

LEASE AGREEMENT

12242 Business Park Drive
Truckee, Placer County CA

Between:

MARTIS PEAK, LLC

Lessor

and

Truckee Tahoe Airport District

Lessee

Dated: __/__/____

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COMMERCIAL LEASE AGREEMENT
12242 Business Park Drive
Truckee, Placer County CA

This document, along with certain identified exhibits, addenda, and attachments incorporated herein, is a Lease Agreement by and between the Parties identified herein and set forth below as Lessor and Lessee, who hereby agree as follows:

ARTICLE 1: PARTIES

The Parties to this Lease Agreement are identified as follows:

Martis Peak, LLC, a California Limited Liability Company, hereinafter “Lessor,” and, **Truckee Tahoe Airport District** hereinafter “Lessee.” For purposes of this Lease Agreement, the term “Lessor” shall, unless otherwise specified herein, refer to the “Lessor;” and the term “Lessee” shall refer to the “Lessee.”

ARTICLE 2: PREMISES

Section 2.01. Premises. Lessor hereby agrees to Lease to Lessee the Premises as more fully described in Exhibit A to this Agreement, subject to the terms and conditions of this Agreement, including, but not limited to the basic provisions, the Rules and Regulations as set forth in Exhibit C and as amended from time to time, and any other terms and conditions as mutually agreed to by the Parties from time to time. The “Premises” are understood to be a portion of the Building located at 12242 Business Park Drive, Truckee, Placer County, California, hereinafter referred to as the “Property.”

Section 2.02. Condition of Premises. Lessee agrees that Lessee is leasing the Premises in their “as-is” condition, without any modifications or improvements except as otherwise set forth herein. Lessee expressly acknowledges that Lessor has made no representation or warranty of any type regarding the condition of the Premises or the Building, or of the suitability of the Premises for any use or purpose, except as otherwise set forth in this Agreement. Lessee hereby further acknowledges that Lessee has had the opportunity to determine, at Lessee’s own discretion and cost, the suitability of the Premises for Lessee’s intended use of the Premises. In no circumstances shall Lessee use the Premises for any use or purpose other than what is currently permitted under local zoning regulations, or under any local, county, State or federal laws or regulations.

Section 2.03. Common Areas. Lessee and Lessee’s employees and guests shall have the non-exclusive right to use, in common with permitted users, those areas of the Property and Building designated and made available by Lessor for the use of the Lessees, their employees, guests and invitees, as more fully described in Article 10 herein. Lessee’s use of the Common Areas shall be subject to the terms and conditions of this Agreement. Lessor reserves the right, in its sole discretion and from time to time, to make changes to the Common Areas, the Building and/or the Property, including, without limitation, changes in the location, shape and number of driveways, entrances, hallways, parking spaces, parking areas, ingress, egress, direction of driveways, corridors, lobby areas and walkways; to temporarily close any of the Common areas for maintenance purposes so long as reasonable access to the Premises remains available; to add any additional buildings or structures; to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building or the Property; and otherwise to use the Common Areas in any manner not inconsistent with Lessee’s reasonable rights of access to the Premises.

Section 2.04. Not Subject to Re-Measurement. By execution of this Lease Agreement, Lessee is presumed to have agreed and understood that the square footage of the Premises subject to this Agreement is what is set forth herein. Lessor makes no warranty or other representation as to the precise accuracy of the measurement, and Lessee understands and agrees that it is a close approximation. From time to time, Lessor reserves the right to and may make changes to the Building that may result in minor modifications to the Premises that may alter to some degree the actual square foot measurement of the Premises, the total Leasable Area, or to the Common Areas. Lessee agrees that such minor changes shall not necessarily require re-measurement for purposes of adjusting Rent or Lessee's percentage share of Additional Rent, Taxes, or Common Area Maintenance Expenses. Lessor may make such adjustments to the measurements as Lessor, in Lessor's sole discretion, determines are fair and reasonable under the circumstances. Minor changes in the size of the Premises shall not be deemed to trigger any change in the amount of Rent due under the terms of this Lease.

ARTICLE 3: TERM

Section 3.01. Initial Term. The initial Term of this Lease ("Initial Term") shall be as set forth in the Basic Lease Summary, Exhibit A, attached hereto and incorporated by reference herein. The Commencement Date shall be the date set forth in the Basic Lease Summary, and shall be the date of the start of the Term, regardless whether or not actually occupied by Lessee. Unless expressly authorized in writing by Lessor, access to the Premises shall not be provided unless and until Lessee has fully executed a copy of this Lease Agreement, provided certificates of required insurance, and paid the security deposit and first month's rent.

Section 3.02. Option Term. Lessor may grant Lessee the option to extend the Initial Term of this Lease any number of times for periods of time as set forth in Exhibit "B" "Option to Extend." Said Option, if included in this Agreement, may be exercised by Lessee provided the option is exercised in accordance with the terms set forth for such an option, including, but not limited to, that Lessee is not in default under the terms of this Lease.

Section 3.03. Holdover Term. In the event Lessee does not exercise its option to extend or renew this Lease Agreement, Lessee shall be deemed to be a "Holdover" Lessee, and the Term shall become a "month-to-month" rent agreement at the rate of 150% of the rent rate in effect as of the last month under the expired Lease. All other terms and conditions of this Lease Agreement shall remain in full force and effect. In the event Lessee's Term expires and has not been renewed by Lessor, or if Lessee fails to remove all personal equipment, property and other items from the Premises as of the termination date of the Lease, Lessee shall be liable for any costs or damages incurred by Lessor for Lessee's failure to do so. Such costs and damages, including reasonable attorneys' fees and costs, shall include those arising from third parties who may have entered into an agreement to occupy the Premises upon Lessee's departure.

Section 3.04. Proration of Terms. Where an event related to the commencement or termination of a term under this Lease Agreement occurs on a date other than the first or last day of a calendar month, or an obligation for a cost or charge does not precisely coincide with the commencement or termination date of a term, Lessee's financial obligations shall be prorated accordingly.

ARTICLE 4: RENT

Section 4.01. Base Rent. Lessee shall pay, to Lessor or to Lessor's Management Agent, Rent in the amount set forth in the Basic Lease Summary, Exhibit "A," hereto. Rent shall be paid in U.S. Funds without notice, demand or invoice, and without any set off, deduction or counterclaim, and shall be paid or deposited as directed by Lessor to an account or address as set forth in Exhibit "A." Rent shall be due on the First Day of each month during the Term.

Section 4.02. Additional Rent. Lessee shall pay to Lessor, as Additional Rent, Lessee's share of Common Area Maintenance expenses as set forth in Article 10; Lessee's share of taxes; and all other costs, expenses and charges that are referred to in this Lease as "Additional Rent." As used in this Lease Agreement, the term "Rent" shall mean to include "Base Rent," "Additional Rent," and all other sums and amounts payable by Lessee under this Lease.

Section 4.03. Rent Increases. Rent increases will be applied in accordance with the Rent Schedule set forth in the Basic Lease Summary.

Section 4.04. Late Charges. Lessee acknowledges that late payments by Lessee to Lessor of any payment of Rent shall cause Lessor to incur additional costs not contemplated by this Lease, the exact amount of which would be extremely difficult and impractical to calculate, and include processing and accounting. Therefore, any installment of Rent not received by Lessor or deposited as otherwise set forth in a timely manner pursuant to the terms of this Lease shall incur an additional sum equal to five percent (5.0%) of the amount due if not paid or received by the fifth day of each month in which Rent is due. If the fifth day falls on a Saturday or Sunday or National Holiday, the date for payment shall be extended to the next business day. Late charges shall be automatically due and payable without notice, demand or invoice, and therefore shall be included when Rent is paid. Late payment of Rent on any three occasions during any 12-month term under any Term of this Lease, even if accompanied by all Late Charges, shall be deemed to be a Default by Lessee for any purpose under this Lease. Acceptance by Lessor of any payments of Late Charges or NSF Fees shall not constitute a waiver as to any default of Lessee, nor an extension of the time in which Rent is due.

Section 4.05. Insufficient Funds (NSF). In the event a check or other instrument used to pay Rent or any other obligation under this Lease Agreement cannot be processed due to insufficient funds (NSF), Lessee shall be liable for a "bounced check" fee of \$35.00, plus any other costs or charges incurred by Lessor in the effort to remedy the situation. In the event Lessee makes two payments with insufficient funds, where the second incident occurs at any time during the period covered by the Lease, Lessor reserves the right, at Lessor's discretion, to require Lessee to make all future payments by cashier's check or wired funds at Lessee's expense.

ARTICLE 5: SECURITY DEPOSIT.

Section 5.01. Security Deposit. Lessee shall pay to Lessor upon or prior to commencement date the amount of money set forth in the Basic Lease Summary as a Security Deposit, which shall be held by Lessor as security for the faithful performance by Lessee of all of the provisions of this Lease Agreement to be performed or observed by Lessee. Upon the occurrence of an Event of Default, as defined in this Lease, Lessor may use, apply or retain all or any portion of the Security Deposit for the reason of such Event of Default, or to compensate Lessor for any loss or damage which Lessor may suffer by reason of such Event of Default. If Lessor so uses or applies all or any portion of the Security Deposit, Lessee shall, within ten (10) days after demand by Lessor, deposit cash with Lessor in an amount sufficient to restore the Security Deposit to its full original amount, and Lessee's failure to do so shall constitute an Event of Default under the Lease. Lessor shall not be required to keep the Security Deposit separate from its general accounts. No interest shall accrue on or be payable to Lessee with respect to the Security Deposit. If Lessee performs all of Lessee's obligations under this Lease, the Security Deposit, or so much thereof has not been applied by Lessor as provided in this Section, shall be returned to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest under this Lease) at a time mutually agreed upon by Lessor and Lessee, but in no event later than 30 days from the date Lessor received possession of the Premises. No trust relationship is created herein between Lessor and Lessee with respect to the Security Deposit.

ARTICLE 6: TAXES

Section 6.01. Taxes Defined. The term “Taxes” as used in this Lease shall include all taxes, assessments, charges and surcharges (including costs and expenses of contesting the amount or validity thereof by appropriate administrative or legal proceedings) levied or assessed upon or with respect to the Building and or the Property, or the interest of Lessor in the Building and/or the Property, and any personal property of Lessor used in connection with the Building and/or the Property, including, without limitation, all *ad valorem* real property taxes and general and special assessments; charges, fees, levies or assessments for transit, housing, police, fire, sewer, public utility, roadway maintenance, or other services or purported benefits to the Property; service payments in lieu of taxes; and any tax, fee or charge on the act of entering into this Lease or any other lease of space or Premises in the Building, on the use or occupancy of the Building or the Property or any part thereof, or on the rent payable under any lease of the building, or in connection with the business of renting space or Premises in the /building, which may now or hereafter be levied or assessed against Lessor by any federal, state, or local government or quasi-government entity holding the power of taxation, and any other tax, fee or other charge, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other item included as Taxes, whether or not now customary or in the contemplation of Lessor and Lessee on the date of this Lease. Notwithstanding anything herein to the contrary, “Taxes” shall by no means be construed to include Lessor’s personal federal or state income taxes or estate or inheritance taxes. Lessor specifically reserves the right, but not the obligation, to reasonably contest by appropriate legal proceedings the amount or validity of any Taxes.

Section 6.02. Lessee’s Obligation for Taxes. In addition to the payment of Base Rent, Lessee shall be obligated for a proportionate share of Taxes as defined herein as Additional Rent. Lessee’s percentage share of all Taxes shall be apportioned on the same basis as set forth in Section 10.05 of this Lease, divided by twelve and payable monthly as Additional Rent. If the actual amount of taxes for any period during the calendar year has not yet been determined, Lessor may charge an estimated amount based on the previous year’s actual amount. After the actual amount of Taxes is known, Lessee shall pay any deficiency owed based on the actual amount due within 30 days of notice of the amount due. If the amount paid exceeds the actual amount owed, Lessee shall receive a credit against payments due for the current year.

Section 6.03. Other Taxes Owed by Lessee. In addition to payment of Rent, Taxes and Common Area Maintenance Expenses, Lessee shall pay directly to the taxing authority any and all taxes, charges, surcharges, levies, assessments and fees, that are measured by or reasonably attributable to the cost or value of Lessee’s equipment, furniture, fixtures and other personal property located in the Premises, or the cost or value of any leasehold improvements in or alterations to the Premises, regardless of whether title to such improvements or alterations shall be in the name of Lessor or Lessee, or measured by any Rent payable under this Lease, including, without limitation, any gross receipts tax or excise tax levied by the city or county in which the Property is located, the State of California, or the Federal Government, or any other governmental entity, and with respect to Lessee’s possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Lessee of the Premises or any portion thereof.

ARTICLE 7: USE OF PREMISES

Section 7.01. General. The Premises shall be used by Lessee only for the Permitted Use set forth in the Basic Lease Summary (“Permitted Use”) and for no other purpose or use whatsoever. Use of the Premises shall be subject to the Rules and Regulations as defined in this Lease. By execution of this Lease Agreement, Lessee is deemed to have accepted the Premises and acknowledged that the Premises are in a

clean and operable condition unless otherwise expressly set forth in writing. Lessee further accepts the Premises subject to all local, state and federal laws, regulations and ordinances.

Section 7.02. Violation of Laws; No Nuisance Permitted. Lessee shall not do or permit anything to be done in or about the Premises which shall in any way obstruct, interfere with or impede the use of the Premises by Lessor or other Lessees. Lessee shall not engage in any conduct or use of the property, or allow such use by Lessee's employees, guests, or invitees, that would constitute a nuisance or a violation of any ordinance, statute or law of the United States of America, the State of California, or of any city, county or other local government entity with appropriate jurisdiction over the Property. Failure to comply with the Rules and Regulations under this Lease shall be deemed to be a nuisance under the terms of this Lease Agreement. Failure by Lessee to cease or otherwise remedy a violation, or to timely remedy an incident of noncompliance with the Rules and Regulations under this Lease Agreement, shall be deemed an Event of Default under the terms of this Lease Agreement.

Section 7.03. Conduct of Business; Hours. Lessee may conduct its business activity in the Premises during all business hours usual for Lessee's type of business, unless otherwise prevented from doing so by causes or events beyond Lessee's reasonable control. Lessee understands that Lessor may, from time to time, need to engage in maintenance, moving, and other activities that may result in noise, vibration, and odors, (i.e., leaf blowers, tenant improvements, painting, etc.). Lessor shall make a good faith effort to minimize any disruption from these activities between the hours of 9:00 am and 5:00 pm Monday through Friday, with the exception of holidays. Lessee understands and agrees that such activities will be conducted in the ordinary course and scope of the operation and maintenance of the Building and the Property, and shall not be considered grounds for a Lessee to claim they were unable to conduct their business activity in their Premises. Lessee shall maintain staff or make appropriate arrangements to receive deliveries or shipments of packages, mail, merchandise, customers, clients and other visitors and invitees so that other Lessees are not inconvenienced or adversely affected by Lessee's failure to make such arrangements.

Section 7.04. Rules and Regulations. Lessee agrees to comply at all times with all Lessor's Rules and Regulations, as set forth in Exhibit "C" hereto and incorporated by reference herein, and as hereinafter modified or amended. Furthermore, Lessee agrees to ensure that Lessee's employees, guests, and invitees comply at all times while on the Property with the applicable Rules and Regulations.

Section 7.05. Nonexclusive Use. Lessee acknowledges and understands that Lessee has no exclusive rights under this Lease Agreement for the conduct of any particular business in the Building, and that Lessor may, without limitation, lease other premises within the Building to other Lessees with similar or identical businesses. Lessor shall not be liable or responsible for enforcement of or compliance with any provisions of any franchise or similar form of covenant or agreement as it may apply to any Lessee in the conduct of its business on the Premises. Lessee shall indemnify and hold Lessor harmless and defend Lessor in the event of any dispute or legal action brought against Lessor by any other party arising out of a claim based on any alleged violation of a franchise restriction, noncompetition clause or covenant, or similar restriction on the use of the Premises by a third party.

Section 7.06. Indemnification of Lessor. In addition to any other requirements under the Insurance and Indemnification provisions of this Lease Agreement, Lessee expressly agrees to indemnify, defend and hold Lessor Harmless for any claims arising out of Lessee's use of the Premises, provided however, Lessee shall have no obligation to indemnify Lessor for any claims arising out of or relating to the acts or omissions of Lessor. Lessor reserves the right, at Lessor's discretion, to defend itself in such actions, or to approve the choice of legal counsel selected by Lessee or Lessee's insurance carrier in the act of defending Lessor, or to enter into any separate form of settlement with the claimant deemed to be in the best interest of Lessor.

Section 7.07. Access to Common Area. Lessor will provide a secured entry system that will allow Lessee access to the Common Areas for Lessee's employees, guests, and invitees. The system will be capable of tracking entry by user. Lessee is responsible for any access using Lessee's access code. Lessor makes no warranty or representation whatsoever as to the efficacy of the tracking system. In the event it becomes necessary to reprogram the system in the event of a compromise or breach of the system, such as in the event a Lessee terminates an employee who has an access code, Lessor reserves the right to charge the Lessee the reasonable cost to reprogram the system.

Section 7.08. Pets and Animals. Unless authorized pursuant to the prior, written consent of Lessor, Lessee shall not bring into or keep on the Premises any animal, bird, reptile or other pet. Lessor reserves the right to charge Lessee an additional Pet Deposit as a condition of allowing said pet or animal to be brought onto and kept on the Premises. This restriction does not apply to Lessees who seek a reasonable accommodation under any state or federal law or regulation that provides for individuals to have assistive animals. Even if authorized pursuant to this Section or under the terms of any applicable state or federal law, Lessee shall be responsible to make certain that any pet or other animal is properly maintained and controlled so as not to be a threat or nuisance for any other Lessee of the Property, or their employees, guests and invitees.

Section 7.09. Signs. Signage shall be limited to a display consisting of vinyl letters in the sidelight area located to the left side of the door, or to the right side if there is no sidelight on the left side. The display may not be less than four (4) feet and no higher than six (6) feet measured from the floor, and shall not exceed eighteen (18) inches in height. Lessor reserves the right, at Lessor's discretion, to provide a directory, but shall not be obligated to do so. Lessor further reserves the right, at any time, to place signs advertising the Building and/or Property, as "For Lease," or "For Sale," as appropriate.

Section 7.10. No Inspection by CASp. Lessee is hereby advised and acknowledges that the Premises, Building or Property subject to this Lease Agreement has not undergone an inspection by a Certified Access Specialist (CASp) to determine whether or not the Property meets all applicable construction-related accessibility standards pursuant to California Civil Code § 55.53.

Section 7.11. Toxic or Hazardous Materials. At no time shall Lessee use, store, generate, release or dispose of any toxic or hazardous materials or substances in or around the Premises or the Property subject to this Lease Agreement in any manner which is in violation of any applicable federal, state or local law, regulation or ordinance. Lessee shall indemnify, defend and hold Lessor harmless for any claims for damages resulting from Lessee's use, storage, or release of any such toxic or hazardous material or substance, whether such claim is made during the Term of this Lease or subsequent to expiration or termination of this Lease. Lessee shall be responsible for the cost of removal and remediation, as well as any clean-up of any contamination whatsoever resulting from or caused by Lessee's use of such substances, whether or not said use or storage was permitted at the time under applicable laws or regulations. Lessee's obligation under this Section for any and all costs shall include any and all fees, charges, penalties, fines and monitoring and testing costs, as well as any attorneys' fees, costs and legal expenses resulting therefrom. Lessee's obligations under this Section shall survive the expiration or termination of this Lease, and be binding on any heirs or successors of Lessee. Notwithstanding anything herein to the contrary, Lessee shall have no responsibility to indemnify Lessor or remediate any toxic or hazardous materials existing at or around the Premises prior to the date of this Lease it being understood that such costs and remediation shall be Lessor's sole responsibility.

ARTICLE 8: MAINTENANCE AND REPAIRS

Section 8.01. Maintenance and Repairs by Lessor. Lessor shall maintain in good condition and repair

the foundation, roof, and exterior walls of the Premises. Lessor's obligation to make repairs is subject to the condition precedent that Lessor shall have received written notice of the need for such repairs and maintenance and has been accorded a reasonable period of time to perform same. Lessor's costs for maintenance and repairs shall be proportionately paid by Lessee. The cost of any repairs for which there is casualty coverage shall be reduced by the amount of insurance reimbursed to Lessor, however, Lessee shall be responsible for a proportionate share of any increase in casualty coverage as a result of the repairs.

Section 8.02. Maintenance and Repairs by Lessee. Lessee agrees to take possession of the Premises in an "as-is" condition, without any representation, express or implied by Lessor, as to the condition or suitability of the Premises for Lessee's intended use. Lessee shall maintain the Premises in good, safe and secure condition, and shall promptly make all repairs and replacements as and when Lessor deems necessary in order to preserve the Premises in good working order and condition, including but not limited to, repairs and replacements of windows, glass, doors, walls and wall finishes and floor coverings, except for reasonable wear and tear. Lessee shall further maintain all plumbing, heating, air conditioning, ventilation, electrical and similar systems and equipment located within the Premises. Maintenance, repairs and any modifications or alterations by Lessee shall be subject to the prior, written approval by Lessor, and shall be done in a workmanlike manner of high quality. Any damage or injury to the Premises resulting from Lessee's use, or any employee, guest or invitee of Lessee, shall be paid for by Lessee. At the termination of this Lease, Lessee shall return the Premises in a good and clean condition.

Section 8.03. Surrender of Premises. At the expiration of the Term or upon earlier termination of this Lease, Lessee shall deliver to Lessor possession of the Premises, together with all improvements or additions to the Premises, by whomever made, in the same condition as received or first installed, ordinary wear and tear casualty and acts of God excepted, broom clean, and free of trash, debris, personal property and trade fixtures placed on the Premises by or at the request of Lessee. Lessee, at Lessee's sole cost and expense, shall repair any damage to the Premises caused by the removal of Lessee's personal property, trade fixtures, alterations, additions or improvements subject to the condition precedent that Lessor deliver notice to Lessee that removal of same shall be required at the time such fixtures, alterations, additions or improvements are installed. Any such personal property, trade fixtures, alterations, additions or improvements not removed shall, at Lessor's option, be deemed abandoned by Lessee, and may be removed and disposed of by Lessor at Lessee's expense. The obligations of Lessee under this Section shall survive the expiration of the Term or termination of this Lease.

Section 8.04. Alterations. Lessee shall not make any alterations or modifications to the Premises, including but not limited to installation of trade fixtures, signs, cabling, cabinets, or lighting systems, without Lessor's prior written consent, which shall not be unreasonably withheld. Any alterations to the Premises shall be done according to all required and applicable Codes and with required permits. Lessee shall give Lessor advance notice of the commencement date of any planned alteration, so that Lessor may post a Notice of Non-Responsibility to prevent potential liens against Lessor's interest in the Premises. No work of alteration or improvement shall be done which creates any undue disturbance or is a nuisance to other Lessees. All work contracted by Lessee shall be performed by contractors licensed for the specialty area required for the work to be done, bonded and insured as appropriate for the job to be done. Lessor may also require Lessee to provide Lessor with lien releases from any contractor performing work on the Premises, as well as certificates of insurance. Lessee agrees to indemnify, defend and hold Lessor harmless for any claims arising from any work or activity in connection with Lessee's work on the Premises.

Section 8.05. Reserved.

Section 8.06. Damage or Destruction of Premises. Lessor's obligation to make repairs in the case of damage or destruction of the premises shall be as set forth herein. At Lessor's sole discretion, if the extent of the damage is deemed by Lessor to not be substantial, or if the damage was covered by an insurance policy, Lessor may, at Lessor's discretion, undertake repairs within ninety (90) days of the occurrence, in which case the terms and conditions of this Lease Agreement shall remain in effect. Alternatively, Lessor, at Lessor's discretion, may terminate the Lease upon the date of occurrence. Lessor shall provide Lessee with written notice of the course of action Lessor intends to take within thirty (30) days of the date of occurrence.

Section 8.07. Substantial Damage; Lessee's Remedies. If the extent of damages or destruction to the Building is estimated to be an amount equal to or in excess of ten percent (10%) of the total value of the Building, Lessor, at Lessor's discretion, may elect to terminate or cancel the Lease, or to undertake repairs to those portions of the Building that can be reasonably repaired. Those Lessees whose Premises are not substantially affected shall continue to be obligated to pay Rent, and Lessor, at Lessor's discretion, may abate the amount of Rent charged during the period of construction and repairs. Lessor is not responsible for any other damages suffered or incurred by Lessee for the damages incurred as a consequence of the occurrence. Lessor's reasonable, good faith determination of whether the extent of damage is substantial shall be conclusive.

Section 8.08. Reserved.

ARTICLE 9: INSURANCE & INDEMNITY

Section 9.01. Lessee's Insurance. Lessee shall, at Lessee's sole cost and expense, maintain the following minimum insurance coverage throughout all periods subject to this Lease Agreement.

- a. Comprehensive general liability insurance, including contractual liability coverage, with a minimum combined single limit coverage of not less than One Million Dollars (\$1,000,000.00) for bodily injury, death and property damage, insuring against all liability of Lessee, its employees, agents, contractors and invitees arising out of or in connection with the use or occupancy of the Premises. Such insurance shall name Lessor and Lessor's management agent as additional insureds, shall specifically include contractual liability coverage for the liability assumed by Lessee under this Lease (including the indemnity obligations of Lessee contained herein), and shall provide that such insurance is primary insurance and not excess over or contributory with any other insurance in force for or on behalf of Lessor. Lessee must increase the level of coverage if required by Lessor's insurance or risk management consultant.
- b. Standard fire and extended coverage ("special form") insurance, with coverage for earthquake, fire, theft, vandalism, sprinkler leakage and malicious mischief endorsements, on all personal property, Lessee improvements and alterations, in, on or about the Premises, covering the full replacement value of such items without any deduction for depreciation. Lessor reserves the right, from time to time, to have the "full replacement value" reevaluated and re-determined.
- c. Workers' Compensation insurance in an amount, and with a scope of coverage, as required by applicable law.
- d. Employer's liability insurance with a minimum combined single limit of coverage of not less than One Million Dollars (\$1,000,000.00) per occurrence.
- e. Lessee's personal property, fixtures, equipment, inventory and vehicles, as well as any relocation costs, are not insured by Lessor against loss or damage from any cause. Lessee is advised to

carry business interruption insurance in an amount at least sufficient to cover Lessee's complete rental obligation to Lessor, and for any other potential losses for which business interruption coverage would be appropriate for Lessee.

- f. Notwithstanding anything herein to the contrary Lessee may satisfy its insurance obligations via a risk pool or self-insurance, subject to the requirements of Section 9.02.

Section 9.02. Policies Acceptable to Lessor. As a condition precedent to occupancy, and at all times pursuant to this Lease Agreement, Lessee shall be obligated to provide Lessor with evidence of insurance which is in companies and in a form acceptable to Lessor. Upon demand, Lessee shall provide Lessor with certificates evidencing insurance within ten (10) business days of a request by Lessor. No policy carried by Lessee shall be cancelable except upon a minimum of fifteen (15) days written notice provided to Lessor. It shall be the responsibility of Lessee to ensure that Lessor is named as an Additional Insured and is provided copies of all Certificates.

Section 9.03 Waiver of the Right of Subrogation. Lessor and Lessee each waives any and all claims against the other and its agents for any loss or damage to any of their property located on or about the Premises, the building or the Property that is caused by or results from perils covered by property insurance carried by the respective parties (or required to be carried by the respective parties pursuant to this Lease) to the extent of the proceeds of such insurance actually received (or which would have been received if a party fails to maintain the property insurance required in this Lease) with respect to such loss or damage, whether or not due to the negligence of the other party or its agents. Lessor and Lessee shall each provide its insurance companies written notice of the terms of these waivers and shall have their insurance policies endorsed to waive the insurance company's right of subrogation and to prevent the invalidation of any insurance policy or coverage because of these waivers. Nothing in this Section shall be construed to relieve a party of liability to the other for failure to carry insurance required by this Lease.

Section 9.04. Indemnity. Lessee shall indemnify and hold harmless Lessor from and against any claim, loss, attorney's fees, liability or expense for any damage or injury to persons or property in or about the Building which may result from the use or occupation of the Premises by Lessee, its agents, employees or invitees.

Section 9.05. Lessor Not Liable. Lessor shall not be liable for any claims of losses due to injury or damage which may be suffered by Lessee, or Lessee's personal property, employees, guests or invitees, or any other individuals in or around the Premises as a result of any incident or occurrence involving fire, steam, electricity, gas, or weather-related causes, or resulting from breakage or failure of any pipes, wires, circuit panels, appliances, plumbing fixtures or pipes, or HVAC systems, if any, unless such loss due to injury or damage was caused by the gross negligence or intentional misconduct of Lessor. Lessor shall not be liable for any claims of losses due to injury or damages arising from any act or neglect of any other Lessee of the Building.

Section 9.06. Lessor May Obtain Insurance. If Lessee fails to deliver to Lessor satisfactory evidence of coverage, Lessor may, but shall not be obligated to, obtain such insurance in the name of Lessee and at Lessee's costs. Lessee shall pay to Lessor upon demand as Additional Rent all costs, expenses, disbursements and premiums incurred by Lessor in obtaining such insurance.

Section 9.07. Lessor's Insurance. Lessor shall maintain comprehensive general liability insurance, including contractual liability coverage, standard fire and extended coverage insurance ("all risk"), rent loss insurance, earthquake insurance, and any other forms of insurance insuring Lessor and such other persons or entities designated by Lessor. All insurance proceeds payable under the insurance policies maintained by Lessor shall be payable solely to Lessor, and Lessee shall have no interest in such

proceeds. All premiums and costs for the insurance maintained by Lessor shall be included as a Direct Expense under the provisions of this Lease.

ARTICLE 10: COMMON AREAS

Section 10.01. Common Areas Defined. The “Common Areas” subject to this Article shall include all areas on the Property and the exterior boundaries of the Building that are not otherwise held for lease. These areas include, but are not limited to, the parking area, driveways, delivery areas, loading docks, sidewalks, landscaped and planted areas, ramps, open and enclosed areas including balconies, external and interior stairwells, any restrooms not located within the Premises of any individual Lessee, and any other area external to leased Premises. Lessor, at Lessor’s sole discretion, may make changes at any time and from time to time in the size, shape, location, number and extent of the common areas of any of them, and no such change shall entitle Lessee to any abatement of rent, or claim of damages.

Section 10.02. Lessee’s Right to Use Non-exclusive. Each Lessee and its employees and invitees shall be entitled to use the Common Areas during the Lease Term, in common with Lessor and with other persons authorized by Lessor from time to time to use such areas. Lessor reserves the right to restrict access, from time to time, to the Common Area for purposes which shall include, but not be limited to, making repairs, conducting maintenance, and other activities which Lessor, in its discretion, feels are necessary and appropriate. Lessee’s use of the Common Areas shall be subject to such reasonable rules and regulations relating to such use as Lessor may from time to time establish.

Section 10.03. Common Area Maintenance and Building Operation Costs

Lessee agrees to pay a proportional share of the direct costs incurred by Lessor in the ongoing maintenance and operation of the Building and the Property. Said obligation shall be incurred by Lessee and paid as Additional Rent. These costs may include, but are not limited to, the following:

- a. Costs of service, maintenance and inspection contracts for janitorial, landscaping, snow removal, window cleaning, rubbish removal, extermination and pest control, elevator, plumbing, electrical and mechanical equipment, systems, supplies, tools, materials, and uniforms.
- b. Wages, salaries, and other compensation and benefits, including workers compensation and other required insurance, and any adjustments thereto, for Lessor’s employees, independent contractors and agents, in connection with work or services in connection with the maintenance and operation of the Building and the Property.
- c. Insurance premiums and other charges for insurance, including, without limitation, all-risk, earthquake, public liability, property damage,, rental loss and workers’ compensation insurance, and such other insurance coverage in such amounts as Lessor, in its sole discretion, shall elect to maintain, and deductibles.
- d. All utility costs, including electricity, water, gas, sewer, and other utility services.
- e. Sales, use and excise taxes on goods and services purchased by Lessor.
- f. License, permit and inspection fees.

- g. Attorneys', accountants' and consultants' fees to the extent such were incurred in connection with the maintenance and operation of the Building and the Property.
- h. Fees for management services, whether provided by an independent management company, by Lessor, or an affiliate of Lessor.
- i. Costs of any capital improvements, equipment, or devices installed or paid for by Lessor in order to conform or comply with any changes in laws, rules, regulations, ordinances or other requirements of any governmental or quasi-governmental authority, agency or regulatory body having jurisdiction, or of any local board of fire underwriters or similar insurance body; or to effect a labor saving, energy saving or other economy, amortized over the useful life of such capital improvement, equipment or device as determined by Lessor, together with interest on the unamortized balance at the Prime Rate or at such higher rate as may have been paid by Lessor on borrowed funds.
- j. Costs of replacement of furnishings, including, but not limited to, exterior window coverings, carpeting and wall coverings and other furnishings in the Common Areas which require periodic replacement. If less than thirty-five percent (35%) of said items are replaced during any calendar year, such costs shall be treated as an expense charged in that calendar year incurred. If more than thirty-five percent (35%) of the said items are replaced during any calendar year, such costs shall be amortized over the useful life of such furnishings as determined by Lessor, together with interest. Costs for replacement of major structural or mechanical systems, such as the roof or HVAC systems, or for resurfacing the parking lot, shall be amortized over period based on the useful life of the replaced item, or over a ten (10) year period, whichever period is shorter.

Section 10.05. Lessee's Share. Lessee's share of Common Area Maintenance and Operation costs shall be based on the ratio of the gross floor area of the Premises to the gross leasable floor area of the Building. Said ratio shall be expressed in the form of a percentage, which shall be set forth in the Basic Lease Summary. By signing this Lease Agreement, Lessee agrees that said ratio, also which shall be known as "Lessee's share," or "Lessee's percentage," is accurate. Lessee shall be obligated to pay, as Additional Rent, an amount equal to Lessor's share of the estimated amount, as determined by Lessor, of the total Common Area Maintenance and Operation Expenses for the calendar year, divided on a monthly basis and prorated for any Term consisting of less than a full calendar year. Within ninety (90) days of the end of each calendar year, Lessor shall provide Lessee a statement consisting of a breakdown of the actual costs and expenses incurred by Lessor during the prior year ("Lessor's Expense Statement"). If the actual amount of expenses is greater than the amount paid based on the estimated amount, Lessee shall, within ninety (90) days, pay the amount of the deficiency owed to Lessor. If the actual amount of expenses is less than the amount paid based on the estimated projections, Lessor shall issue Lessee a credit for the amount of the overpayment to Lessee's account for the ensuing year.

Section 10.06. Parking. All parking on the Property is for the non-exclusive use of Lessees, Lessor, and their employees, guests, and invitees. Lessee agrees to assume the responsibility for compliance by its employees, guests, and invitees with the Rules and Regulations as they apply to use of the parking areas. Lessor reserves the right to designate any change to the parking area or to regulate the uses thereof. Lessor further reserves the right to lease portions of the parking area during non peak-use times (i.e., Saturdays, Sundays and holidays) for temporary uses which, in the determination of Lessor, shall not have any significant impact on the availability or use of the parking area by other Lessees. Overnight parking in any parking area is strictly prohibited without the prior, express written consent of Lessor. Any vehicle left parked overnight without Lessor's consent is subject to being towed at vehicle owner's expense, and Lessee shall be held liable to indemnify Lessor if said vehicle belongs to Lessee or an

employee of Lessee. Lessee shall take reasonable steps to inform Lessee's invitees and guests of the prohibition against overnight parking.

ARTICLE 11: SERVICES AND UTILITIES

Section 11.01. (Reserved)

Section 11.02. Additional Demand for Utility Services. It is anticipated that Lessee will use electrical service in amounts sufficient for normal lighting and office uses, including fluorescent lighting, baseboard heaters, personal computers and other office machines of similar low level electrical consumption, but not including higher powered systems such as independent air conditioning units, special lighting or refrigeration units. All equipment, appliances and other electrical devices shall be plugged directly into existing sockets, and the use of any extension cords or power strips shall be restricted to UL rated devices, and the total use of all power by a Lessee shall be within the normal load factors supported by the existing electrical meter and panel which is dedicated to the Premises. If Lessee intends or at some future point in time commences to use any high consumption electrical equipment that requires any additional or increased service load to the Building, and subject to Lessor's prior, written approval and at Lessor's sole discretion, Lessee shall be responsible for the cost of the installation of said additional load, including the cost of any required engineering, plans, permits, inspections, equipment and costs of construction.

Section 11.03. Interruption of Access or Services. Except to the extent such is caused by the acts or omissions of Lessor, Lessor shall not be liable for any failure to provide access to the Premises, to assure the beneficial use of the Premises or to furnish any services or utilities which such failure is caused by natural occurrences, riots, civil disturbances, insurrection, war or public enemy, accidents or breakage, strikes, lockouts or other labor disputes or disturbances, the making of repairs, alterations or improvements to the Premises, the Building or the Property, or the inability to obtain an adequate supply of fuel, gas, water, or any other condition beyond the reasonable control of Lessor. No such failure shall entitle Lessee to damages or other compensation, relieve Lessee of any obligation under this Lease or constitute or be construed as a constructive or other eviction of Lessee or a breach of Lessor's covenant of quiet enjoyment. Any interruption of access caused by or resulting from Lessor's repairs, alterations or improvements shall be of a limited duration as deemed reasonably necessary to complete the required work; any interruption in excess of two (2) business days shall provide a basis for Rent abatement.

Section 11.04. No Obligation to Provide Security Services. Lessee acknowledges and agrees that while Lessor may, in its sole and absolute discretion, engage security services and/or install security systems for the general purpose of providing security for the Building or Property, Lessor is not providing any security services for the specific benefit of Lessee or any of Lessee's employees, agents, contractors, guests or invitees. Lessee expressly waives any claim against Lessor with respect to any loss by theft or any other personal or property damage or loss suffered or incurred by Lessee or any of Lessee's employees, agents, contractors, guests or invitees in connection with any unauthorized entry into the Premises or any other type of criminal activity occurring in, on or about the Premises, the Building or the Property.

Section 11.05. Access to Common Areas. Lessor, at Lessor's discretion, may install security devices to restrict access to the Common Areas for the general benefit and use of all Lessees, their employees, guests and invitees. Lessor assumes no responsibility whatsoever for any liability for any claims of any nature arising from the use of the Common Areas by Lessees, their employees, guests, and invitees, or any other individuals, or for any liability resulting from a Lessee's use of the Common Area, or the use or failure of the security devices.

Section 11.06. Force Majeure. Notwithstanding any provision of this lease to the contrary, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the Lessor (collectively, the “Force Majeure Delay”), shall excuse the performance by Lessor of the obligations of Lessor under this Lease for a period equal to any such Force Majeure Delay.

ARTICLE 12: SUBLETTING AND ASSIGNMENT OF LEASE

Section 12.01. Lessor's Prior Written Consent Required. Lessee shall not sublet or encumber all or any part of the Premises, or assign or transfer this Lease Agreement or any interest therein, without the prior, written consent of the Lessor, which shall not be unreasonably withheld. In the absence of any such consent, any subletting, assignment, transfer, or encumbrance of the Premises, Agreement, or tenancy, by the voluntary act of Lessee, operation of law, or otherwise, shall be deemed null and void, and at Lessor's option, serve to terminate this Agreement. Any proposed sublessee, assignee, or transferee shall be required to submit to Lessor an application and credit information for Lessor's approval, and if approved, shall sign a separate written agreement with Lessor and Lessee. Lessor's consent to any one sublease, assignment, or transfer, shall not be construed as a consent to any subsequent sublease, assignment, or transfer, and does not release Lessee of Lessee's obligations under this Lease Agreement.

Section 12.02. Effect of Default by Lessee on Sublessee/Assignee's Options. If Lessee was in default, or otherwise would have been ineligible to exercise any Options available under the terms of this Lease Agreement, any sublessee, assignee or transferee shall be deemed, at Lessor's option, to be ineligible to exercise such Option unless said Option is affirmed, in writing, by Lessor. All other terms, conditions and provisions of this Lease Agreement shall remain in full force and effect upon sublet, assignment or transfer of this Lease.

Section 12.03. Lessee Responsible for Administrative and Legal Costs. In the event Lessee applies to Lessor for approval of any proposed sublet, assignment or transfer of this Lease, Lessee shall be responsible for, and agrees to pay to Lessor, all reasonable attorneys' fees and costs and any other related charges incurred by Lessor in conjunction with the review, processing and documentation of any requested sublet, assignment or transfer of this Lease, in an amount not to exceed \$1,200.00.

Section 12.04. Limitations on Assignee, Transferee or Sublessee. No assignee or sublessee shall have any further right to assign or sublet the Premises without the prior, written consent of Lessor. If Lessee was in default, or otherwise ineligible to exercise an option to extend the Lease as of the date of assignment, transfer or subletting, the assignee, transferee or sublessee's eligibility to exercise the option to extend, if any, shall be subject to the discretion of Lessor.

ARTICLE 13: EMINENT DOMAIN

Section 13.01. Proceeds to Lessor. If all or any part of the Premises is condemned for public use by a government entity with power of eminent domain, Lessee or Lessor may terminate this Agreement as of the date possession is awarded to the entity. All condemnation proceeds, exclusive of those specifically allocated by the condemning authority for Lessee's relocation costs, trade fixtures and excess value of the unexpired lease term over the rent reserved for that remaining period, shall belong to Lessor.

Section 13.02. Severance Damages. In the event any part of the Property exclusive of the Premises of Lessee is subject to an action for eminent domain, Lessee shall not be entitled to claim severance damages. Any right to severance damages for a partial taking shall belong to Lessor alone. Lessor may, however, make an adjustment to the Common Area Maintenance and Operation Expenses in the event of

any reduction in the availability of Common Area property (i.e., parking spaces) lost due to condemnation.

13.03. Lessee's Losses. Notwithstanding any other provision of this Section, nothing shall preclude Lessee from seeking a separate award from the condemning authority for any loss of Lessee's business, Lessee's moving or relocation costs, the excess value of the unexpired lease term over the rent reserved for that remaining period, loss of goodwill, or any other claim for loss or damages Lessee, at Lessee's expense, is entitled to separately recover from the condemning authority, provided that any such award shall not reduce the amount to which Lessor is otherwise entitled.

ARTICLE 14: DEFAULTS; REMEDIES

Section 14.01. Defaults. In addition to any other event specified in this Lease Agreement as a default by Lessee, the occurrence of any one or more of the following events shall constitute an "Event of Default" by Lessee:

- a. The failure by Lessee to make any payment of Rent or Additional Rent required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three (3) business days after written notice thereof from Lessor to Lessee. It is understood and agreed that said three (3)-business day notice shall not be issued by Lessor in any month until the five-day period for payment of Rent has expired as set forth in Section 4.04 of this Lease.
- b. Lessee's absence from the Premises for a period of fourteen (14) days or longer, without payment of Rent, unless otherwise approved by Lessor shall constitute an act of abandonment.
- c. Lessee's failure to perform any of the express or implied covenants or provisions of this Lease required to be performed by Lessee, other than the obligation to pay Rent or Additional Rent, or other than abandonment, where Lessee has failed, after Notice of Default has been issued by Lessor, to cure said default within thirty (30) days. If it would be unreasonable to expect the default to be cured within thirty (30) days, so long as Lessee commences to undertake reasonable steps to cure the default within the 30-day period, Lessee shall not be deemed to be in default if Lessee diligently pursues steps to cure said default.
- d. Voluntary filing of a petition in Bankruptcy by Lessee, or a filing against Lessee to have Lessee declared bankrupt, or a petition for reorganization or arrangement under any law relating to bankruptcy. Such action may not be declared an event of default if, in the case of a petition filed against Lessee, the petition is dismissed within thirty (30) days.
- e. Any attempt by Lessee to sublet, assign or transfer the Lease without the prior, written consent of Lessor.
- f. The appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days.
- g. The attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days.

The acceptance of Rent hereunder by Lessor shall not be a waiver of any preceding default by Lessee of any provision hereof, other than the failure of the Lessee to pay the particular Rent so accepted.

Section 14.02. Remedies. If an Event of Default shall occur, Lessor shall have the following remedies and rights. (a) Lessor may elect to terminate the Lease by written notice to Lessee, and Lessee's right to possession shall terminate effective on the date specified in said Notice. Lessor shall have all the rights and remedies of a Lessor under CCP Section 1951.2. Lessor may also recover from Lessee, the worth at the time of award of the unpaid Rent which had been earned at the time of termination; the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term of this Lease after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided; and any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. (b) Lessor may elect not to terminate Lessee's right to possession, and Lessor may enforce all of Lessor's rights and remedies under this Lease, including without limitation, the right to recover Rent as it becomes due. Lessor shall have the remedy described in CCP Section 1951.4 (continue Lease in effect after Lessee's breach and abandonment and recover Rent as it becomes due). Any acts by Lessor to maintain or re-lease the Premises or the appointment of a receiver upon application of Lessor to protect Lessor's interest to the Premises shall not constitute an election by Lessor to terminate Lessee's right to possession. Lessor shall not be liable in any way whatsoever for its failure to relet the Premises following any Event of Default. No action by Lessor shall be deemed a termination of this Lease except written Notice by Lessor delivered to Lessee expressly declaring a termination of this Lease.

Section 14.03. Right to Re-Enter. Lessor shall have the right, with or without terminating this Lease, in compliance with applicable law, to re-enter the Premises, by force if necessary, and remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Lessee.

Section 14.04. Waiver. Lessee waives the right of redemption or relief from forfeiture under CCP Section 1174 and 1179, and Section 3275, or any successor statute, in the event Lessee is evicted or Lessor takes possession of the Premises by reason of an Event of Default. No delay or omission of Lessor to exercise any right or remedy shall be construed as a waiver of any such right or remedy or of any default by Lessee hereunder.

Section 14.05. Rights and Remedies Cumulative. The various rights and remedies reserved to Lessor herein, including those not specifically described herein, shall be cumulative, and, except as otherwise provided by California statutory law in force and effect at the time of the execution hereof, Lessor may pursue any or all of such rights and remedies, whether at the same time or otherwise. In the event of any default by Lessee as defined herein, Lessee shall be responsible to Lessor for any and all damages sustained by Lessor as a result of Lessee's breach; further, after such notice Lessor shall have the right to cure any such default at Lessee's expense including in such expenditure all costs and attorneys' fees incurred to cure such default or breach of lease. Lessor shall have no right to terminate this Lease except as herein otherwise specifically provided.

Section 14.06. Good Faith Negotiation to Resolve Disputes. If a controversy arises with respect to this Lease, the parties agree to first attempt to resolve the controversy, if possible, by prompt and direct face-to-face good faith negotiations between authorized representatives of both parties who are empowered to resolve the matter begun by one party giving the other party a written request stating that party's view of the essential facts and elements of the controversy, proposing a date and time to begin negotiations, and including a date by which negotiations may be abandoned by such party in favor of mediation or arbitration.

Section 14.07. Mediation. If a controversy arises with respect to this Lease and good faith negotiation has been exhausted, the parties shall first participate in mediation of any dispute, except a claim by Lessor for unlawful detainer. The mediator shall be a lawyer, retired judge or real estate professional with at least ten (10) years of experience interpreting commercial lease agreements. The mediation shall be held in Truckee, California. The cost of mediation shall be borne by the parties equally. At least ten business days before the date of the mediation, each side shall provide the mediator with a statement of its position and copies of all supporting documents. Each party shall send to the mediation a person who has authority to bind the party. If a subsequent dispute will involve third parties, such as insurers or subcontractors, they shall also be asked to participate in the mediation. If a party has participated in the mediation and is dissatisfied with the outcome, that party may proceed with any other available means of dispute resolution, including, but not limited to, arbitration or litigation.

ARTICLE 15: ESTOPPEL CERTIFICATE

Section 15.01. Statement. Lessee shall, upon request by Lessor, execute and return to Lessor within ten (10) business days of the date of request, a Lessee Statement (Estoppel Certificate), in a form reasonably acceptable to Lessor. This Certificate shall acknowledge that this Agreement is unmodified and in full force, or in full force as modified, and state the modifications. Failure to comply with this requirement shall be deemed Lessee's acknowledgement that the Lessee's Statement is true and correct, and may be relied upon by a prospective lender or purchaser; and may be treated by Lessor as a material breach of this Agreement. Lessee shall also prepare, execute and deliver to Lessor any financial statement (which will be held in confidence) reasonably requested by a prospective lender or buyer.

ARTICLE 16: RELOCATION OF PREMISES

Section 16.01. Relocation of Premises. Lessor shall have the right, at any time and from time to time, to relocate the Premises to another part of the Building on the following terms and conditions:

- a. The new premises shall be substantially the same in size and quality as the Premises, including comparable fixtures, finishes and improvements, and shall be placed in that condition by Lessor at the cost of Lessor.
- b. The physical relocation of the furniture, fixtures, equipment and personal property of Lessee from the Premises to the new premises shall be accomplished by Lessor at the cost of Lessor.
- c. Lessor shall give Lessee at one hundred twenty (120) days' written notice of Lessor's intention to relocate Lessee to the new premises.
- d. The physical relocation of Lessee to the new premises shall take place on a weekend, if practicable.
- e. Lessor shall reimburse Lessee for all reasonable out-of-pocket costs actually incurred by Lessee as a result of the relocation, including, without limitation, costs incurred in changing addresses on stationery, business cards, directories, advertising, and other such-costs reasonably incurred by Lessee.
- f. If the new premises are smaller than the Premises as they existed before the relocation, then Lessee's Base Rent shall be adjusted, and Lessee's percentage share of Common Area Maintenance and Operation Expenses shall be based upon the square footage of the new

Premises. No change in Base Rent or Lessee's Percentage Share shall be made if the new premises are larger than the Premises as they existed before the relocation.

Section 16.02. Amendment Required. The parties shall promptly execute an amendment to this Lease identifying the new premises and any reflecting any change in Base Rent and Lessee's Percentage Share.

ARTICLE 17: MISCELLANEOUS PROVISIONS

Section 17.01. Captions. The captions and headings of the Articles and Sections in this Lease are provided for convenience only and shall not limit the provisions of this lease or be used in the interpretation of the provisions of this lease.

Section 17.02. Time is of the Essence. Time is of the essence of this Lease and of all provisions of this Lease.

Section 17.03. Brokers. Lessee represents and warrants that Lessee has not dealt with or had any contact with any broker, agent or finder in connection with this Lease or the Premises other than the Brokers identified in the Basic Lease Summary. Lessee shall indemnify, protect, defend and hold Lessor harmless from and against any and all claims, demands, liabilities, losses, damages, actions, causes of action, suits, costs, and expenses, including attorneys' fees, costs and disbursements, arising out of or relating to a breach by Lessee of the forgoing representation and warranty.

Section 17.04. Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California without regard to any choice of laws provisions or principles.

Section 17.05. Severability. If any provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be determined by a court of proper jurisdiction to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable, shall not be affected by such invalidity or unenforceability, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 17.06. Authority. Each of the persons executing this lease on behalf of Lessee represents and warrants that (a) Lessee has the full right and authority to enter into this Lease; (b) the person or persons signing this Lease on behalf of Lessee are authorized to do so and to bind Lessee to this Lease; and (c) any Lessee which is an entity is duly authorized and currently registered in good standing to conduct business in the State of California. Upon Lessor's request, lessee shall provide Lessor with evidence satisfactory to Lessor confirming the foregoing representations and warranties.

Section 17.07. No Representation or Warranties. Neither Lessor nor Lessor's agents, attorneys or other representatives have made any representations or warranties of any kind with respect to this Lease, the Premises, the Building or the Property, except as set forth in this Lease Agreement.

Section 17.08. Amendments. This Lease may not be altered, changed, or amended except by an instrument signed by Lessor and Lessee.

Section 17.09. No Recordation. Neither this Lease, nor any memorandum, affidavit or other writing with respect to this Lease, shall be recorded by Lessee or any one acting through, under or on behalf of Lessee, and any such recording in violation of this provision shall, at Lessor's election, constitute an Event of Default.

Section 17.10. OFAC Representations by Lessee. Lessee represents and warrants to Lessor that each individual executing this Lease on behalf of Lessee is authorized to do so on behalf of Lessee and that Lessee is not, and the entities or individuals constituting Lessee or which may own or control Lessee, or which may be owned or controlled by Lessee are not (i) in violation of any laws relating to terrorism or money laundering, and/or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 for the purpose of identifying suspected terrorists or on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control (OFAC) at its official web site, www.treas.gov/ofac/tllsdn.pdf or any replacement web site or other replacement official publication of such list.

Section 17.11. Entire Agreement. This Lease, including any Exhibits and any Addenda attached to this Lease, contains the entire Agreement of the Lessor and Lessee with respect to the Premises and the leasing of the Premises, and no representation, warranty, inducement, promise or agreement, whether written or oral, preceding or contemporaneous with the execution of this Lease, which is not contained in this Lease, shall e of any force and effect to amend or modify the provisions of this Lease. Lessor and Lessee intend and agree that this lease constitutes the complete and exclusive statement of the terms of the leasing of the Premises and that no extrinsic evidence whatsoever may be introduced in any judicial proceedings, if any, involving this Lease.

Section 17.12. Binding on Heirs and Successors. The provisions of this Lease shall be binding and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

Section 17.13. Waivers and Consent. No waiver by Lessor of any provision of this Lease shall be deemed to be a waiver of any other provision of this Lease. No consent or approval by Lessor to any act or request by Lessee shall be deemed to be a consent for any other act requiring Lessor's consent or approval.

Section 17.14. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be served personally, electronically, by express courier, or by mail. If served by mail it shall be addressed as set forth in the Basic Lease Summary. If Notice is sent by electronic means, a conforming copy of the Notice shall be also sent by regular mail or hand delivered to Lessee's Premises address. Any notice so given by mail shall be deemed effectively given, when deposited in the United States mail postage prepaid and addressed as specified above. Either party may by written notice to the other specify a different address for notice purposes, except that Lessor may in any event use the Premises as Lessee's address for notice purposes.

Section 17.15. Checks and Payments. Checks and or other forms of payment shall be made payable to **Martis Peak LLC**. Lessor may, at Lessee's request, provide an address for electronic transfers of payments. For any transfer of funds by Lessee to Lessor by wire, fund transfer or other electronic means that incurs any charges or fees, Lessee shall be responsible for payment of such charges or fees.

Section 17.16. Subordination. This Lease shall be subordinate to all existing liens and, at Lessor's option, the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the Premises are a part, and to any advances made on the security of the Premises, and to all renewals, modifications, consolidations, replacements, and extensions. However, as to the lien of any deed of trust or mortgage entered into after execution of this Agreement, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee pays the Rent and observes and performs all of the provisions of this Agreement, unless this Agreement is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor elects to have this Agreement placed in a security position prior to the lien of a mortgage, deed of trust, or ground lease, and

gives written notice to Lessee, this Agreement shall be deemed prior to that mortgage, deed of trust, or ground lease, or the date of recording.

Section 17.16. Toxic and Hazardous Substances. Lessee shall be bound by the terms and conditions of Exhibit D, Toxic and Hazardous Substances.

Section 17.17. Confidentiality. Lessor acknowledges Lessee is subject to the California Public Records Act (Gov. Code, Section 6250, et. seq.) (“PRA”) and is legally obligated to comply with any requests for public records. Lessor acknowledges this Lease and any related documents must be produced by Lessee in response to a request under the PRA.

Section 17.18. Reserved.

SIGNATURES ON NEXT PAGE

LEASE AGREEMENT SIGNATURES

12242 Business Park Drive
Truckee, Placer County CA

THIS IS A LEGALLY BINDING DOCUMENT. LESSEE IS ADVISED TO REVIEW THE PROVISIONS CAREFULLY, AND TO CONSULT WITH LEGAL COUNSEL PRIOR TO SIGNING THIS DOCUMENT. BY SIGNING THIS DOCUMENT, LESSEE ACKNOWLEDGES THAT HE/SHE/IT HAS HAD THE OPPORTUNITY TO INSPECT THE PREMISES, CONSULT WITH LEGAL COUNSEL, AND HEREBY ACKNOWLEDGES AND AGREES THAT HE OR SHE IS FULLY AUTHORIZED TO ENTER INTO THIS LEASE AGREEMENT, EITHER AS AN INDIVIDUAL OR ON BEHALF OF AN ENTITY, AND THAT IF SIGNING ON BEHALF OF AN ENTITY, THE PERSON WHOSE SIGNATURE APPEARS BELOW REPRESENTS THAT THE ENTITY IS IN GOOD STANDING AND DULY AUTHORIZED TO DO BUSINESS IN THE STATE OF CALIFORNIA.

READ AND APPROVED, ACKNOWLEDGED AND AGREED:

FOR THE LESSEE:

Name (Printed):
Position or Title:

FOR THE LESSEE:

Name (Printed):
Position or Title:
Date:

FOR THE LESSOR:

Sean O'Toole
Manager

Date:

EXHIBIT A

BASIC LEASE SUMMARY

12242 Business Park Drive
Truckee, Placer County CA

Lease Date	11/1/2020
Lessor and Lessor's Address	Martis Peak, LLC, P.O. Box 837, Truckee, CA 96160
Lessee and Lessee's Address	Truckee Tahoe Airport District, 10356 Truckee Airport Road, Truckee, CA 96161
Unit – Premises	Suite 15
Use of Premises	Professional office with 15 or fewer full time equivalent onsite employees.
Leasable Square Feet of Premises	1,933 sq. ft.
Leasable Square Feet of Building	14,740 sq. ft.
Lessee's Percentage Share	13.11%
Initial Term	36 months.
Commencement Date	Within 15 days of Lessee's acceptance of Premises, which shall not be unreasonably withheld, after Lessor completes the painting, flooring and other improvements requested by the airport to the Premises. Lessor shall complete said improvements by no later than November 15, 2020.
Option Term (if any):	36 Months
Base Rent	\$1.37 /sqft/month (\$2648.21) + CAM <i>Note: Originally quoted as \$1.70/sf for 1,563sf. Remeasuring of unit found it to be 1,933sf, so adjusted to meet original total.</i>
Rent Schedule	No increases during initial term.
Security Deposit	\$2648.21
Lease Guarantor, if any:	None
Broker(s)	None

EXHIBIT B

OPTION TO EXTEND
12242 Business Park Drive
Truckee, Placer County CA

Provided that Lessee is in possession of the demised premises, and that this Lease has not previously been canceled or terminated by either party either pursuant to the terms of this Lease or by operation of law or otherwise, and further provided that Lessee has faithfully complied with and performed all of the covenants and conditions in this Lease on its part to be performed during the Term, and any extension of said Term, and is not in default at the time of exercise of this option, then Lessor and Lessee covenant and agree that Lessee shall have the option to extend the Term of this lease for a period of **three** years, commencing at the expiration of the term of this Lease, upon the same terms, covenants and provisions set forth in the Lessor's then current standard commercial lease format, with an adjustment in monthly base rent as hereinafter provided.

Lessee's Base Rent shall be \$1.75 per month, and shall be increased as set forth below for any successive periods under this Extension:

No further increases during option _____

Lessee's Share of Common Area Maintenance and Operation Expenses shall be 13.11 percent.

Lessee's right to exercise this Option to Extend shall be accomplished by Lessee giving Lessor written notice not more than One Hundred Eighty (180) days and not less than Ninety (90) days from the date the current Lease Term is scheduled to expire. This Option to Extend, and Lessee's rights hereunder, are personal to Lessee, and shall be null and void at the option of Lessor, in the event that Lessee has sold, transferred or assigned its obligations under this Lease to a third party, or is in Default under the terms of the Lease Agreement.

AGREED AND ACKNOWLEDGED:

FOR LESSEE:

By: _____
Its: _____
Date: _____

FOR LESSOR

By: _____
Its: _____
Date: _____

EXHIBIT C

RULES AND REGULATIONS

12242 Business Park Drive
Truckee, Placer County CA

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not bring motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts without the express, prior written permission of Lessor.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of 6:00 P.M. and 8:00 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.

EXHIBIT C - Continued

RULES AND REGULATIONS

12242 Business Park Drive
Truckee, Placer County CA

14. No window coverings, shades or awnings shall be installed or used by Lessee without the express, prior written permission of Lessor.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes anywhere on the premises.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging, manufacturing, cooking, food preparation or any other use not expressly provided for in Exhibit A of Lessee's lease.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked when Lessee or its employees are not present.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Lessor reserves the right to relocate all or a part of parking spaces and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.

EXHIBIT C - Continued

RULES AND REGULATIONS

12242 Business Park Drive
Truckee, Placer County CA

4. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
5. Every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
6. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
7. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
8. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
9. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.
10. No overnight parking is permitted.

EXHIBIT D

GUARANTY OF LEASE

_____, referred hereinafter as “Lessee,” has or will become a party to a Lease Agreement with **Martis Peak, LLC**, a California Limited Liability Company, referred to herein as “Lessor,” for the lease of certain Premises located at 12242 Business Park Drive, Truckee, California.

Lessor requires that as a condition of this Lease Agreement, the undersigned individual or entity shall guarantee the full performance of all obligations of Lessee under the terms and conditions of the Lease Agreement, to include but not limited to payment of all Rent, Additional Rent, and any other financial obligations incurred or required under the terms of the Lease.

In consideration of the execution of the Lease by Lessor, the undersigned hereby agrees to unconditionally guarantee the full performance of each and every term, condition, obligation, duty, and covenant applicable to Lessee under the Lease Agreement, as it currently exists and as it may be modified or amended from time to time, and shall include any and all Addenda thereto. The undersigned agrees that this Guaranty shall remain in full force and effect through any and all extensions of said Lease, and to any assignment or transfer of this Lease, whether or not said assignment or transfer was made with the consent of Lessor.

The undersigned understands and agrees that the liability under this Guaranty shall be primary and as a principal, and may be enforced by Lessor directly against the undersigned without the requirement to join Lessee, or without having to first proceed against Lessee. This Guaranty shall remain in full force and effect regardless of whether Lessee becomes insolvent, is adjudged bankrupt either by voluntary petition or otherwise, or Lessee abandons or is deemed pursuant to this Lease to have abandoned the Premises, or has assigned, transferred, or sublet, or attempted to assign, transfer or sublet, their obligations under this Lease.

The undersigned further understands and agrees that the obligations under this Guaranty shall include liability for any and all reasonable attorneys’ fees and costs in the event that Lessor must initiate legal action to enforce this Guaranty, and that the obligations under this Guaranty shall be binding on the successors and assigns of the undersigned for the benefit of Lessor and Lessor’s successors and assigns.

The undersigned has executed this Guarantee of Lease as of the date of execution of the Lease described herein.

By: _____

Name:

Address:

Phone / Fax #:

EXHIBIT E

COMMON AREA MAINTENANCE AND OPERATION EXPENSES

12242 Business Park Drive
Truckee, Placer County CA

Common Area Maintenance and Operation Expenses for 2020 are estimated to be
\$0.50/sqft/month

EXHIBIT F

Reserved

