

COUNTY OF SAN MATEO

GROUND SUBLEASE/WATER EXTRACTION AGREEMENT

(No. _____)

MONTARA WATER AND SANITARY DISTRICT

Half Moon Bay Airport
Half Moon Bay, California

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GROUND SUBLEASE/WATER EXTRACTION AGREEMENT

(No. _____)

Half Moon Bay Airport
Half Moon Bay, California

MONTARA WATER AND SANITARY DISTRICT

1. BASIC SUBLEASE INFORMATION

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

Sublease Reference Date:	July 1, 2012
Landlord:	County of San Mateo
Tenant :	Montara Water and Sanitary District
Owner of Premises (Owner):	Federal Aviation Administration, United States Department of Transportation (FAA)
Property (Section 4):	Half Moon Bay Airport 9850 Cabrillo Highway North Half Moon Bay, California 94019
Premises (Section 4):	Portions of the Property as shown on Exhibit A (Site Plan of Premises).
Rentable Area of Premises (Section 4):	Approximately 2,188 square feet of land. Non-exclusive use of the Property's common areas and parking facilities subject to the provisions of Exhibit B, Special Requirements/ Conditions
Term (Section 5):	20 Years (Initial Term)
Commencement Date, Initial Term:	July 1, 2012
Expiration Date, Initial Term:	June 30, 2032
	Two consecutive options to renew for an additional 10 years, each (Section 5)

Commencement Date,

First Renewal Term: July 1, 2032

Expiration Date, First Renewal Term: June 30, 2042

Commencement Date,

Second Renewal Term: July 1, 2042

Expiration Date, Second Renewal Term: June 30, 2052

Base Rent (Section 6.A.): Quarterly payments: \$1,641.00 initially,
thereafter adjusted per Section 6.B (approx.
\$0.25 per sq. ft.)

Base Rent Adjustments

(Section 6.B): By CPI, commencing on July 1, 2017, and July
1 of each successive year

Well Service Fee (Section 6.C): \$1,500.00 per operating well per quarter

Water Extraction Fee

(Section 6.D): By formula applied to quantity extracted per
quarter

Use (Section 9): Extraction of groundwater for supplying
Tenant's community water service, including
operation, maintenance, servicing, repair and
replacement of Tenant's wells, pumps and
appurtenances

Tenant Improvements

(Section 10): Existing wells, pumps and appurtenances and
any additions or alterations thereto or
replacements thereof

County Contact Information

Notice Address of County

(Section 34) County Manager
Attn: Real Property Services
400 County Center

	Redwood City, California 94063
	Fax No.: (650) 363-4832
with a copy to:	County of San Mateo
	Department of Public Works Airports Division
	Attn: Airport Manager
	620 Airport Drive
	San Carlos, California 94070
	Fax No. 650-593-3762
and to:	Office of County Counsel
	400 County Center, 6 th Floor
	Redwood City, California 94063
	Fax No.: (650) 363-4034
Key Contact for County:	Airport Manager
Telephone/Fax Nos.:	Phone: 650-573-3700
	Fax: 650-593-3762
Alternate Contact for County:	Deputy Director for Administration and Airports
	Phone: 650-599-1423
	Fax: 650-361-8220

Tenant Contact Information

Address for Tenant (Section 34):	Montara Water and Sanitary District
	P.O. Box 370131
	8888 Cabrillo Highway
	Montara, CA 94037-0131
	Fax: 650-728-8556
with a copy to:	David E. Schricker
	Law Offices of David E. Schricker, P.C.
	563 South Murphy Ave.
	Sunnyvale, CA 94086
	Fax: 408-900-8225
Key Contact for Tenant:	District General Manager

Telephone/Fax Nos.: Phone: 650-728-3545
Fax: 650-728-8566

Owner of Premises Contact Information

Address for Owner (Section 34): Federal Aviation Administration
Western-Pacific Region, Airports Division
15000 Aviation Blvd.
Lawndale, CA 90261
phone 310-725-3600
fax 310-725-6847

Key Contact for Owner: Mark McClardy, Manager

Other Noteworthy Provisions: Tenant's use of the Premises is subject to all pertinent federal regulatory requirements.

The parties expressly agree that in granting this Sublease, the County is acting solely in its capacity as (1) long-term Tenant/Assignee of the Owner in relation to the Premises and (2) owner of the Property (with the exception of the Premises). The parties further expressly agree that the County is not entering this Agreement in any other capacity, including but not limited to the capacity of regulatory agency, issuer of development permits, guarantor of water quality, local health officer, owner or operator of a water system, or any capacity other than those listed.

Exhibits: The following exhibits are attached hereto and incorporated by reference:

Exhibit A – Site Plan of Premises

Exhibit B – Modified Standard Provisions for All Leases, Use and Other Agreements and Permits for San Mateo County Airports

Exhibit C – Special Requirements/Conditions for Airport Sublease with Montara Water and Sanitary District

Exhibit D – Half Moon Bay Airport Wells Production Meter Verification Procedure

2. PARTIES

This Sublease and Agreement (the "Agreement" or "Sublease"), dated for reference as of July 1, 2012, is made by and between the following parties (collectively, the "Parties"):

The COUNTY OF SAN MATEO, a political subdivision of the State of California ("Landlord" or "County"), a Tenant/Assignee of the Owner with respect to the Premises, whose address is:

County of San Mateo
Real Property Division, County Manager's Office
455 County Center, 5th Floor
Redwood City, CA 94063

and

The MONTARA WATER AND SANITARY DISTRICT, a California Water and Sanitary District formed under the Health and Safety Code ("Tenant") whose address is:

Montara Water and Sanitary District
P.O. Box 370131
8888 Cabrillo Highway
Montara, CA 94037-0131

Landlord and Tenant agree as follows:

3. TERMS, COVENANTS AND CONDITIONS

This Sublease is subject to the terms, covenants and conditions herein, including Exhibits A, B, C, and D. Each party covenants, as a material part of the consideration for this Sublease, to keep and perform each and all of said terms, covenants and conditions that are to be performed, and that this Sublease is made upon the condition of

said performance.

4. SUBLEASE OF PREMISES

Landlord does hereby sublease to Tenant and Tenant hereby subleases from Landlord that certain real property consisting of approximately 2,188 square feet of non-contiguous land parcels together with appurtenant non-exclusive rights of ingress and egress to and from the parcels as shown on the attached Exhibit A incorporated herein by reference and any adjacent land agreed upon in writing by Landlord for the placement of adjacent power generators ("Premises") for the purpose of operating, maintaining, servicing, repairing, replacing (in the existing or any other size or configuration) Tenant's wells, well shafts, pumps, machinery, generators and appurtenances within, over and under said parcels and for extracting groundwater for Tenant's appropriation for its community water system, which Premises is a portion of Landlord's Half Moon Bay Airport ("Property").

5. TERM; OPTION TO RENEW

The Initial Term of this Sublease is twenty (20) years commencing on July 1, 2012 ("Commencement Date"), and expiring on June 30, 2032. Tenant shall have two (2) options of ten (10) years each to renew this Sublease under the same terms and conditions as stated herein ("Renewal Terms"), provided that any such option to renew shall be subject to approval by Owner; provided further that notice of Tenant's exercise of each option shall be provided by Tenant in writing to Landlord with a copy to Owner not later than one (1) year prior to the expiration date of the Initial Term or the date of expiration of each Renewal Term, if any. If Owner approval has not been granted in accordance with Section 20 prior to an expiration date described in this paragraph, this Sublease shall continue on a month-to-month basis under the same terms and conditions until such approval is granted or denied.

6. RENTAL

A. Base Rent

Commencing upon the execution of this Agreement and prior to each upcoming three (3) calendar month period following the Commencement Date during the

Term of this Agreement and subject to the rental adjustments specified in Section 6.B., Tenant agrees, without prior notice or demand, to pay to Landlord by the first day of each upcoming three (3) month period as quarterly rental for the Premises the sum of \$1,641 ("Base Rent"). Tenant shall pay Landlord for each three (3) month period starting with the Commencement Date, even if this Agreement is executed after that date. This amount is based on a monthly charge of \$0.25 per square foot (2,188 square feet). The Base Rent and any other amounts due hereunder are sometimes collectively referred to herein as "Rent."

B. Base Rent Adjustments

On the 1st day of July of each year of the Term beginning July 1, 2017, i.e., on the fifth (5th) Commencement Date annual anniversary ("Adjustment Date"), the Base Rent as set forth in Section 6. A. shall be adjusted as follows:

The Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), which is published for June most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date (i.e., July 1, 2012) ("Base Index"). The Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Base Index.

If the Index is changed so that the Base Year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

CPI Adjustment Formula:

$$\text{Adjusted Rent (new Base Rent)} = \frac{(\text{Base Rent}) \times (\text{Adjustment Index})}{\text{Base Index}}$$

C. Well Service Fee

Commencing upon the execution of this Agreement and prior to each upcoming three (3) calendar month period following the Commencement Date during the Term of this Agreement, Tenant agrees, without prior notice or demand, to pay to Landlord by the first day of each upcoming three (3) month period a service fee for each well operated on the Premises, calculated at the rate of \$500.00 per operating well per month. If Tenant desires to cease operation of any its wells on the Premises for thirty (30) consecutive days or for more than one thirty (30) consecutive day period during any quarterly period, tenant shall give written notice thereof to Landlord not less than thirty (30) days in advance of the cessation of operation and no service fee shall be charged for such well(s) for each such thirty (30)-day period of non-operation. If Tenant desires to recommence operation of any of its wells that have been placed in a non-operational status pursuant to this subdivision C., Tenant shall give Landlord written notice thereof not less than thirty (30) days in advance of recommencing operation and the service fee hereinabove specified shall become payable as hereinabove provided for the operating well(s) upon commencement of operation.

Operation of the wells for maintenance, servicing or repairs or to sample or test water in compliance with Tenant's operating permit, regulations or requirements of the California Department of Public Health or other regulatory agency having jurisdiction shall not constitute operation for purposes of this Subsection.

D. Water Extraction Rates/Fee Structure

(i) Meters; Condition of Water

Tenant agrees to install at its expense water meters conforming to American Water Works Association specifications at each individual well operated under this Sublease.

All meters used to measure the amount of water being extracted from the wells and pumped to Tenant's distribution system shall be operated in accordance with applicable American Water Works Association standards or guidelines. Tenant shall, at its expense, validate the accuracy of each such meter in accordance with the Production Meter Verification Procedure set forth by the attached Exhibit D, incorporated herein by reference. Tenant acknowledges that water extracted from the Premises pursuant to this Sublease is taken "as-is" and that no warranty is made by Landlord regarding the quality or quantity of the water.

(ii) Extraction Fee: Years 1- 5

Commencing upon the expiration of three (3) calendar months following the Commencement Date and during the first year of the Term Tenant agrees, without prior notice or demand, to pay to Landlord within thirty (30) days from the date of said expiration a quarterly fee per acre foot for all water extracted from the Premises during the prior three (3) month period and a like fee (based on the water extracted during the preceding three (3) month period) within thirty (30) days following the expiration of each and every successive three (3) calendar month period thereafter, calculated as the product of (i) the total acre feet extracted during the period, (ii) the San Francisco Public Utility Commission wholesale quantity rate (per acre foot) for water sold to municipalities and districts on the San Francisco Peninsula under long-term contracts ("Hetch Hetchy Rate"), and (iii) two-thirds (2/3).

Accordingly, the amount due per quarter during the first twelve-month period from and after the Commencement Date will be determined by the

following formula:

$$\text{Quarterly Extraction Fee} = \left(\frac{\text{Acre feet of water extracted during calendar quarter}}{\text{Hetch Hetchy Rate as set by this Subsection 6.D.(ii)}} \right) \times \frac{2}{3}$$

This rate shall remain in effect for water extracted during each quarter of the first year of the Term (July 1, 2012, through June 30, 2013) using the Hetch Hetchy Rate effective on July 1, 2012.

For water extracted during the second, third, fourth, and fifth years of the Term, commencing on July 1st of each such year, the Hetch Hetchy Rate (the extraction rate effective on July 1, 2012) will be adjusted in accordance with the CPI adjustment formula set out in Subsection 6.B, above, using the CPI in effect for the San Francisco Bay Area published most immediately preceding July 1 of each such succeeding year as the “Adjustment Index”, the CPI in effect most immediately preceding the Commencement Date (i.e., July 1, 2012) as the “Base Index”, and substituting the Hetch Hetchy Rate in effect as of June 30 of each such preceding year for “Base Rent” in that formula. Thus, the Hetch Hetchy Rate will be adjusted using the following formula:

$$\text{Adjusted Hetch Hetchy Rate} = \frac{\left(\frac{\text{Most recent Hetch Hetchy Rate}}{\text{Base Index}} \right) \times (\text{Adjustment Index})}{\text{Base Index}}$$

The revised extraction rates shall be effective from and after July 1 and remain in effect for twelve consecutive months of each such successive year. After the first five years of the Term, the extraction rate and quarterly extraction fee shall be calculated in accordance with the following Subsection.

(iii) Extraction Fee: Succeeding Years

For all water extracted during each successive year after the fifth year of the Term and for the remainder of the Term, commencing on July 1, 2017, Tenant

shall pay to Landlord for all water extracted from the Premises during each prior three (3) calendar month period a fee per acre foot calculated as the product of (i) the total acre feet extracted during the period, (ii) the Hetch Hetchy Rate effective on July 1 of that year (the “Succeeding Year Hetch Hetchy Rate”), and (iii) two-thirds (2/3), with the new quarterly extraction rate being effective during that entire year (i.e., for water extracted between July 1 and the following June 30). Accordingly, the amount due will be determined by the following formula:

$$\text{Quarterly Extraction Fee} = \left(\frac{\text{Acre feet of water extracted during calendar quarter}}{\text{calendar quarter}} \right) \times \left(\frac{\text{Succeeding Year Hetch Hetchy Rate as set by this Subsection 6.D.(iii)}}{\text{this Subsection 6.D.(iii)}} \right) \times \frac{2}{3}$$

provided that the annual increase shall *not* exceed ten percent (10%) of the preceding year’s rate, commencing July 1, 2018 and throughout the remainder of the Term.

If the San Francisco Public Utilities Commission establishes a quantity rate for untreated water sold to any municipality or district on the San Francisco Peninsula (“Untreated Water Rate”) that is less than the aforesaid wholesale quantity rate that is charged for treated water, Tenant, at any time after the first five years of the Term and during the remainder of the Term, may opt each year to use either two-thirds (2/3) of the Succeeding Year Hetch Hetchy Rate as defined in this Subsection 6.D.(iii), or one-hundred percent (100%) of the Untreated Water Rate effective on July 1 of that year. In any year which Tenant elects to use the full Untreated Water Rate, the quarterly extraction fee shall be calculated using the formula listed above in this Subsection 6.D.(iii), with the “Untreated Water Rate” replacing the “Succeeding Year Hetch Hetchy Rate” and the number one (1) replacing the fraction two-thirds (2/3) in the formula. Tenant may only make this election annually for the period beginning July 1 of each year, and Tenant must make its election in writing by June 30 of the preceding year for the following year. At no time shall the Untreated Water Rate be less than fifty percent (50%) of the Succeeding Year Hetch Hetchy Rate as defined by this

Subsection 6.D.(iii).

E. Payment of Rent

The Base Rent, the Well Service Fee and Extraction Fee and any other amounts due hereunder are sometimes collectively referred to herein as "Rent."

Rent for any period during the Term hereof which is for less than a three (3) month period shall be prorated on a per diem basis, based upon a thirty (30) day month. Rent shall be paid to Landlord at:

County of San Mateo
Department of Public Works
Airports Division
620 Airport Drive
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. Tenant shall be responsible for payment of Rent on a quarterly basis without prior notice or demand. Any rent not paid within ten (10) days from the due date shall bear interest from the due date until paid at the rate of ten percent (10%). However, interest shall not be payable nor late charges incurred by Tenant under Section 8 (Late Charges and Returned Check Charge), to the extent interest under this Section 6.E. plus the late charges would cause the sum thereof to exceed the amount of interest which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by tenant.

7. ACCOUNTS AND RECORDS

Tenant shall maintain a system of reports and records satisfactory to Landlord covering well operations pertaining to well service and water extraction fees, which shall be preserved during the life of this Sublease and for three (3) years thereafter. Landlord shall have the right to inspect and audit the books and records of Tenant relating to such fees at any reasonable time upon request. Expenses of such audit shall be borne by Landlord unless such examination shall disclose an additional amount owing to Landlord of greater than one thousand dollars (\$1,000.00) for any one year, in which event all

costs of audit shall be paid by Tenant.

Landlord shall have the right to accept and apply on account any amount tendered by Tenant, as in full of all or any portion of the well service and extraction fees, respectively, without prejudicing Landlord's right to recover the full correct amount after reduction by the amount so accepted and applied on account. If Landlord's audit or examination shall reveal that Tenant has not paid the proper amount of the well service and extraction fees, any increased or additional fees resulting from such audit shall be paid by Tenant within thirty (30) days after Tenant has received a copy of such audit or examination, together with interest at the rate specified in Section 6 on the amount due calculated from the date on which such amount was due and payable.

8. LATE CHARGES AND RETURNED CHECK CHARGE

Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Sublease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing delinquent notices and accounting charges. Accordingly, if any installment of Rent or of a sum due from Tenant is not received by Landlord within thirty (30) 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 late charge equal to six percent (6%) of the total balance due at that time or Fifty Dollars (\$50.00), whichever is greater. A late charge shall be applied for each quarter 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 Tenant's 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 herein. Tenant agrees to pay Landlord immediately upon request any and all charges for dishonored checks.

9. USE

Tenant shall use the Premises solely for the extraction of groundwater necessary for Tenant's community water system, including service to the Half Moon Bay Airport. For purposes of this Sublease, the operation, maintenance, servicing, repair, and replacement of the wells owned by Tenant and used for the extraction of the groundwater shall also be, subject to the requirements of this Sublease, an authorized use of the Premises.

Tenant shall not mar or impair the appearance of the Premises, obstruct access thereto, or, with respect to the Property interfere with the transaction of Owner's or Landlord's business and the convenience of the public, or jeopardize the safety of persons or property, or cause justifiable public criticism. Tenant shall not do or permit anything to be done in or about the Premises 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 Premises or any of its contents, or cause cancellation of any insurance policy covering the Premises or any part thereof or any of its contents. Tenant shall not use or allow the Premises 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 Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

10. TENANT IMPROVEMENTS

Tenant improvements on the Premises include Tenant's wells, well shafts, pipes, pipelines, pumps, electrical generators, treatment facilities, equipment, machinery and appurtenances thereto, additions, alterations and replacements thereto and thereof and including, without limitation, such facilities and appurtenances that Tenant acquired from its predecessor in interest (collectively, "Tenant's Improvements"). Additions, alterations or replacements of Tenant's Improvements shall be subject to the requirements of Section 21 (Alterations and Additions).

11. USE OF AIRPORT FACILITIES

Use of the Premises, including access to the Premises, is subject to the provisions described in Exhibit C. Except with regard to the nonexclusive rights for ingress and egress to and from the Premises, other portions of the Property are not included as a

part of this Sublease. If Tenant uses portions of the Property or facilities at the Half Moon Bay Airport which are normally open to and usable by the public, Tenant shall do so as a general member of the public. Such use shall be subject to Airport rules and regulations, and if Landlord normally receives payment for use of such facilities, Tenant shall pay Landlord in accordance with Landlord's published schedule of fees for such use.

12. UTILITIES

Tenant shall be responsible for providing, at Tenant's own expense, all utilities and services, including, but not limited to electricity, water, sewer, gas, trash and waste disposal, required for the Premises and any improvements, alterations or additions thereon.

13. ASSESSMENTS/TAXES

Tenant shall pay all federal, state and local taxes that are levied or required with respect to its operations on the Premises. Tenant shall also be liable for any special assessments levied against the Property due to Tenant's use of the Premises. Tenant reserves the right to challenge any tax and special assessment, fee or charge. Tenant shall pay, or cause to be paid, before delinquency, any and all legal taxes and assessments levied against Tenant's personal property in the Premises.

14. POSSESSORY INTEREST TAX

Tenant recognizes and understands in executing this Sublease 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 that any such tax, if applicable, would be the liability of and be paid solely by Tenant in addition to Rent and other charges due hereunder. Tenant agrees to pay promptly when due any applicable possessory interest tax imposed on its interest in the Premises.

15. MAINTENANCE AND REPAIRS

Tenant shall, at Tenant's sole expense, maintain the Premises and Tenant's Improvements in good sanitary order, condition and repair in accordance with all applicable statutes, ordinances, orders, rules and regulations of (1) federal, state, county, municipal or other governmental agencies and bodies having jurisdiction and 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 Tenant at Tenant's sole expense. Upon request, Tenant shall allow inspection of the Premises by Landlord, Owner, or other government representative to ensure proper use and protection of the Premises.

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

16. DAMAGE; DESTRUCTION

If, during the Term of this Sublease, Tenant's Improvements are damaged from any cause thereby rendering the Premises totally or partially inaccessible or Tenant's Improvements unusable, Tenant may either terminate this Sublease or restore such access or Improvements within a reasonable time and, if so restored, this Sublease shall continue in full force and effect. If then existing laws do not permit restoration of access or Tenant's Improvements, either party may terminate this Sublease immediately by giving notice to the other party and to the Owner.

In case of damage to Tenant's Improvements or access for the above-mentioned causes, there shall be an abatement or reduction of Base Rent between the date of the damage or cessation of use and the date of completion of restoration or recommencement of use, based on the extent to which the damage interferes with Tenant's use of the Premises. To the extent any damage to Tenant's Improvements is due to the fault or neglect of Tenant, its agents, contractors, employees or invitees, there shall not be an abatement or reduction of Base Rent. Tenant shall be responsible for the cost of any required restoration or repairs of damages caused by the fault or neglect of Tenant, its agents, contractors, employees or invitees. Tenant shall not be entitled to any compensation or damages from Landlord for damage to any part of the Premises, damage to Tenant's Improvements or other personal property or injury to Tenant's

employees except to the extent solely caused by Landlord, its officers, employees, contractors or agents as determined by a court of law or as otherwise agreed to by Landlord in writing.

17. SURRENDER OF PREMISES

At the expiration of the Term or earlier termination of this Sublease, Tenant shall remove its above-ground facilities constructed or installed thereon, including any Alterations made pursuant to Section 21, cap the wells in accordance with pertinent regulations, restore the surface of the Premises to grade level and surrender the Premises in good condition, reasonable wear and tear excepted. Personal property that Tenant abandons on the Premises after expiration of the Term or earlier termination of this Sublease shall, at Landlord's election, (i) become Landlord's property or (ii) be removed by Tenant at Tenant's expense or by Landlord at Tenant's expense.

18. ENTRY BY LANDLORD

Landlord reserves and shall at any and all reasonable times and upon reasonable notice to Tenant have the right to enter the Premises to inspect the same, post notices of non-responsibility and to alter, improve, repair or restore the Premises upon Tenant's vacating or abandonment of the Premises or upon expiration of the Term or earlier termination of this Sublease. Landlord acknowledges that the Premises shall be used by Tenant for public water utility operations and therefore is subject to heightened security, including prohibited access to the public. Except in an emergency, Landlord shall adhere to the following procedures with regard to Landlord's inspection of the Premises: (i) Landlord shall notify Tenant in advance of the time Landlord or the Owner desires to inspect the premises and shall provide Tenant with the name of the person who proposes to enter the Premises; (ii) Landlord's and/or Owner's representative shall be accompanied by a duly authorized representative of Tenant at all times during the inspection of the Premises; and (iii) Landlord and/or Owner shall not permit any person other than Landlord's and/or Owner's duly authorized employee, agent, or other representative to enter the Premises for such inspection. Nothing in this section shall prohibit Owner from conducting an emergency inspection of Premises without notice to Tenant or from working directly with Tenant to facilitate an inspection of Premises.

Notwithstanding the foregoing provisions, in the case of an emergency Landlord and/or Owner shall have the right to use any and all reasonable means that Landlord and/or Owner deems proper to gain access to the Premises without liability to Tenant, except for any failure to exercise due care for Tenant's personal property and the condition of the Premises. Any entry to the Premises obtained by Landlord and/or Tenant by such means 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.

19. RESERVATIONS; WARRANTIES

This Sublease shall at all times be subject to such pre-existing easements or rights-of-way for such public or private utilities as shall have been duly established by Landlord. This Sublease is subject to all prior exceptions, reservations, grants, easements, leases or licenses as the same appear of record in the Official Records of the County Recorder of San Mateo County or in the official records of said County or its departments, and applicable federal statutes and regulations. 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 Property and that the use of the Premises by Tenant shall at all times be conducted with proper regard for such right, title, interest and privilege. It is specifically understood and agreed that any and all of the terms and conditions of this Sublease are subordinate to all rights of the United States Government in the Property as provided by law or by the documented agreement between the United States and Landlord, a copy of which agreement shall be provided by Landlord to Tenant concurrently with Landlord's execution of this Sublease.

Landlord represents and warrants that it has a sufficient interest in the Premises and the Property to enter into this Sublease and will provide Tenant proof of such interest upon request. In the event that Landlord's interest in the Premises is modified or its interest in the Property is encumbered so as to affect its interest in the Premises, or if such interest(s) is or are modified or rescinded by Owner, Landlord will provide written notice of the change to Tenant and Tenant may opt to terminate this Sublease. This provision shall in no way operate to limit the rights or authority of Owner, the owner of

the Premises, including the right to substitute itself as landlord/lessor hereunder or otherwise to enter into a lease with or otherwise convey a property interest in the Premises to Tenant or Landlord.

20. CONSENT OF PARTIES

Whenever the consent, approval or permission (collectively, "Approval") of the parties is required, the party empowered to grant the Approval shall not unreasonably delay or withhold such Approval.

21. ALTERATIONS AND ADDITIONS

Tenant shall not make any alterations or additions (collectively, "Alterations") to the Premises without the prior written consent from Landlord and Owner. In making Alterations Tenant shall comply with the following:

- (i) Tenant shall submit reasonably detailed final plans, specifications and working drawings of the proposed Alterations and the name of Tenant's contractor, if any, at least thirty (30) days before the date Tenant proposes to commence construction or installation of the Alterations.
- (ii) Construction or installation of the Alterations shall not be commenced until ten (10) days after Landlord has been given notice from Tenant stating the date the construction or installation of the Alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.
- (iii) The Alterations shall be subject to approval by Landlord and Owner and such approvals shall be obtained before commencement of construction or installation of the Alterations.
- (iv) All Alterations shall be completed in compliance with the approved plans, specifications and working drawings, applicable laws and with the "County of San Mateo Airport Construction Requirements" publication.
- (v) If the proposed Alterations are approved by Landlord, Landlord shall so notify Owner, with a copy of the notice to Tenant. Owner will approve or deny the proposed alterations within 90 days of receipt by Owner of notice from Landlord of Landlord's approval of the proposed alterations. If Owner does not respond within 90 days of receipt of such notice, subsequent approval of those proposed

alterations under this Section by Owner is not required.

22. 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 Sublease by Tenant:

- (i) The vacating or abandonment of the Premises by Tenant. Failure to use or occupy the Premises for thirty (30) consecutive days shall be deemed a vacation or abandonment.
- (ii) The failure by Tenant to make any payment of Rent, any component thereof, or any other payment required hereunder, where such failure shall continue for a period of thirty (30) days after written notice of such default by Landlord to Tenant.
- (iii) The failure by Tenant to observe or perform any of the terms, covenants or conditions of this Sublease to be observed or performed by Tenant, other than described in Subsections A. (i) and (ii) above, where such failure shall continue for a period of thirty (30) days after written notice of such default 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 the 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 for 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 Sublease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of

Tenant's personal property at the Premises or of Tenant's interest in this Sublease, 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, Landlord may at any time thereafter:

- (i) Terminate this Sublease and upon such termination Tenant shall immediately surrender possession of the Premises to Landlord. In the event Tenant shall have abandoned the Premises, Landlord shall have the option either to (a) take possession of the Premises and recover from Tenant all amounts then owed, including the cost of removing above-ground facilities and Alterations, capping the wells and restoring the Premises as described in Section 17 or (b) proceed under the provisions of the following Subsection;
- (ii) Maintain Tenant's right to possession, in which case this Sublease 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 Sublease, including the right to recover Rent as it becomes due;
- (iii) Pursue any other remedy available under the law to Landlord.

C. Default by Landlord

Landlord shall be in material default and breach of this Sublease if Landlord fails or refuses to perform any of the terms, covenants or conditions of this Sublease that Landlord 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 prosecutes such cure to completion within ninety (90) days.

D. Tenant's Remedies

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

(i) Terminate this Sublease by giving written notice to Landlord thereof and vacate the Premises on the date of termination.

(ii) Pursue any other remedy available under the law to Tenant.

E. California Law Notice Requirements

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

23. INSURANCE

A. Insurance Coverage

Tenant at Tenant's cost shall maintain Workers' Compensation, Employer's Liability, Commercial General Liability and Vehicle Liability Insurance with the following minimum limits insuring against liability of Tenant and Tenant's authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises:

<u>Insurance Category</u>	<u>Minimum Limits</u>
Workers' Compensation	Statutory minimum
Employer's Liability	\$1,000,000 per accident for bodily injury or disease
Commercial General Liability	\$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury, personal injury and property damage
Vehicle Liability	\$1,000,000 per accident for bodily injury and property damage

Tenant shall furnish Landlord with evidence of issuance of the insurance required hereunder and for evidence of Commercial General Liability and Vehicle Liability endorsements:

(i) Precluding cancellation or reduction in coverage before the expiration of Thirty (30) days after Landlord shall have received written notification of cancellation or reduction in coverage by first class mail;

(ii) Providing that Tenant's insurance shall apply separately to each insured

against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability (cross liability endorsement);

(iii) Naming Landlord as an additional insured; and

(iv) Providing that Tenant's insurance coverage shall be primary insurance with respect to Landlord and that any insurance or self-insurance maintained by Landlord for itself shall be excess of Tenant's insurance and not contributory with it.

B. Worker's Compensation Certification

Pursuant to the provisions of California Labor Code Section 1861, Tenant hereby certifies:

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self insurance in accordance with the provisions of that Code, and I will comply with such provisions with regard to this Sublease.

C. Qualification of Insurance Providers

The insurance required under this Sublease shall be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an AV status as rated in the most recent edition of Best's Insurance Reports. Coverage provided by State Fund Insurance shall satisfy this requirement for purposes of Workers' Compensation Insurance.

D. Certificate of Insurance

A certificate of insurance, together with evidence of payment of premium, shall be deposited with Landlord at the commencement of the Term 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, Landlord shall have the option, after a ten (10) day written notice to Tenant requesting a certificate, either to (a) terminate this Sublease immediately thereafter with written notice thereof to Tenant or (b) take out all or part of the required insurance and pay the premium thereon on behalf of Tenant. If Landlord opts to take out the insurance on behalf of Tenant, the cost of the premium paid

by Landlord shall be deemed additional Rent due and payable by Tenant with the next regular Rent payment.

E. Increase in Coverage

Landlord reserves the right to require at any time during the Term that the insurance minimum coverage described in this Section be increased in accordance with standard County of San Mateo Risk Management practice in effect at the time the increase is required. Tenant shall be given at least thirty (30) days' notice of the required increase and Tenant shall be responsible for maintaining the coverage as indicated in the notice.

24. HOLD HARMLESS.

Tenant shall defend, hold harmless and indemnify Landlord, Owner, the United States, and their officers, employees and agents from any and all claims for injuries to persons or damage to property arising from the negligent or willful acts or omissions of Tenant, its officers, employees or agents in the performance or failure to perform any of its obligations, express or implied, under this Agreement. Tenant shall at all times relieve, indemnify, protect and hold harmless Landlord, Owner, the United States, and their respective officers, agents, employees, and servants from all claims, suits, or actions related to its pumping, production and treatment of water on Airport property as well as to the quality, quantity, and safety of the water pumped from the Airport.

The duty of Tenant to relieve, indemnify, protect and hold harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code and such other duties as may be required of Tenant under applicable Federal law.

25. HAZARDOUS MATERIALS ACTIVITY

Tenant shall not store, handle or generate any Hazardous Material (hereinafter defined) or waste upon or within the Premises unless it has completed and filed a San Mateo County Hazardous Material Release Response Plan and Inventory ("Business Plan") with the San Mateo County Environmental Health Division and has the prior written authorization of Landlord (which shall not be unreasonably withheld). Tenant agrees not to bring any Hazardous Material onto or within the Premises except for that which is commonly used in the treatment of a domestic water supply and the operation,

maintenance and repair of its community water system. Tenant shall treat Hazardous Materials brought onto the Premises by it in accordance with all applicable federal, state and local laws and regulations. In the event that Tenant does store, handle, or generate Hazardous Materials on or within the Premises, other than that expressly or impliedly allowed under this Agreement, Tenant shall be deemed to be in breach of this Agreement and shall be subject to such legal or equitable remedies as may have accrued to Landlord, including such remedies as may have accrued under this Agreement. Additionally, Tenant shall be liable for the payment of all costs of investigation and remediation of Hazardous Materials on the Premises that Tenant does store, handle, or generate and shall release, indemnify, protect, and save harmless Landlord, Owner and the United States against any and all claims and liabilities of any kind or nature whatsoever, arising out of the presence of any such Hazardous Material brought onto, stored, handled, or generated on or within the Premises by Tenant.

“Hazardous Material” means any material that, because of its quantity, concentration, or physical or chemical characteristics, poses a potential hazard to human health and safety or to the environment. Hazardous Materials include, but are not limited to, hazardous substances, hazardous waste, and any material which a handler of such material or the agency that administers regulations governing such material 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 work place or the environment. Examples of such Hazardous Materials are, but are not limited to, waste oil, solvents, gasoline, compressed gases, and caustic substances.

26. COMPLIANCE WITH AIRPORT RULES AND REGULATIONS AND FAA STANDARD PROVISIONS

Tenant agrees to comply with all San Mateo County Airport ordinances, rules and regulations and at all times to cooperate with Landlord in its operation and management of Landlord’s Half Moon Bay Airport. Tenant shall notify its employees, contractors and service providers of such rules and regulations. Tenant shall comply with the provisions for 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.

27. NON-ABROGATION OF UNITED STATES GOVERNMENT RIGHTS

The provisions of this Sublease in no way abrogate any rights vested in the United States of America relative to the Half Moon Bay Airport as such rights exist between the United States of America and the County of San Mateo.

28. HOLDING OVER

If Tenant holds over after the expiration of the Term or earlier termination of this Sublease without the express written consent of Landlord, Tenant shall become a holdover tenant (a tenant at sufferance) on a month-to-month basis under the same terms and conditions of this Sublease in effect upon the date of such expiration or termination so far as applicable, provided that the amounts of Base Rent, the Well Service Fee and the Water Extraction Fee in effect upon the date of termination or expiration shall be increased by ten percent (10%). Acceptance by Landlord of Rent or other fees after such expiration or earlier termination shall not constitute a renewal of this Sublease. The foregoing provisions of this Section 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. If the parties to this Sublease do not enter into discussions to renew this Sublease pursuant to the following paragraph within sixty (60) days from expiration of the Term or earlier termination of this Sublease, no further holding over shall be permitted. Tenant shall pay all amounts owed under this Agreement as of the date of the end of the hold-over period, and shall surrender the Premises as outlined in Section 17 of this Agreement.

Notwithstanding the provisions of the immediately preceding paragraph, if within thirty (30) days following the date of such expiration or termination either Landlord or Tenant proposes in writing to the other to enter upon discussions to renew this Sublease and the responding party agrees in writing to such proposal within ten (10) days from receipt of the proposal, for the duration of such discussions in good faith by both parties Tenant's tenancy hereunder shall continue on a month-to-month basis under the same terms and conditions of the Sublease in effect upon the date of expiration or termination of the Term so far as applicable, but at the aforesaid ten percent (10%) increase in the Base Rent, Well Service Fee, and Water Extraction Fee; provided, that the said

increased Rent and Fees shall not be deemed to represent a proposal by either party. Upon tentative agreement, the negotiating parties shall promptly submit the proposed renewed Sublease to their respective governing bodies for approval. If the negotiating parties do not agree upon the tentative terms and conditions of a renewed Sublease within sixty (60) days from entering upon renewal discussions and unless said period is extended by written agreement of the negotiating parties, no further holding over shall be permitted. Tenant shall pay all amounts owed under this Agreement as of the date of the end of the hold-over period, and shall surrender the Premises as outlined in Section 17 of this Agreement.

29. ASSIGNMENT AND SUBLETTING

Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Sublease 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 officers, employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises or any portion thereof without the prior written consent of Landlord and Owner in accordance with Section 20 (Consent of Parties). 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 Landlord or Owner, constitute a default under this Sublease. Any sale or other transfer of at least 51 percent of the value of the assets of Tenant's community water system, including but not limited to any dissolution, merger, consolidation, or other reorganization of Tenant that results in the establishment of a new or successor entity, shall be deemed an assignment subject to approval by Landlord and Owner. Tenant may not assign this Sublease without approval from Landlord and Owner, and any unapproved assignment shall result in the automatic termination of this Sublease.

30. SAN MATEO COUNTY NO SMOKING ORDINANCE

Tenant acknowledges that Landlord's Ordinance Code Section 4.96.040 prohibits smoking in all County facilities whether owned or leased. Tenant understands that said

Ordinance authorizes Landlord to enforce the provisions contained therein and Tenant agrees to enforce the provisions of said ordinance on the Premises.

31. OPERATION OF RADIO EQUIPMENT

Tenant shall not cause or permit any electrical/electronic radiating devices, apparatus, or equipment on the Property that may interfere or conflict with the operations of any communication facilities located on Half Moon Bay Airport. No electrical/electronic radiating devices will be installed upon the Premises that exceed 100 watts of radiated power. The use and operation of the Premises by Tenant shall be so conducted that interference is not caused to radio electronic equipment operated by Landlord, Owner, or other permitted users of the Half Moon Bay Airport. If Tenant's operations cause such interference, Tenant's use of the Property will shut down immediately and remain shut down until the interference problem is resolved and Tenant will, at no cost to Landlord or to Owner, take corrective measures needed to eliminate the interference problem.

32. AIRPORT CLOSURE FOR MAINTENANCE AND CONSTRUCTION

Landlord may from time to time be required to close the runway, taxiways, roads, parking lots, buildings and other facilities at or on the Property for necessary maintenance, repair or new construction. Tenant shall not be entitled to any compensation or damages from Landlord for temporarily substituted ingress to and egress from the Premises. Notwithstanding the foregoing, Landlord acknowledges that Tenant's wells must be operated or maintained in a state of readiness for operation at all times. Therefore, Landlord shall provide Tenant temporary substituted ingress to and egress from the Premises to permit Tenant's access to the Premises to the extent practicable.

33. PERSONAL PROPERTY

Tenant's personal property consists of all Tenant's Improvements (as defined in Section 10) and Alterations (as defined in Section 21) placed in or on the Premises by Tenant, including without limitation, Tenant's equipment, machinery, pumps, wells, well shafts, supplies, chemicals and movable property.

34. NOTICES

Any notice, demand, request, consent, approval, waiver, or communication that a party desires or is required to give to another party or any other person/entity with regard to

this Sublease shall be in writing (unless otherwise indicated in this Sublease) and either served personally or sent by facsimile and concurrently by postage prepaid mail. Such notice, demand, request, consent, approval, waiver or communication shall be addressed to the other party or parties at the address(es) set forth in Section 1 (Basic Sublease Information) of this Sublease. A party may change its address by notifying the other parties of the change in writing. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this Section.

35. LIENS

Tenant shall keep the Premises free from any liens arising out of work performed for, or materials furnished to, or obligations incurred by, Tenant. The foregoing provisions shall not apply to any security interest in this Sublease required by Tenant for financing improvements to Tenant's community water system. In the event that Tenant does provide a security interest in this Sublease in connection with securing financing, Landlord and FAA shall be so notified.

36. ON SITE ADDITIONAL WELLS

Tenant may, upon prior written approval of Landlord and in accordance with the provisions of Section 10 (Tenant Improvements), drill additional wells ("Additional Well[s]") and install all necessary well shafts, pumps, machinery, generators, treatment facilities and appurtenances pertaining thereto within the Premises. Such additional wells are subject to the requirements of Section 21 (Additions and Alterations) and are subject to approval by Landlord and Owner. If an Additional Well is constructed and operated pursuant to this Section, Tenant shall pay the corresponding Service Fee and Water Extraction Fee provided under Sections 6.C. and D., respectively, for its use; provided, that a well that replaces an existing well shall not be deemed an Additional Well. All provisions of this Sublease shall apply to and govern the use of an Additional Well. Provision for Additional Well(s) shall be made by amendment or supplement to this Sublease.

37. DISPUTE RESOLUTION

In the event a dispute arises between Landlord and Tenant out of or relating to this Sublease, the party claiming a dispute ("Claimant") shall give written notice thereof to the

other party ("Responding Party") describing the nature of the dispute and the Claimant's contention regarding the dispute. Within thirty (30) days of receipt of the notice, the Responding Party shall respond in writing setting forth its contention(s). Upon receipt of the response, the Claimant shall contact the Responding Party, whereupon the parties shall set a date for informal discussion to explore resolution of the dispute. If the parties are unable to resolve the dispute through informal discussion, they shall submit the dispute to mandatory non-binding mediation. If the parties are unable to agree upon a mediator, they shall obtain a list of mediators from JAMS, San Francisco, California office, the American Arbitration Association, San Francisco, California office, or from such other mediation service as to which the parties may agree. If they are unable to agree upon a mediator from the list, they shall alternately strike names from the list and the remaining mediator listed shall be selected. If the dispute is not resolved through mediation, the parties may pursue such other legal or equitable remedies at their respective discretion. The costs of mediation shall be shared equally. This paragraph is not applicable to any disputes in which Owner is the actual party in interest, or that results from the exercise by Owner of its review and approval authority over the use of the Premises.

38. COMMUNICATION

Not less than annually commencing on or about the annual anniversary of the Term and each successive anniversary thereof, Landlord and Tenant shall meet and discuss their respective operations, activities and plans that may bear upon their interests under this Sublease in order to provide for the efficient administration hereof and to avoid misunderstandings that may affect their respective interests. Such discussions may include, without limitation, Landlord's plans for development of the Half Moon Bay Airport, requirements for water or sewer service to the Property and to other land owned by Landlord or by others in the vicinity of the Property, availability of water resources to Tenant and such other matters that may assist the parties in managing and operating their respective public enterprises.

39. AMENDMENTS, SUPPLEMENTS

This Sublease Agreement may be amended or supplemented upon agreement of the

parties, approved and executed in the same manner as the original.

40. 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 that pertains to Tenant's tenancy under this Sublease. These include, but are not limited to, the Americans With Disabilities Act of 1990, Title 24 of the California Code of Regulations and all other applicable federal, state, local, and administrative laws, rules, regulations, orders, and requirements intended to provide equal accessibility for persons with disabilities, any applicable City, County, State, or federal ordinances, rules, policies, laws, and regulations, and all applicable statutes, regulations, and orders issued by or applicable to the Federal Aviation Administration. Tenant shall, at its sole cost and expense, promptly comply with such laws, statutes, ordinances, rules, regulations or requirements now in force or which may hereafter be in force 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 is a party thereto or not, that Tenant has violated any such law, statute, ordinance, rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant to the extent germane to Tenant's obligations to Landlord under this Sublease.

B. Authority of Parties

(i) Tenant is a public entity and the person executing this Sublease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Sublease on behalf of Tenant, in accordance with a duly adopted Resolution of Tenant's governing Board and that this Sublease is binding upon Tenant in accordance with its terms.

(ii) Landlord is a public entity and the County official executing this Sublease on behalf of Landlord represents and warrants that he or she is duly authorized to

execute and deliver this Sublease on behalf of Landlord in accordance with a duly adopted Resolution of Landlord's governing Board executed by the President of the Board of Supervisors of the County of San Mateo and that this Sublease is binding upon Landlord in accordance with its terms. The County Manager or the designee of the County Manager shall be the only authorized agent of Landlord for purposes of giving any notices or exercising any rights, options, privileges or obligations of Landlord under this Sublease. Landlord shall give written notice to Tenant of Landlord's duly authorized designee(s)/agent(s) who may act on behalf of the County Manager concurrently with Landlord's execution of this Sublease, and Landlord may update that list as necessary.

(iii) Owner is a federal agency and the official approving this Sublease on behalf of Owner represents and warrants that he or she is duly authorized to do so.

C. Other Terms

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

D. Waiver

The waiver by a 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 Sublease, other than the failure of Tenant to pay the particular Rent or portion thereof so accepted, irrespective of Landlord's knowledge of such preceding breach at the time of the acceptance of such Rent.

E. Time

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

F. Recordation

A party may record this Sublease or a memorandum thereof.

G. Prior Agreements

This Sublease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease. With the sole exception of fees that Landlord claims that Tenant owes to Landlord under the revocable encroachment permit dated March 19, 2002, no prior agreements or understanding pertaining to any such matters shall be effective for any purpose.

H. Execution

This Sublease shall not be effective or binding on any party until fully executed by both parties and approved by Owner as evidenced by Owner's signed approval hereof.

I. Force Majeure

The Parties shall be excused from their respective duties and obligations under this Sublease by reason of Force Majeure (defined hereinafter); provided, that the party claiming such excuse of performance shall, with all reasonable diligence undertake efforts to remove the effects of the Force Majeure that prevent performance and upon cessation of the Force Majeure commence and diligently pursue to completion performance of obligations theretofore undertaken and recommence performance of its continuing duties and obligations. "Force Majeure" herein means (i) acts of God, landslides, earthquakes, hurricanes, floods, effects of other adverse and inclement weather, fire, explosions, acts of public enemy, war, blockades, insurrection, riots or civil disturbances; (ii) labor disputes, strikes, work slowdowns or stoppages, except such disputes or actions of a party's employees; (iii) orders or judgments of any federal or State court or administrative agency or other governmental body having jurisdiction, except such judicial or administrative actions resulting from the willful or negligent action of the party relying thereon; (iv) changes in law, regulations, ordinances or permits or (v) any other similar cause or event that prevents a party from

performing its duties and obligations hereunder and that is beyond the reasonable control of the party claiming excuse of performance by reason of such cause or event.

J. Negation of Partnership

Neither Landlord nor Owner shall become or be deemed a partner or a joint venturer with Tenant by reason of this Sublease.

K. Transfer of Property Interest

In the event of any sale or transfer of interest in the Property by Landlord that includes the Premises, Landlord shall be and is hereby freed and relieved of all liability under any and all of Landlord's covenants and obligations contained in or derived from this Sublease arising out of any act, occurrence or omission occurring after the consummation of such sale or transfer; provided, that Landlord shall require, as a condition of such transfer, that the purchaser or transferee shall assume and agree to carry out any and all of the agreements, warranties, covenants and obligations of Landlord under this Sublease to the extent Landlord has the legal authority to so require.

L. 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.

M. Provisions, Covenants and Conditions

All provisions herein, whether covenants or conditions, shall be deemed to be both covenants and conditions.

N. Captions, Table of Contents

The captions and the Table of Contents of this Sublease shall have no effect on the interpretation of this Sublease.

O. Payments in U.S. Money

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

P. Singular and Plural

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

Q. Choice of Law

This Sublease shall be construed, interpreted and the performance hereunder governed in accordance with the laws of the State of California, unless the issue that arises is one of federal law. In that event, this Sublease shall be governed by federal law.

R. Brokers

Landlord and Tenant warrant and covenant to each other that they have not had or made any contact or dealings regarding the subleasing 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 this Sublease. 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 Sublease.

S. Severability

If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, 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 every other provision of this Sublease shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Sublease as

of the date and year first above written.

BY TENANT:

**MONTARA WATER AND
SANITARY DISTRICT**

Dated: _____

By: _____
Kathryn Slater-Carter
President, Montara Water
and Sanitary District Board

Countersigned: _____
Secretary, Montara Water and Sanitary District

Dated: _____

BY LANDLORD:

Dated: _____

Resolution No. _____

ATTEST: _____
Clerk of said Board

Approved by:

Dated: _____

COUNTY OF SAN MATEO

By: _____
President, Board of Supervisors,
County of San Mateo

**FEDERAL AVIATION
ADMINISTRATION**

By: _____

Title: _____

EXHIBIT A - SITE PLAN OF PREMISES

Exhibit 'A'

Legal Description

Montara Water and Sanitary District - Airport Well Sites
San Mateo County, California

Those certain parcels of land situated in the County of San Mateo, State of California, more particularly described as follows:

Being a portion of that certain parcel of land known as Half Moon Bay Airport described in the deed to San Mateo County, recorded January 18, 1957, in Book 3161 of Official Records at Page 534, in the Office of the County Recorder of said San Mateo County, more particularly described as follows:

Commencing at a found chipped 6" x 6" "Division of Highways" concrete monument being South 38°25'31" West, 1.43 feet from a point on the westerly line of State Highway No. 1 at Engineer's Station 144+13.48 and being the beginning of a curve concave to the southwest having a radius of 4920.00 feet on the "D2" line as shown on the Caltrans Right-of-Way Record Map for District IV, County of San Mateo, Route 1, Section D, Sheet 8 of 16, Post Mile 33.7, said **POINT OF COMMENCEMENT** also being distant South 54°49'10" East, 2143.26 feet (shown as North 56°06'30" West, 2143.34 feet on said Right-of-Way Record Map) from Engineer's Station 165+56.82 as shown on said Caltrans Right-of-Way Record Map, Sheet 9 of 16, Post Mile 34.2, said point being also distant North 03°18'58" West, 2288.65 feet more or less from a National Geodetic Survey Monument "Moonport" (PID HT3700), a metal rod in a pipe sleeve at the end of Runway 30 at said Half Moon Bay Airport;

Parcel One – "South Airport Well" Site

Thence from said **POINT OF COMMENCEMENT** South 41°56'42" East, 674.13 feet to the **TRUE POINT OF BEGINNING**;

thence South 52°38'56" East, 36.61 feet
thence South 35°22'47" West, 19.50 feet;
thence North 53°14'12" West, 36.95 feet;
thence North 36°23'03" East, 19.87 feet to the **TRUE POINT OF BEGINNING**.

Containing an area of 723.67 square feet or 0.02 acres, more or less measured at ground level.

Parcel Two – "North Airport Well" Site

Thence from said **POINT OF COMMENCEMENT** South 05°39'52" West, 75.82 feet to the **TRUE POINT OF BEGINNING**;

EXHIBIT A - SITE PLAN OF PREMISES

thence South 51°17'36" East, 70.67 feet
thence South 38°26'06" West, 10.95 feet;
thence North 51°37'02" West, 54.91 feet;
thence North 50°37'06" West, 16.00 feet;
thence North 39°41'36" East, 11.07 feet to the **TRUE POINT OF BEGINNING**.

Containing an area of 787.00 square feet or 0.02 acres, more or less measured at ground level.

Parcel Three – "Airport Well No. 3" Site

Thence from said **POINT OF COMMENCEMENT** North 61°43'21" West, 415.41 feet to the **TRUE POINT OF BEGINNING**;

thence South 32°46'01" West, 11.38 feet
thence North 55°06'43" West, 19.31 feet;
thence North 54°47'06" West, 39.84 feet;
thence North 36°01'57" East, 11.56 feet;
thence South 54°42'57" East, 58.50 feet to the **TRUE POINT OF BEGINNING**.

Containing an area of 676.59 square feet, or 0.02 acres, more or less measured at ground level.

End of Description

Bearings and distances used in this description and its accompanying plats are based on the California Coordinate System, Zone III, North American Datum of 1983. All distances in this description are ground distances.

This description was prepared pursuant to Section 8726 of the Business and Professions Code of the State of California by or under the supervision of:

Date: April 11, 2007



Michael A. Cusick, L.S. 7885
License expires 03/31/2009



EXHIBIT A - SITE PLAN OF PREMISES

Exhibit 'A'

Legal Description

Montara Water and Sanitary District Access and Pipeline Easements at Airport Well Sites San Mateo County, California

An easement for access and pipeline over all that certain parcel of land situated in the County of San Mateo, State of California, more particularly described as follows:

Being a portion of that certain parcel of land known as Half Moon Bay Airport described in the deed to San Mateo County, recorded January 18, 1957, in Book 3161 of Official Records at Page 534, in the Office of the County Recorder of said San Mateo County, more particularly described as follows:

Commencing at a found chipped 6" x 6" "Division of Highways" concrete monument being South 38°25'31" West, 1.43 feet from a point on the westerly line of State Highway No. 1 at Engineer's Station 144+13.48 and being the beginning of a curve concave to the southwest having a radius of 4920.00 feet on the "D2" line as shown on the Caltrans Right-of-Way Record Map for District IV, County of San Mateo, Route 1, Section D, Sheet 8 of 16, Post Mile 33.7, said **POINT OF COMMENCEMENT** also being distant South 54°49'10" East, 2143.26 feet (shown as North 56°06'30" West, 2143.34 feet on said Right-of-Way Record Map) from Engineer's Station 165+56.82 as shown on said Caltrans Right-of-Way Record Map, Sheet 9 of 16, Post Mile 34.2, said point being also distant North 03°18'58" West, 2288.65 feet more or less from a National Geodetic Survey Monument "Moonport" (PID HT3700), a metal rod in a pipe sleeve at the end of Runway 30 at said Half Moon Bay Airport; thence from said **POINT OF COMMENCEMENT** North 38°25'31" East, 1.43 feet to a point on said westerly line of State Highway No. 1 and the beginning of a curve concave to the southwest, having a radius of 4920.00 feet, and whose center bears South 35°08'33" West; thence along said westerly line and arc of said curve, deflecting to the right, through a central angle of 05° 02' 36" for an arc distance of 433.07 feet to the **TRUE POINT OF BEGINNING**;

Access Easement to Airport Well Sites

A strip of land for the purpose of maintaining and accessing the well sites over and across the lands thereon being 20.00 feet wide, lying 10.00 feet on each side of the following described centerline:

Thence from said **TRUE POINT OF BEGINNING** and leaving said westerly line, South 26°49'51" West, 21.11 feet to a point hereinafter referred to as Point 'A';

EXHIBIT A - SITE PLAN OF PREMISES

thence South 26°49'51" West, 200.36 feet to the beginning of a non-tangent curve concave northeasterly, having a radius of 35.50 feet, and whose center bears South 72°53'10" East;

thence along the arc of said curve, deflecting to the left, through a central angle of 98°21'13" for an arc distance of 60.94 feet;

thence tangent there from South 81°14'23" East, 30.60 feet to the beginning of a non-tangent curve concave northerly, having a radius of 260.52 feet, and whose center bears North 04°56'47" East;

thence along the arc of said curve, deflecting to the left, through a central angle of 05°34'09" for an arc distance of 25.32 feet;

thence non-tangent from said curve South 88°42'30" East, 57.37 feet to the beginning of a non-tangent curve concave southerly, having a radius of 100.00 feet, and whose center bears South 00°07'44" East from said beginning;

thence along the arc of said curve, deflecting to the right, through a central angle of 28°52'10" for an arc distance of 50.39 feet;

thence non-tangent from said curve South 53°14'12" East, 36.28 feet to the end of said centerline.

The sidelines of said strip of land shall be lengthened or shortened so as to terminate at right angles to the said described centerline, except at the TRUE POINT OF BEGINNING, said sidelines of said strip of land shall be lengthened or shortened so as to terminate in the said westerly line of State Highway No. 1.

Thence beginning at Point 'A' as described above, also being the beginning of a curve concave northerly, having a radius of 35.00 feet,

thence along the arc of said curve, deflecting to the right, through a central angle of 101°52'33" for an arc distance of 62.23 feet;

thence tangent therefrom North 51°17'36" West, 616.16 feet;

thence North 54°42'07" West, 254.78 feet to the end of said centerline.

The sidelines of said strip of land shall be lengthened or shortened so as to terminate at right angles to said centerline.

TOGETHER WITH a Pipeline Easement 10.00 foot wide, lying 5.00 feet on each side of the following described centerline:

EXHIBIT A - SITE PLAN OF PREMISES

Thence from said **POINT OF COMMENCEMENT** North 62°58'43" West, 432.53 feet to the **TRUE POINT OF BEGINNING**;

thence South 33°37'18" West, 68.61 feet.

The sidelines of said strip of land shall be lengthened or shortened at the southwesterly ends so as to terminate in the northwest line of that certain reservation for a perpetual water line easement described in the deed from the United States of America to the County of San Mateo, recorded May 25, 1948, in Book 1521 of Official Records at Page 1 in the Office of the County Recorder of said San Mateo County.

End of Description

Bearings and distances used in this description and its accompanying plats are based on the California Coordinate System, Zone III, North American Datum of 1983. All distances in this description are ground distances.

This description was prepared pursuant to Section 8726 of the Business and Professions Code of the State of California by or under the supervision of:

Date: April 19, 2001

Michael A. Cusick
Michael A. Cusick, L.S. 7885
License expires 03/31/2009



EXHIBIT A - SITE PLAN OF PREMISES

EXHIBIT 'E'

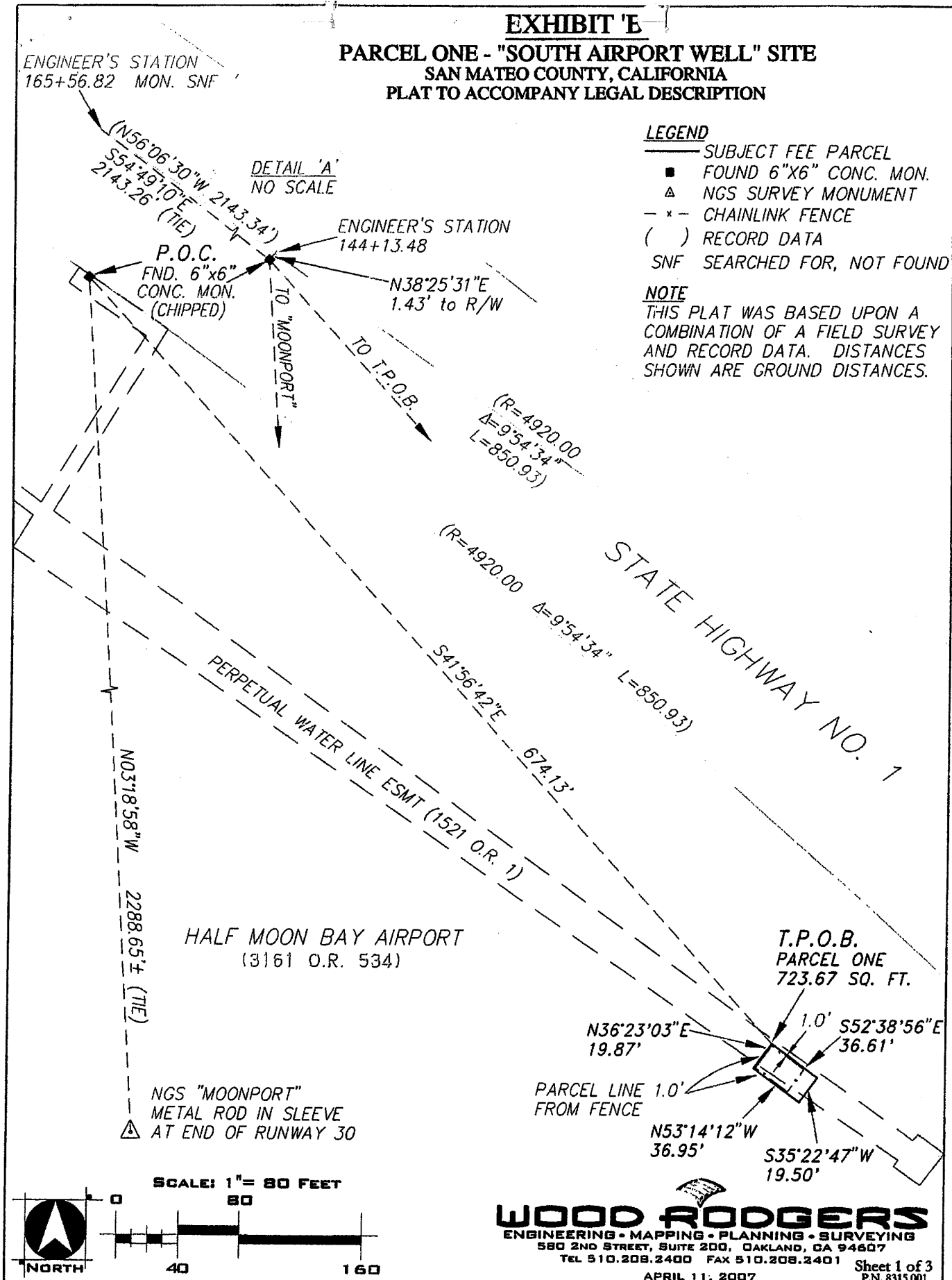
PARCEL ONE - "SOUTH AIRPORT WELL" SITE SAN MATEO COUNTY, CALIFORNIA PLAT TO ACCOMPANY LEGAL DESCRIPTION

LEGEND

- SUBJECT FEE PARCEL
- FOUND 6"x6" CONC. MON.
- △ NGS SURVEY MONUMENT
- * - CHAINLINK FENCE
- () RECORD DATA
- SNF SEARCHED FOR, NOT FOUND

NOTE

THIS PLAT WAS BASED UPON A COMBINATION OF A FIELD SURVEY AND RECORD DATA. DISTANCES SHOWN ARE GROUND DISTANCES.



WOOD RODGERS

ENGINEERING • MAPPING • PLANNING • SURVEYING

580 2ND STREET, SUITE 200, OAKLAND, CA 94607

TEL 510.208.2400 FAX 510.208.2401

APRIL 11, 2007

Sheet 1 of 3
P.N. 8315.001

EXHIBIT A - SITE PLAN OF PREMISES

EXHIBIT 'B'

PARCEL TWO - "NORTH AIRPORT WELL" SITE SAN MATEO COUNTY, CALIFORNIA PLAT TO ACCOMPANY LEGAL DESCRIPTION

ENGINEER'S STATION
165+56.82 MON. SNF

DETAIL 'A'
NO SCALE

ENGINEER'S STATION
144+13.48

(N56°06'30"W 2143.34')
(N54°51'27"W 2143.34')
(S54°49'10"E 2143.26 (TIE))

FND. 6"x6"
CONC. MON.
(CHIPPED)

N38°25'31"E
1.43' to R/W

(R=4920.00
Δ=9°54'34"
L=850.93)

STATE HIGHWAY NO. 1

P.O.C.

SEE DETAIL 'A'

T.P.O.B.
PARCEL TWO
787.00 SQ. FT.

N39°41'36"E
11.07'

PARCEL LINE IS ON
FENCE THIS SIDE ONLY

N50°37'06"W
16.00'

PARCEL LINE 1.0'
FROM FENCE

S51°17'36"E
70.67'

PARCEL LINE 1.0'
FROM FENCE

S38°26'06"W
10.95'

N51°37'02"W
54.91'

N03°18'58"W
2288.65' ± (TIE)

PERPETUAL WATER LINE

ESMT (1521 O.R. 1)

HALF MOON BAY AIRPORT
(3161 O.R. 534)

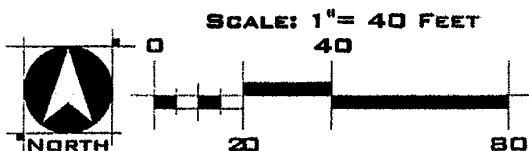
NOTE

THIS PLAT WAS BASED UPON A
COMBINATION OF A FIELD SURVEY
AND RECORD DATA. DISTANCES
SHOWN ARE GROUND DISTANCES.

LEGEND

- SUBJECT FEE PARCEL
- FOUND 6"x6" CONC. MON.
- Δ NGS SURVEY MONUMENT
- x - CHAINLINK FENCE
- () RECORD DATA
- SNF SEARCHED FOR, NOT FOUND

NGS "MOONPORT"
METAL ROD IN SLEEVE
AT END OF RUNWAY 30



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Sheet 2 of 3
P.N. 8315.001

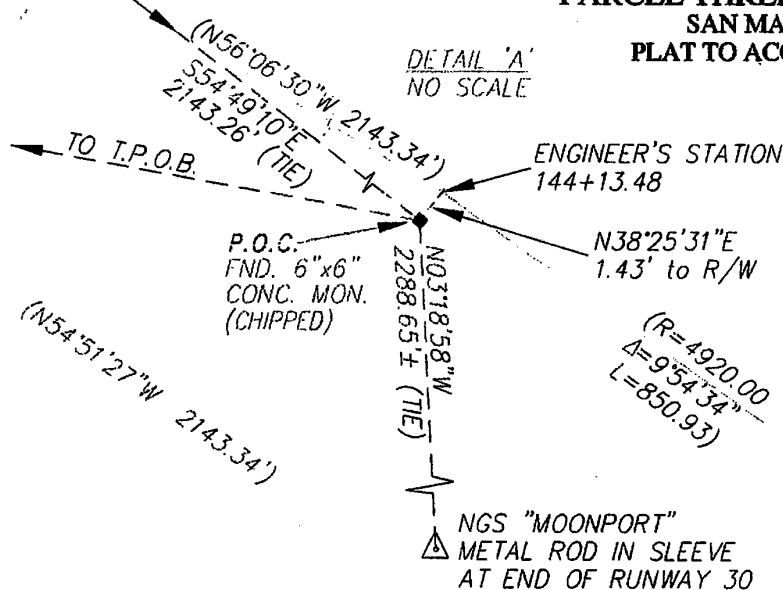
EXHIBIT A - SITE PLAN OF PREMISES

EXHIBIT 'B'

PARCEL THREE - "AIRPORT WELL NO. 3" SITE SAN MATEO COUNTY, CALIFORNIA PLAT TO ACCOMPANY LEGAL DESCRIPTION

ENGINEER'S STATION
165+56.82 MON. SNF

DETAIL 'A'
NO SCALE



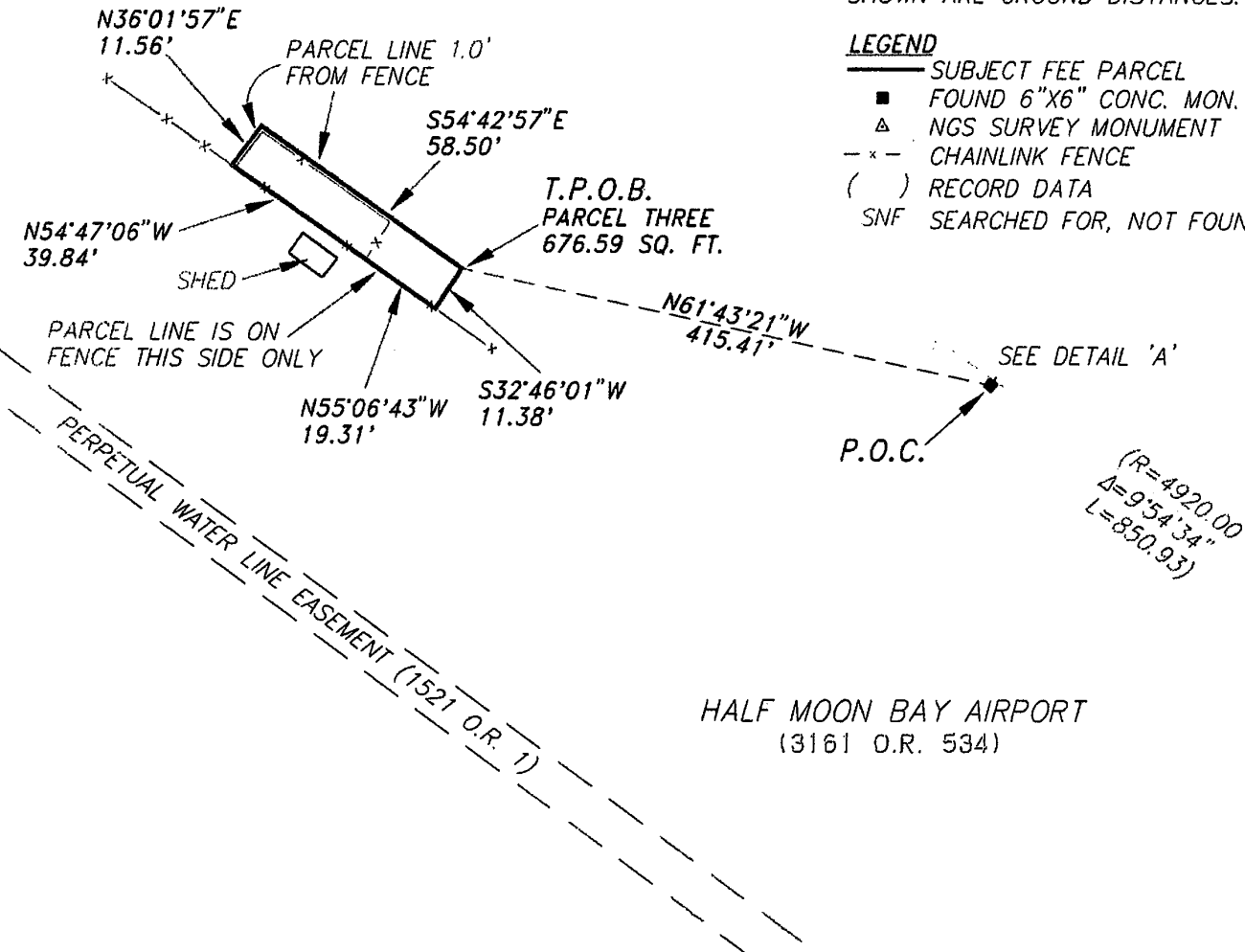
STATE HIGHWAY NO. 1

NOTE

THIS PLAT WAS BASED UPON A COMBINATION OF A FIELD SURVEY AND RECORD DATA. DISTANCES SHOWN ARE GROUND DISTANCES.

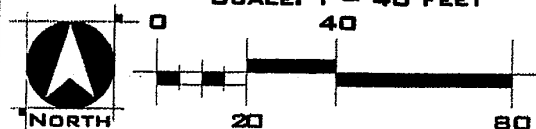
LEGEND

- SUBJECT FEE PARCEL
- FOUND 6"x6" CONC. MON.
- △ NGS SURVEY MONUMENT
- x- CHAINLINK FENCE
- () RECORD DATA
- SNF SEARCHED FOR, NOT FOUND



HALF MOON BAY AIRPORT
(3161 O.R. 534)

SCALE: 1" = 40 FEET



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APRIL 11, 2007

Sheet 3 of 3
P.N. 8315.001

38.9



EXHIBIT B
MODIFIED STANDARD PROVISIONS FOR ALL LEASES,
USE AND OTHER AGREEMENTS AND PERMITS
FOR 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 Premises for a purpose for which a United States Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with applicable requirements imposed pursuant to Title 49, Code of Federal Regulations ("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.

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 and/or the Premises, (2) that in the construction of any improvements on, over, or under the Premises 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 this Sublease and re-enter and repossess the Premises and the facilities

thereon and hold them as if this Sublease 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 this Sublease. In the event of such non-compliance, Landlord and/or Owner may terminate this Sublease and the estate hereby created without liability thereof; or, at the election of Landlord or the Owner, either or both of them may seek judicial enforcement thereof.

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 of Landlord's facilities at the airport. Landlord also may direct and control the activities of Tenant on the Property in this regard.

8. This Sublease shall be subordinate to the provisions and requirements of any existing or future agreement between the County of San Mateo and the United States relative to the development, operation or maintenance of the Property.

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. 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 14 CFR Part 77, Ch. 1, Subpart B of the Federal Aviation Regulations if future construction

of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure on the Premises.

11. Tenant, by accepting this Sublease, 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 the Premises that would conflict with the provisions of 14 CFR Part 77 (Objects Affecting Navigable Airspace) of the Federal Aviation Regulations. If these covenants are breached, Landlord may enter upon the land and remove the offending structure or object and cut the offending tree, at Tenant's expense.

12. Tenant, by accepting this Sublease, agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the airport or otherwise constitute a hazard. If this covenant is breached, Landlord may enter upon the Premises and cause the abatement of such interference at Tenant's expense.

13. Nothing contained in this Sublease 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. app. 1349(a)).

14. This Sublease 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.

Owner also reserves the right to terminate this Sublease for any reason consistent with Owner's mission upon giving not less than 180 days' prior written notice thereof to Tenant.

15. Tenant shall conduct its programs and operate its facilities on the Premises in accordance with the requirements of the Americans with Disabilities Act of 1992 and shall 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 (Nondiscrimination on the Basis of Disability in Programs

or Activities Receiving Federal Financial Assistance).

16. Tenant shall insert the above provisions in any sublease, agreement, contract, permit, or other writing by which it grants a right or privilege to any person, firm or corporation to render accommodations or services to the public on the Premises, and hereby assures Landlord that the above provisions will be included in any such sublease, agreement, contract, permit or writing.

Tenant Initial _____

Landlord Initial _____

**EXHIBIT C
SPECIAL REQUIREMENTS/CONDITIONS
TO HALF MOON BAY AIRPORT SUBLEASE AGREEMENT WITH
MONTARA WATER AND SANITARY DISTRICT**

In the event of any conflict between any provision of the Sublease and this Exhibit C, the Sublease 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 Property to the reasonable satisfaction of Landlord. 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 Sublease.

3. TRAINING

Tenant shall properly educate and train all agents, employees and customers regarding airport safety and operating procedures prior to allowing access onto the airfield.

4. VEHICLES & PARKING

Tenant shall ensure that its vehicles, trailers, and equipment and those of its agents and customers are parked on the Premises or on the Property as approved by Landlord and are in compliance with Airport Parking Policies. All such parking shall be subject to the limitations, rules, and regulations established from time to time by Landlord. Vehicles operated by Tenant or its agents or customers on the Property shall not exceed 12,500 pounds without prior permission from Landlord. Tenant shall have the right appurtenant to the Premises to park Tenant's emergency generators on Property adjacent to the Premises concurrently with the Term of the Sublease with Landlord's prior permission.

5. REPAIRS

Tenant shall protect all property located on the Property from Tenant's operations and shall repair, at its own expense, any and all damage to the property of Landlord or to the

property of others on the Property to the extent such damage has been caused by Tenant, its employees, agents, invitees and contractors.

6. STORMWATER COMPLIANCE

The County of San Mateo has obtained a National Pollutant Discharge Elimination System ("NPDES") Permit from the Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB"), which includes stormwater discharge and runoff from the Property. 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 Landlord by the RWQCB or any other governmental entity, regarding runoff and stormwater discharge on the Property. Tenant shall pay any cost that Landlord incurs to take any compliance action on the Property 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 operations on the Premises, Landlord's costs to take any compliance action imposed upon Landlord 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 Landlord's permit.

7. DISCHARGE OF CONTAMINANTS

Tenant and its officers, employees, contractors, and agents shall at no time discharge any hazardous material or substance onto the Property. Waste oil and other contaminants shall be properly disposed of and at no time shall Tenant use the waste oil tanks the County has provided for the non-commercial use of airport tenants.

8. SECURITY/ACCESS

Airport security shall be maintained at all times. Tenant shall take all reasonable steps to restrict unauthorized access onto the Property and the secure Airport Operations Area ("AOA"). All access and security procedures shall be coordinated with and approved by Landlord. Tenant shall provide Landlord at least twenty-four (24) hours advance notice of Tenant's need to access the AOA. Emergency work to maintain water production requiring access to the AOA shall be coordinated by telephone to the Airport Manager with written authorization to follow.

Tenant shall ensure that all gates it uses on the Property remain closed and locked at all times and that any mechanical problems with the gates are promptly reported to Landlord. Visitors to the AOA shall be directed to the airport office for security instructions and to receive access codes. Tenant shall monitor and report any misuse of airport security codes immediately. Access codes or other means of entry shall not be provided to individuals without prior permission of the Airport Manager. Tenant's approved access onto the AOA shall be by the most direct route from the security gate to the Premises. Tenant's access to other areas within the AOA shall not be permitted without Landlord's escort or its explicit approval. Tenant shall ensure that all vehicles operating on the AOA utilize an orange and white checkered flag or an operating amber rotating beacon. Tenant's failure to comply with Landlord's Security and Access requirements herein shall result in the loss of access privileges within the secure AOA.

9. SIGNAGE

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

10. HOUSEKEEPING

Tenant shall collect and remove from the Property all debris, trash, garbage, or other rubbish generated by Tenant, its agents or customers who may be on the Property for any purpose connected with Tenant's operations. Tenant shall regularly dispose of unused pallets, crates and other shipping supplies at the Premises. Tenant shall not dump waste or refuse on the Property or in facilities leased by another Tenant or vendor.

11. TRASH AND RECYCLING REMOVAL

Tenant shall dispose of all trash and recyclable materials in Tenant's own receptacles. To the extent possible, Tenant shall not dispose of recyclable materials in dumpsters or other trash receptacles located on the Property. Dumpsters and other trash and recycling receptacles shall not block or obstruct in any way roads, hangars or taxiways.

12. OPERATIONS

Except as otherwise provided in this Sublease, all operations on the Property shall be

subject to approval by Landlord. Tenant shall not block or obstruct taxiways, roads or access routes at any time and shall take all reasonable steps to ensure that its operations and activities create minimal impact and inconvenience to the airport, airport users and the surrounding community. Tenant shall limit lighting on the Premises to lighting that illuminates only the Premises and does not interfere with aircraft, vehicles on adjacent roadways, etc. Tenant shall conduct its operations in such manner so as to the greatest extent possible minimize fugitive dust particles generated on the Premises by Tenant's operations.

Tenant Initial _____

Landlord Initial _____

EXHIBIT D

MONTARA WATER AND SANITARY DISTRICT HALF MOON BAY AIRPORT WELLS PRODUCTION METER VERIFICATION PROCEDURE

This production meter verification schedule is to ensure the continued accounting accuracy of the water extracted from the Half Moon Bay Airport Well Sites by Montara Water & Sanitary District at the Airport South Well, Airport North 2 Well, and Airport 3 Well.

Commencing July 1, 2012 the meter accuracy will be verified every 3 years. The results of the flow tests will be submitted to the San Mateo County Airport Manager within 30 days from the date of receipt of the results from the manufacturer. The anticipated time for verification from the date of submittal of the meters to the manufacturer(s) is 90 days or less. The first estimated reporting date is April 1, 2013. No meter shall be used beyond 3 years and 90 days of its verification date.

Procedure:

Each well-site production meter will be flow-tested for accuracy one at a time. The meters will be submitted to their original manufacturer(s) for the flow-test verification and documentation of the results of the test.

A temporary production meter will be installed in place of the existing meter to be verified for accuracy. The temporary meter will have been tested for accuracy by the manufacturer within 3 years and 90 days prior to the exchange of meters. The meter to be verified will then be sent to the manufacturer for flow testing. If the meter passes the flow test by working within the manufacturer's specified tolerance, it will then be reinstalled at its original location.

In the event that a meter fails a verification test, it will then be either rebuilt by the manufacturer to achieve accuracy or a new meter will be installed.

Copies of all flow tests, maintenance records, and statements of permanent meter exchanges for the Airport Well sites will be submitted to the San Mateo County Airports division by the reporting dates.

Tenant Initial _____

Landlord Initial _____