatement or reduction in Rent exceed 50% of Rent due under the terms of this Lease. If any damage to said improvements is due to the fault or neglect of Tenant, its agents, contractors, employees or invites, there shall not be an abatement or reduction of rent. Additionally, tenant shall be responsible for the cost of any required restoration, repairs or replacement of the Premises and real and personal property adjacent to the Premises should the damage and destruction caused by Tenant's fault or negligence impact real and personal property adjacent to the Premises.

19. SECURITY DEPOSIT

Not used.

20. SURRENDER OF PREMISES

At the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord possession of the Premises. Tenant shall leave the surrendered Premises in good condition, subject to ordinary wear and tear and/or damage from causes beyond the reasonable control of Tenant. All property that Tenant is required to surrender shall become Landlord's property at the expiration or termination of this Lease. All property, including Tenant's personal property that Tenant is not required to surrender but that Tenant abandons, shall, at Landlord's election, become Landlord's property at the expiration or termination of this Lease. Should Tenant abandon personal property at the expiration or termination of the Lease, County is allowed to dispose of said personal property and charge Tenant for the cost incurred to do so. By written request from the Landlord, Tenant shall remove all improvements, including fuel tanks, prior to vacating to Premises. At County's option, at least 60 days prior to the expiration of this Agreement or immediately upon termination due to default by Tenant, Tenant shall commence at Tenant's sole expense, removal of tanks, all other equipment and any improvements, as designated by County, in accordance with all Federal, state and local laws applicable to permanent closure of tanks, including any required soil excavation, remediation or soil removal. The provisions of this section shall survive the expiration or termination of this Lease.

21. ENTRY BY LANDLORD

Landlord reserves and shall at any and all reasonable times, have the right to enter the Premises, upon reasonable notice (minimum of 24 hours unless under emergency circumstances) to Tenant, to inspect the same, supply any services to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers or tenants, to post notices of non-responsibility, and to alter, improve, repair or restore the Premises as Landlord may deem necessary or desirable, without abatement of rent. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises.

Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors and access the Premises in an emergency, as determined in Landlord's sole and absolute discretion, in order to obtain entry to the Premises without liability to Tenant except for any failure to exercise due care for Tenant's property. Any entry to the Premises obtained by Landlord by any of said means, or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof.

22. RESERVATIONS

This Lease shall at all times be subject to such easements or rights-of-way for such sewers, pipelines, conduits, and for such telephone, telegraph, light, heat or power lines, as shall have been duly established or as may from time to time be reasonably determined by Landlord.

This Lease is subsequent to and subject to all prior exceptions, reservations, grants, easements, leases or licenses of any kind whatsoever as the same appear on record in the office of the County Recorder, County of San Mateo, State of California, or in the official records of said County and of the various departments thereof. Tenant covenants not to disturb the quiet and peaceful enjoyment of any and all parties having any legal right, title, interest or privilege in and to the Premises and that the use of the Premises by Tenant shall at all times be conducted with proper regard for such rights, titles,

interests and privileges.

It is specifically understood and agreed that any and all of the terms and conditions of this Lease are subordinate to all rights of the United States Government to use the Airport in times of war or national emergency.

23. CONSENT OF PARTIES

Whenever the consent, approval or permission of either party is required, that party shall not unreasonably delay or withhold such consent, approval or permission.

24. DEFAULT

A. Default by Tenant

The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

- (i) The vacating or abandonment of the Premises by Tenant. (Failure to use or occupy the Premises for fifteen (15) consecutive calendar days shall be deemed a vacation or abandonment.)
- (ii) The failure by Tenant to make any payment of Rent, or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of ten (10) calendar days after notice thereof by Landlord to Tenant.
- (iii) The failure by Tenant to observe or perform any of the terms, covenants or conditions of this Lease to be observed or performed by Tenant, other than described in Subsections (A (i)) and (A (ii)) hereinabove, where such failure shall continue for a period of thirty (30) days after notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default and breach is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default and breach if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days.
- (iv) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's personal property at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of a Tenant's personal property at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

B. Landlord's Remedies

In the event of any such default and breach by Tenant described hereinabove, Landlord may at any time thereafter:

- (i) Terminate Tenant's right to possession of the Premises by any lawful means, in which

case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord in a condition determined by Landlord. Any removal of equipment or personal property shall be at the sole cost of the Tenant. In the event Tenant shall have abandoned the Premises, Landlord shall have the option to either (1) take possession of the Premises and recover from Tenant the cost incurred by doing so, or (2) proceed under the provisions of the following Sub-section (ii).

- (ii) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.
- (iii) Pursue any other remedy now or hereafter available to Landlord under applicable laws and judicial decisions.

C. Default by Landlord

Landlord shall be in material default and breach of this Lease if it fails or refuses to perform any of the terms, covenants or conditions of this Lease that it is obligated to perform if the failure to perform is not cured within thirty (30) days after written notice of the default and breach has been given by Tenant to Landlord; provided, however, that if the default and breach of Landlord is such that more than thirty (30) days are reasonably required for its cure, then, Landlord shall not be deemed in default and breach if Landlord commences to cure the default within thirty (30) days after the written notice and thereafter diligently prosecuted such cure to completion within one hundred and twenty (120) days.

D. Tenant's Remedies

In the event of any such material default and breach by Landlord described hereinabove, Tenant may at any time thereafter: (a) Terminate this Lease with a written notice to Landlord and vacate the Premises on the date of termination; and/or (b) Pursue any other remedy now or hereafter available to Tenant under the applicable laws and judicial decisions.

E. California Law Notice Requirements

The notice requirements set forth in this Section modifies and supersedes the notice requirements of the unlawful detainer statutes of California.

F. Airport Regulations

Landlord shall apply the provisions of Section 27 prior to enforcing any remedies as provided by the Airport Regulations.

25. INDEMNIFICATION AND INSURANCE

A. Hold Harmless

Tenant shall at all times relieve, indemnify, protect and hold harmless, County, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from the operation, maintenance, use, or occupation of the Premises and defects on the property in which the County has no control; the acts or omissions of Tenant, its officers, agents, employees, servants, invitees or permittees; or the failure of Tenant, its officers, agents, employees, servants, invitees or permittees, to observe or abide by any of the terms, covenants and conditions of this Lease or any applicable federal, state, county or municipal law, rule, or regulation, brought for, or on account of, any of the following:

- (1) injuries to or death of any person, including Contractor or its employees, officers, or agents;
- (2) damage to any property of any kind whatsoever and to whomsoever belonging; or
- (3) any other loss or cost, including but not limited to that caused by the concurrent active or

passive negligence of County and/or its officers, agents, employees, or servants. However, Tenant's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Tenant to relieve, indemnify, protect and hold harmless, as set forth hereinabove, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

B. Minimum Insurance Coverage

Minimum Insurance Requirements will be determined from time to time by the County's Risk Manager and may be updated based on assessed risk as necessary. All Commercial Operators must satisfy the minimum requirements set by the Risk Manager with insurance from a company or companies who are authorized to write such insurance in the State of California (with an A.M. Best rating of A- or above) or be approved in writing by the County.

The County's Minimum Insurance Requirements for Commercial Aeronautical Operators can be found in the Airport Minimum Standards at the following URL or any time upon request:

<https://www.smcgov.org/publicworks/airport-forms-and-documents>

Type of Business	Insurance	Minimum Requirement(s)
All Businesses	General Liability	<ul style="list-style-type: none"> The General Liability coverage shall include operations while on an airport and be set at a minimum of \$1,000,000 per occurrence The County of San Mateo shall be named as an Additional Insured Primary and non-contributory The policy shall not be cancelled or non-renewed unless the County has received 30 days prior written notice (10-day prior notice in the event of cancellation for nonpayment of premium is acceptable). Written notice shall be sent to: County of San Mateo Airports, 620 Airport Way, Suite 10, San Carlos, CA 94070
Businesses that Take Control of Customers Aircraft	Hangar Keepers	<ul style="list-style-type: none"> Hangar-Keepers coverage in the minimum of \$100,000 each aircraft and \$300,000 each occurrence or coverage sufficient to replace aircraft and contents stored in hangar, whichever is greater
Businesses that Provide Repair or Maintenance Services, Fuel Service or Sales	Products and Completed Operations	<ul style="list-style-type: none"> Products and Completed Operations coverage in the minimums of \$1,000,000 each occurrence
Businesses that Operate Vehicles on the Airport	Commercial Automobile Liability	<ul style="list-style-type: none"> Commercial Automobile Liability coverage for all Owned, Non-Owned and Hired automobiles in the minimums of \$1,000,000 each accident for bodily injury and property damage
Businesses that Operate Aircraft	Aircraft Liability	<ul style="list-style-type: none"> Aircraft Liability coverage in the minimum amount of \$1,000,000 Combined Single Limit (CSL) Bodily Injury and Property Damage with a minimum sub-limit of \$100,000 each person. Policy shall include coverage for Owned, Non-Owned or Leased aircraft
Businesses that have Employees	Worker's Compensation	<ul style="list-style-type: none"> Must meet minimum level set by the State
Businesses whose Premises Contains Known Environmental Contaminants	Environmental Liability Insurance	<ul style="list-style-type: none"> Coverage shall be appropriate for type and level of environmental contaminant

C. Certificate of Insurance

A certificate of insurance naming the County as an "additional insured", together with evidence of payment of premium, shall be deposited with County at the commencement of this Lease, and on renewal of the policy not less than twenty (20) days before expiration of each policy.

In the event Tenant fails to deliver the certificate of insurance verifying insurance coverage as required in this Section, County shall have the option, after a ten (10) day notice to Tenant requesting a certificate, either (a) to terminate this Lease immediately thereafter with a notice to Tenant, or (b) to take out all or part of the required insurance and pay the premium thereon on behalf of Tenant. If County opts to take out the insurance on behalf of Tenant, the cost of the premium paid by County shall be deemed additional rent due and payable by Tenant with the next regular rent payment.

26. HAZARDOUS MATERIALS ACTIVITY

Tenant may not store, handle or generate hazardous materials, or waste on the property unless Tenant has completed and filed a San Mateo County Hazardous Materials Release Response Plan and Inventory ("Business Plan") with the San Mateo County Environmental Health Department, which Business Plan shall be approved by San Mateo County Environmental Health. Tenant shall provide County with a copy of the approved Business Plan no more than fifteen (15) calendar days after receiving approval from San Mateo County Environmental Health. Further, Tenant shall comply with recommendations made by San Mateo County Environmental Health and any other pertinent regulatory agency involved in the process in order to increase the safety of the tanks and operations. Should Tenant be unable to comply with said recommendations, Tenant shall provide a written response explaining why the recommendation cannot be satisfied.

Hazardous material means any material that, because of its quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment. Hazardous materials include, but are not limited to, hazardous substances, hazardous waste, and any material which a handler or the administering agency has a reasonable basis for believing that it would be injurious to the health and safety of persons or harmful to the environment if released into the workplace or the environment. Examples of such hazardous materials are, but are not limited to: waste oil, grease, solvents, gasoline, aviation fuel, and compressed gases.

If Tenant does store, handle, or generate hazardous materials/waste, Tenant must do so in compliance with all local, state, regional and federal regulations and laws regarding hazardous materials, including but not limited to, California Health and Safety Code, Chapters 6.5, Sections 25100-25249, California Code of Regulations Title 26 and Code of Federal Regulations Section 40 Parts 240-281. Tenant shall be in default hereunder in the event of Tenant's failure to (1) file the Business Plan, (2) follow the Business Plan, and (3) comply with applicable local, state, and federal statutes, laws, and regulations regarding the storage, use, and handling of hazardous materials/waste/underground tanks. In addition, Landlord may exercise any rights applicable under local, state, and federal law, in regards to requiring Tenant to be responsible for disposal or removal of the hazardous materials, waste, or underground tanks in a safe manner.

Subject to Section 20 (Entry by Landlord) herein, Landlord shall have the right to inspect the Premises to ensure Tenant's compliance, and charge inspection fees, in accordance with applicable local, state and federal statutes.

Should during County's inspection of the Premises, it be determined that there has been a hazardous material release contaminating the Premises or surrounding real property and such release was caused, or was likely caused by Tenant's operations, Tenant shall be responsible for having a contamination remediation plan developed and implemented. Such plan, which shall be approved by San Mateo County Environmental Health, shall be developed and implemented within a reasonable amount of time for the level of contamination present. The cost to develop such remediation plan and conduct remediation in accordance with the plan shall be borne solely by Tenant.

If Tenant does not intend to and will not store, handle hazardous materials/underground tanks or general hazardous waste, then Tenant must complete and file a "Hazardous Materials Negative Response Form" to that effect with the San Mateo County Environmental Health Department. If, at any time during the term of this Lease, Tenant commences activity that would involve the handling, storage or generation of hazardous materials/waste/underground tanks, Tenant must follow the

directives set forth above.

27. COMPLIANCE WITH AIRPORT RULES AND REGULATIONS, MINIMUM STANDARDS, AND STANDARD PROVISIONS FOR LEASES

Tenant agrees to comply with all San Mateo County Airport ordinances, resolutions, rules and regulations, and at all times to cooperate with County in its operation and management of said airport. Tenant shall notify all users of its facilities of all applicable rules and regulations.

Tenant shall comply with the standard provisions for all leases of airport land promulgated by the Federal Aviation Administration, as set forth in the attached Exhibit B, and as those provisions may be revised from time to time.

Tenant shall comply with the Airport Minimum Standards for Aircraft Rental or Flight Training Operator and Aircraft Maintenance Operator as amended from time to time by the Board of Supervisors affecting all operators on County Airports holding concessions similar to Tenant's. The Minimum Standards can be found at the following URL and are available any time upon request;

<https://www.smcgov.org/publicworks/airport-forms-and-documents>

Tenant recognizes that it has full responsibility for meeting these Standards. Should these Minimum Standards be amended, the Tenant shall have ninety (90) days to meet the new Minimum Standards. Should the tenant be unable to meet the new Minimum Standards, the Tenant shall be determined to be in default of this Lease.

Tenant shall notify all users of its facilities and pilots of aircraft as to all applicable rules and regulations and policies and require users and pilots to comply with them.

28. NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS

The provisions of this Lease in no way abrogate any rights vested in the United States of America relative to the airport as such rights exist between the United States of America and the County of San Mateo.

29. HOLDING OVER

If Tenant holds over after the expiration of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at the monthly rental rate of one hundred fifty per cent (150%) of the rent in effect upon the date of such expiration and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of monthly payments after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this paragraph are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord hereunder or as otherwise provided by law.

30. ASSIGNMENT AND SUBLETTING

Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate, or encumber this Lease or any interest therein, and shall not sublet the Premises or any

part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the employees, agents, servants, and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the written consent of Landlord first had and obtained, which consent may be granted or withheld at the sole discretion of the County. A consent to one assignment, subletting, occupation, or use by any other person shall not be deemed to be consent to any subsequent assignment, subletting, occupation, or use by another person. Any such assignment or subletting without such consent shall be voidable, and shall at the option of County, constitute a default under this Lease.

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of at least 51 percent of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 10% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

31. SAN MATEO COUNTY NO SMOKING ORDINANCE

Tenant is aware that on April 18, 2006, the County of San Mateo modified its Ordinance Code, adopting Section 4.96.040, which prohibits smoking in all County facilities whether owned or leased. Tenant understands that said Ordinance authorizes County to enforce the provisions contained therein and Tenant agrees to enforce the provisions of said ordinance on the Premises.

32. OPERATION OF RADIO EQUIPMENT

Tenant shall not operate any radio equipment at the airport transmitting electronic signals, which might interfere with operations of the Airport Control Tower, UNICOM, County Radios or other electronic transmissions essential to the operation of the airport.

33. CLOSING OF AIRPORT

Landlord may from time to time be required to close the runway, taxiways, roads, parking lots, buildings and other facilities for purposes of necessary maintenance, repair, new construction, or FAA approved events. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Airport facilities, loss of revenue, or any inconvenience or annoyance as a result of such maintenance or construction.

34. LAWS, RULES, REGULATIONS AND PERMITS

Tenant shall construct any improvements and use, operate, maintain and occupy the Premises in compliance with all applicable local, regional, state, and federal laws, ordinances, rules, and regulations. These include, but are not limited to the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, codes, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"); Chapter 4.106 of the San Mateo County Ordinance Code which regulates the use of disposable food service ware; all local, regional, state, and federal environmental and hazardous material laws, regulations, ordinances, and rules; and any other applicable City, County, State or Federal ordinances, rules, policies, laws and regulations.

Tenant is responsible for ascertaining the need for and obtaining all required permits, licenses, etc., for all of its activities on the Premises. The cost for all permits, licenses, etc., shall be borne solely by Tenant.

35. PERSONAL PROPERTY

Tenant's personal property shall include equipment, furniture, merchandise, and movable property placed in the Premises by Tenant, including trade fixtures, fuel tanks and associated equipment. Trade fixtures include any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use.

36. NOTICES

Any notice, demand, request, consent, approval, waiver, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, receipt requested, or Express Mail, return receipt requested, with postage prepaid, to: (a) County at Landlords address set forth in the Basic Lease Information or (b) Tenant at Tenant's address set forth in the Basic Lease Information; or (c) such other address as either Landlord or Tenant may designate as its new address for such purpose by notice given and received two (2) days after if sent by Express Mail, or upon the date personal delivery is made. For convenience of the Parties, copies of notices may also be emails to the address set forth in the Basic Lease Information of such other address as may be provided from time to time.

37. LIENS

Tenant shall keep the Premises, free from any liens arising out of the work performed, materials furnished or obligations incurred by Tenant.

38. PAYMENT OF PERCENTAGE SHARE OF OPERATING EXPENSES

Not used.

39. GENERAL PROVISIONS.

A. Compliance with Law

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements including National Fire Protection Association, environmental, and hazardous material laws, ordinances, regulations, and codes now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

B. Authority of Parties

- (i) Corporate Authority. If either party hereto is a corporation, each party executing

this Lease on behalf of the 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 the corporation or in accordance with the By- Laws of the corporation, and that this Lease is binding upon the corporation in accordance with its terms.

- (ii) Partnership. If either party hereto is a partnership or other unincorporated association, each party executing this Lease on behalf of the partnership or other association represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the partnership or association, in accordance with the partnership agreement or the agreement of said association.
- (iii) Authorized Lease Representative of the County of San Mateo. The County Manager, or the designee of the County Manager, shall be the only authorized agent of the County of San Mateo for purposes of giving any notices or exercising any rights, options, privileges obligations of the County of San Mateo under this Lease. This Lease shall not be valid unless executed by the President of the Board of Supervisors of the County of San Mateo pursuant to a Resolution adopted in accordance with the California Government Code.

C. Other Terms

Clauses, plats, exhibits and riders, if any, initialed and dated by Landlord and Tenant and endorsed on or affixed to this Lease are a part hereof.

D. Waiver

The waiver by either party of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of the Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

E. Joint Obligation

"Party" shall mean Landlord or Tenant; and if there be more than one Tenant or Landlord, the obligations hereunder imposed upon Tenants or Landlords shall be joint and several.

F. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

G. Successors and Assigns

The terms, covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

H. Recordation

Neither Landlord nor Tenant shall record this Lease.

I. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose.

No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

J. Inability to Perform

This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of Landlord.

K. Negation of Partnership

Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reasons of the provisions of this Lease.

L. Sale or Transfer of Premises

In the event of any sale or transfer of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale or transfer; and the purchaser or transferee, at such sale or transfer or any subsequent sale or transfer of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties or their successors in interest or between the parties and any such purchaser or transferee, to have assumed and agreed to carry out any and all of the covenants and obligations and agreed to carry out any and all of the covenants and obligations of Landlord under this lease.

M. Name

Tenant shall not use the name of the Premises or of the development, building or facility in which the Premises may be situated for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

N. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

O. Signs and Auctions

Tenant shall not place any sign upon the Premises or conduct any auction thereon without Landlord's prior written consent.

P. Provisions, Covenants and Conditions

All provisions herein, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.

Q. Captions, Table of Contents

The captions and the Table of Contents of this Lease (if any) shall have no effect on the interpretation of this Lease.

R. Payments in U.S. Money

Rent and all sums payable under this Lease must be paid in lawful money of the United States of America.

S. Singular and Plural

When required by the context of this Lease, the singular shall include the plural.

T. Choice of Law

This Lease shall be construed, interpreted and governed in accordance with the laws of the State of California.

U. Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein except as identified in the Basic Lease Information, whose commission, if any is due, shall be paid pursuant to a separate written agreement between such broker and the party through which such broker contracted. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

V. Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

W. Venue

The Venue for any court action to interpret or enforce this agreement or to litigate any claim arising out of this agreement shall be had in State Court of the County of San Mateo.

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IN WITNESS WHEREOF, County and Tenant have executed this Lease as of the date and year first above written.

TENANT/OPERATOR


San Carlos Flight Center, Inc.

By: Alessandro Franco
Alessandro Frano, President

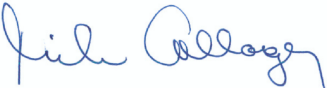
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Alessandro Franco
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COUNTY/LANDLORD

County of San Mateo, a Political Subdivision of the State of California

By: 
Warren Slocum, President
Board of Supervisors

ATTEST


Clerk of the Board

Resolution No.: 080567

**EXHIBIT A
SITE PLAN OF PREMISES**



EXHIBIT B
STANDARD PROVISIONS FOR ALL LEASES, USE, AND OTHER AGREEMENTS AND
PERMITS SAN MATEO COUNTY AIRPORTS

1. Tenant for itself, its heirs, 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 said property described in this lease, agreement or permit for a purpose for which a 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 Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. Tenant for itself, 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, sex, sexual orientation, color, national origin, religion, age or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the lands and 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 subject to discrimination, (3) that Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. In the event of breach of any of the above nondiscrimination covenants, Landlord may terminate the lease, agreement or permit and re-enter and repossess the land and the facilities thereon and hold them as if the lease, agreement or permit had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Tenant may make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach of the lease, agreement or permit. In the event of such non-compliance, Landlord may terminate this lease, agreement or permit and the estate hereby created without liability thereof; or, at the election of Landlord or the United States either or both of these governments may judicially enforce the provision.
6. Landlord may further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of Tenant and without interference or hindrance.
7. Landlord may, but shall not be obligated to Tenant to, maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport. Landlord also may direct and control the activities of Tenant in this regard.
8. The lease, agreement or permit shall be subordinate to the provisions and requirements of any existing or future agreement between County and the United States relative to the development, operation or maintenance of the airport.
9. There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises covered by the lease, agreement or permit. This public right of flight shall include the right to cause in this airspace any noise inherent in the operation of any aircraft used for navigation of flight through the airspace or to land at, take off from or operate on the San Carlos or Half Moon Bay Airport, as the case may be.
10. Tenant shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations if future construction of a building is planned for the premises covered by the lease, agreement or permit or in the event of any planned modification or alteration of any present or future building or structure on the premises.
11. Tenant, by accepting this lease, agreement or permit, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on any land leased that would be in conflict with the provisions of Part 77 of the Federal Aviation regulations. If these covenants are breached, County may enter upon the land and remove the offending structure or object and cut the offending tree, all of which shall be at Tenant's expense.
12. Tenant, by accepting this lease, agreement or permit, agrees for itself, its successors and assigns that it will not make use of the premises covered by the lease, agreement or permit in any manner which might interfere with the landing and taking off of aircraft from the airport or otherwise constitute a hazard. If this covenant is breached, County may enter upon the premises and cause the abatement of such interference at Tenant's expense.

13. Nothing contained in the lease, agreement or permit shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349A).
14. The lease, agreement or permit and all its provisions shall be subject to whatever right the United States Government now has or in the future may have or acquire, 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 the time of war or national emergency.
15. Tenant will conduct its programs and operate its facilities in accordance with the requirements of the Americans with Disabilities Act of 1992 and will assure that no qualified disabled person shall, solely by reason of his or her disability be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination, including discrimination in employment. Tenant will conduct its programs and operate its facilities in compliance with all the requirements imposed by or pursuant to 49 CFR Part 27.
16. Tenant shall insert the above provisions in any lease, agreement, contract, permit, etc., by which it grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises covered by the lease, agreement or permit, including any subleases, and hereby assures that the above provisions will be included in any agreement, contract, permit or further sub-lease granted or entered into by any sub-lessee of the Tenant.

EXHIBIT C

SPECIAL REQUIREMENTS/CONDITIONS TO AIRPORTS LEASE AGREEMENT

In the event of any conflict between any provision of the Lease and this Exhibit C, the Lease provision shall prevail.

1. SAFETY

Safety shall be paramount at all times. Tenant shall ensure that its agents, employees and customers safely coordinate all movements and activities on the airport to the satisfaction of the County. Tenant shall ensure that its operations and activities comply with local, state and federal requirements and are in accordance with safe and acceptable practices and procedures.

2. LICENSES AND CERTIFICATIONS

Tenant shall obtain all required licenses, certifications, permits, approvals and authorizations from all appropriate agencies for work performed and activities conducted under this permit.

3. STORAGE OF EQUIPMENT AND MATERIALS

Unless otherwise authorized herein, Tenant shall not store equipment, materials, pallets, boxes, etc. on the airport other than in designated storage areas or buildings as approved by the County.

Tenant shall keep all walkways and staircases free of clutter, trash, contaminants or any other personal items and equipment.

4. REPAIRS

Tenant shall repair, at its own expense, any and all damage to the property of the County or to the property of others on the Airport, and damage which has been caused by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's business.

5. STORMWATER COMPLIANCE

The County has obtained a National Pollutant Discharge Elimination System ("NPDES") Permit from the Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB"), regarding stormwater discharge from the Airport, which includes stormwater discharge and runoff from the Airport. Without limitation of any other obligation of Tenant hereunder, Tenant shall comply with all laws, rules, regulations, requirements, administrative orders and/or programs imposed upon Tenant or County by the RWQCB or any other governmental entity, regarding runoff and stormwater discharge on the Airport. Tenant shall pay any cost that County incurs to take any compliance action on the Airport as a result of Tenant's failure to comply with such laws, regulations, requirements, administrative orders and/or programs. Tenant shall also pay, to the extent caused by Tenant's business on the Airport, County's costs to take any compliance action imposed upon County by the RWQCB or any other governmental entity.

Nothing in this section shall be interpreted as a waiver of any NPDES permits required by the RWQCB for activities not covered by the County's permit.

6. DISCHARGE OF CONTAMINANTS

Tenant, its agents and customers shall at no time discharge any hazardous material or substance onto the Airport. Waste oil and other contaminates shall be properly disposed of and at no time

shall the Tenant use the waste oil tanks the County has provided for the non-commercial use of airport tenants.

7. SECURITY/ACCESS

Airport security shall be maintained at all times. Tenant shall take all reasonable steps to restrict unauthorized access onto airport property and the Airport Operations Area (AOA), including controlling thoroughfare access through the Premises. All access and security procedures shall be coordinated with and approved in advance by the County. Tenant shall ensure that all gates remain closed and locked at all times and that any mechanical problems with the gates are promptly reported to the County.

8. SIGNAGE AND WINDOWS

No permanent banners or signs of any kind may be installed or displayed outside on the airport without the written approval of the County. All signage shall comply with applicable Local and County requirements. Signs and banners installed without the written approval of the County will be removed and disposed of at Tenant's sole cost and expense.

Tenant shall be limited to two (2) exterior signs. Each sign shall be mounted securely to the building above the Tenant's entrance doors and in a location and position pre-approved by the Airport Manager. Appropriate signage may also be added to the doors of the Premises. All draft styles, materials, size, proposed locations and installation methods of all new and replacement signage and doors shall be approved in advance by the Airport Manager and conform to all requirements herein.

9. HOUSEKEEPING

Tenant shall collect and remove from the airport all debris, trash, garbage, or other rubbish generated by Tenant, its agents or customers who may be on the Airport for any purpose connected with the Tenant's operation.

Tenant shall regularly dispose of pallets, crates and other shipping supplies at its facility. Tenant shall not dump waste or refuse on airport property or in facilities leased by another Tenant or vendor.

10. TRASH AND RECYCLING REMOVAL

Tenant shall set-up its own trash and recycling removal program. Tenant shall collect and remove from the airport all trash generated by Tenant, its agents or customers. To the extent possible, Tenant shall not dispose of recyclable materials in dumpsters or other trash receptacles. Dumpsters and other trash and recycling receptacles may not block or obstruct in any way hangars or taxiways.

11. OPERATIONS

Operations and Activities

The County shall approve all operations and activities. Tenant shall take all reasonable steps to ensure that its operations and activities create minimal impact and inconvenience to the airport and other airport users. Tenant shall not block or obstruct roads or access routes at any time.

Voluntary Noise Abatement Procedures

Tenant shall make every effort to ensure that all members, agents and employees adhere to the voluntary noise abatement procedures. Tenant shall conform to all reasonable requests from the

airport to address noise issues related to its flight operations including, but not limited to flight procedures, flight routes, take-off and landing routes, engine break-in procedures and flight training (traffic pattern) hours.

12. AIRCRAFT WASH RACK

The County has a National Pollutant Discharge Elimination System ("NPDES") Permit from the Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB"), regarding stormwater discharge from the Airport, which includes stormwater discharge and runoff from the Airport. To maintain compliance with the County's Permit, aircraft may only be washed at the designated wash rack using the soap provided or similar biodegradable soap. Washing or cleaning any automobile, vehicle or equipment at the wash rack or other areas of airport property is prohibited.

Initial /s/AF

EXHIBIT D
TOXIC MATERIALS & ENVIRONMENTAL RESPONSIBILITIES

1. Compliance with Environmental Laws.

Tenant shall comply, at Tenant's sole cost, with all Environmental Laws applicable to all Toxic Materials and to the lawful conduct of the Tenant's business to the extent performed on or about the Leased Premises. It is the sole obligation of Tenant to obtain any permits and approvals required for the operation of the Tenant's business pursuant to the Environmental Laws. To the extent such action is necessary because of any Tenant's Contamination (as defined in Section 11), Tenant shall or shall cause any responsible party to investigate the site conditions and perform to completion, in the manner provided in Section 3 of this Exhibit any and all investigation, clean-up, remediation, removal or restoration work: (i) necessary to bring the Leased Premises into compliance with the Environmental Laws; (ii) necessary to bring any other real property into compliance with the Environmental Laws in the event of any migration of Toxic Materials from the Leased Premises to such other real property; (iii) necessary to maintain the Leased Premises in compliance with the Environmental Laws; (iv) required by any federal, state, or local governmental agency or political subdivision at any time during or after the term of this Agreement; or (v) necessary to restore the condition of the Leased Premises to a level below regulatory action levels. The obligations of Tenant under this section shall survive the termination of this Agreement.

2. Business Plan.

If Tenant's business conducted or to be conducted in, on, under, or about the Premises requires the establishment and implementation of a business plan pursuant to California Health and Safety Code sections 25500, et seq., concerning the handling of hazardous materials, Tenant shall immediately give written notification to County that the Tenant's business is subject to the business plan requirement of that Code and that the business is in compliance with that Code. A copy of the plan shall be delivered to County with such notification.

3. Cleanup.

Tenant shall take all action that any federal, state, regional, municipal or local governmental agency ("Agency") lawfully requires to be taken to investigate, clean-up, remediate or remove Tenant's Contamination (the "Necessary Action"). In addition to any notification to County required by Section 4 of this Exhibit, Tenant shall promptly furnish County with a copy of all correspondence between the Tenant or its environmental consultants and each involved agency concerning the Necessary Action. On or before ten (10) business days prior to Tenant's submittal of any work plans or descriptions of the Necessary Action to each involved agency, Tenant shall furnish County with a draft copy of said document for County's review and comment. County shall have the right to submit written comments on all aspects of the work plan to the Tenant and to each involved agency, including without limitation, comments on the remediation methodology and appropriateness of clean-up levels. Tenant shall provide County with written notice of all meetings with agencies concerning the Necessary Action, which notices shall be provided where possible ten (10) business days in advance of the meeting. County and its consultants shall have the right to attend and participate actively in all meetings with agencies concerning the Necessary Action. Except in the case of an emergency, no Necessary Action shall be commenced without:

- (i) written approval by the lead agency, if one exists, or by all agencies having and asserting jurisdiction over the Necessary Action and
- (ii) where practical, ten (10) business days written notice to County. County shall have the right to have a representative present on the Leased Premises at all times during the implementation of the Necessary Action by the Tenant. Tenant agrees that the

Necessary Action will be supervised by and certified by a registered professional engineer. Tenant releases the County from responsibility for, and indemnifies the County (with counsel approved by the County) against any Liability in connection with the Necessary Action. If Tenant fails to take the Necessary Action on a timely basis, County may, but shall not be obligated to, take the Necessary Action and in such event, all costs incurred by County with respect thereto shall be for the account of Tenant and recoverable as additional rent hereunder.

4. Notice of Contamination.

If Tenant is required by statute or regulation to give notice to any agency about any Contamination, Tenant shall immediately give the County's Airport Manager the same notice by telephone, which shall be confirmed by written notice not later than the next business day. This obligation to notify County shall also extend to any personal injuries or property damage to third parties resulting directly or indirectly from said Contamination. If Tenant becomes aware of the presence of or use of any Toxic Materials not authorized in accordance with the terms of this Agreement, or of any Contamination not subject to the notification provisions of the first sentence of this section, Tenant shall immediately give written notice of such condition to County to the extent required by California Health and Safety Code section 25359.7.

5. Storage and Use of Toxic Materials.

All Toxic Materials permitted in, on, under or about the Leased Premises pursuant to this Agreement shall be stored and used in strict compliance with all Environmental Laws. There shall be no ponding or uncovered surface storage whatsoever of Toxic Materials in, on or about the Premises. No underground storage tanks shall be constructed, installed or used without County's prior written consent, which consent may be withheld by County in its sole and absolute discretion. If Tenant is not in substantial compliance with Environmental Laws concerning underground storage tanks, or has failed to take Necessary Action when required to do so under Section 3 of this Exhibit, County shall have the right to enter the Leased Premises for the purpose of removing any underground storage tank, if any, at Tenant's sole expense in accordance with a closure plan approved by regulatory authorities. If Tenant's Contamination is detected at the time of the tank removal, clean-up shall proceed in accordance with Section 3 of this Exhibit.

6. Disposal of Toxic Materials.

Tenant shall not release or dispose of any Toxic Material, in the drains, storm drains, sewers, plumbing, or any other drainage facility within the Premises or the Airport that will cause or contribute to a violation of Environmental Laws or Contamination. The offsite disposal of Toxic Materials shall be in strict compliance with all Environmental Laws and at Tenant's sole expense.

7. Safety.

Tenant shall maintain Material Safety and Data Sheets for each and every item or product containing any regulated amount of Toxic Material brought onto the Premises. Such information shall be kept current at all times.

8. Fees, Taxes and Fines.

Tenant shall pay, prior to delinquency, any and all fees, taxes (including excise taxes) and fines that are charged upon or incident to Tenant's activities related to Toxic Materials, provided that Tenant shall have the right to contest the validity or amount of any such fees, taxes or fines, so long as (i) Tenant establishes a reserve in the amount thereof on its financial statements, and (ii) Tenant does not allow such obligations to become a lien or charge against the Leased Premises or the Airport or upon County.

9. Delivery of Documentation.

Tenant shall deliver to County true and correct copies of the following documents related to compliance with Environmental Laws concurrently with the receipt from or submission to an agency: (i) permit applications; (ii) permits and approvals; (iii) notices of violations of Environmental Laws and Tenant's responses thereto; (iv) environmental assessments, and (v) any other documents related to compliance with Environmental Laws that the County may reasonably request from time to time.

10. Annual Site Investigation.

In addition to County's right of access to the Premises set forth in this Agreement, County shall have the right, but not the obligation, to conduct annually an environmental inspection and assessment of the Premises during each year of the term of this Agreement, either alone or in conjunction with other areas of the Airport, and to engage the services of an environmental consultant or consulting firm for such inspection and assessment. Should County conduct an environmental inspection, County shall pay, one hundred percent (100%) of the reasonable cost of each such annual inspection applicable to the Premises. If the environmental inspection and assessment of the Premises discloses the existence of any Tenant's Contamination, Tenant shall take any and all Necessary Action as provided in Section 3 of this Exhibit and be responsible for reimbursing County for all costs of the environmental inspection. If County elects not to conduct an annual environmental inspection and assessment, or if County's environmental inspection and assessment fails to discover or disclose any Tenant's Contamination, Tenant shall not be excused from performing its obligations or relieved from liability to County under Section 3 of this Exhibit.

11. Expiration of Term of Agreement/Environmental Assessment.

On or before the expiration or termination of this Agreement, Tenant shall take any and all action required to be taken under the Environmental Laws in order to:

- (i) surrender the Premises to County free of any and all Toxic Materials present in amounts exceeding then applicable agency action levels as a result of Tenant's Contamination; and
- (ii) close or remove any storage tanks in, on, or around the Premises, unless otherwise directed in writing by County.

Such closure or removal shall be deemed to constitute Necessary Action within the meaning of Section 3 of this Exhibit, and all the provisions of Section 3 of this Exhibit relating to Necessary Action shall be applicable to such closure and removal. Unless waived in writing by County, Tenant, within 90 days of commencement of this Agreement and within ninety (90) days prior to the expiration or termination of this Agreement, or prior to any authorized assignment or subletting of all or any portion of the Premises, shall provide to County a written report certifying that Tenant is in compliance with the Environmental Laws, or, if this Agreement is expiring or terminating, that the Tenant has complied with the provisions of this Section 1 of this Exhibit. This report shall contain the following information:

- (i) a list of all permits issued under Environmental Laws regulating Tenant's business on the Premises and a description of all such permits;
- (ii) for each permit on the list, a description of the particular area or operation that requires compliance with such permit by the Tenant;
- (iii) for each permit on the list, a description of Tenant's compliance program for the Environmental Law or corresponding regulatory program;
- (iv) for each permit on the list, a list of all alleged violations for the prior calendar year

or Annual Period, or an affirmative statement that there were no alleged violations during said period;

- (v) copies of environmental assessments or compliance audits done during the prior calendar year; and
- (vi) a certification. The certification shall be signed and notarized by an appropriate corporate manager of the Tenant who has direct responsibility for environmental compliance at the Premises. The certification shall state as follows: "I, (name), am an employee of (Tenant's name). My title is (Title). My job responsibilities include direct responsibility for monitoring and assessing environmental compliance at (Leased Premises) . This report has been prepared by me or under my direct supervision during the course of my employment for (Tenant's name). I certify that I have personal knowledge of the facts in the report and that said facts are true, accurate and complete. I also certify that (the Premises) are in compliance with all applicable federal, state and local Environmental Laws except to the extent otherwise disclosed in this report. (Signature, notary seal, and date.)" Tenant shall bear all costs of such reports and shall reimburse County for any and all reasonable out-of-pocket costs incurred by County in connection with its review of such reports. From time to time during the Agreement term, but no more often than once per Annual Period, County shall have reasonable access to the Premises to conduct an environmental assessment to audit Tenant's compliance with Environmental Laws.

12. Definitions under this Exhibit

The following definitions shall apply to all terms contained within this Exhibit.

i. Contamination.

The term "Contamination" means any spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises, or any other contamination or deterioration of groundwater, subsoil or soil in, on, under or originating from the Leased Premises.

ii. Tenant's Contamination.

The term "Tenant's Contamination" means any spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises from and after the Commencement Date and until the termination of this Agreement and the surrender of possession of the Leased Premises to County, but shall not include any discharge or release migrating to the Leased Premises from other land.

iii. Environmental Laws.

The term "Environmental Laws" means any and all laws, rules, regulations, judgments, orders, permits, licenses, agreements, covenants, restrictions, requirements, policies or the like enacted now or hereafter relating to or governing in any way the environmental condition of soil, air, water, groundwater or the presence of Toxic Materials in or affecting all or any portion of the Leased Premises, including, without limitation, the statutes described in the definition of Toxic Materials.

iv. Toxic Materials.

The term "Toxic Materials" means any hazardous or toxic materials, pollutants, effluents, contaminants, radioactive materials, flammables, explosives, pesticides, chemicals known to cause cancer or reproductive toxicity, emissions, wastes or any other chemicals, materials or substances, whose handling, storage, release, transportation or disposal is or becomes prohibited, limited or regulated by any federal, state, county, regional or local authority or, even if not so regulated, is or becomes known to pose a hazard or potential threat to the health and safety of any person or to the environment. The term "Toxic Materials" includes, without limitation, the following compounds:

- (i) asbestos;
- (ii) petroleum, petroleum by-products, and petroleum degradation products;
- (iii) polychlorinated biphenyls;
- (iv) all substances now or hereafter defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, section 101 (14), 42 U.S.C. section 9601(14), including petroleum, crude oil, and any fractions thereof;
- (v) (v) all substances now or hereafter defined as "extremely hazardous substances" pursuant to the Emergency Planning and Community Right- to-Know Act of 1986, section 302(a), 42 U.S.C. section 11002(a);
- (vi) all substances now or hereafter defined as "hazardous waste" by Section 25117 of the California Health and Safety Code;
- (vii) all substances now or hereafter designated by the Governor of the State of California as substances known to the state to cause cancer or reproductive toxicity pursuant to California Health and Safety Code section 25249.8;
- (viii) all substances now or hereafter defined as an "economic poison" pursuant to California Health and Safety Code section 12753; and
- (ix) all substances now or hereafter defined as "extremely hazardous waste" pursuant to California Health and Safety Code section 25115.

v. **Liabilities.**

The term "Liabilities" means any and all claims arising out of, resulting from or caused by the release, discharge, storage, handling, use, accumulation, transportation, generation, migration, disposal, investigation, clean-up, remediation or removal of any Toxic Materials caused by Tenant or any of its licensees, permittees or invitees, including, without limitation, the following:

- (i) diminution in value of the Airport or the Premises;
- (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport or the Leased Premises;
- (iii) damages arising from any adverse impact on marketing of space at the Airport or the Premises;
- (iv) sums paid in settlement of Claims (including, without limitation, attorneys' fees, consultant fees and expert witness fees);
- (v) damages caused by the breach or nonperformance by Tenant of any covenant or

other provision of this Agreement; and

- (vi) costs incurred in connection with any investigation of site conditions and any cleanup, remediation, removal or restoration work necessary should the Tenant fail to comply with Section 3 of this Exhibit