



Real Estate Assets Department

SDC003

CITY--TRANSPORTATION FROM AIRPORTS

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Document Type

LEGAL DOCUMENTS



Sub - Category

AGREEMENTS



(23)



**MONTGOMERY-GIBBS EXECUTIVE AIRPORT
FLAT RATE MOU FOR OFFICE SPACE**

Between

**CITY OF SAN DIEGO,
DEPARTMENT OF REAL ESTATE AND AIRPORT MANAGEMENT**

And

CITY OF SAN DIEGO, TRANSPORTATION DEPARTMENT

**CITY OF SAN DIEGO
INTERDEPARTMENTAL MEMORANDUM OF UNDERSTANDING**

THIS CITY OF SAN DIEGO INTERDEPARTMENTAL MEMORANDUM OF UNDERSTANDING ("MOU") is made by and between the City of San Diego Department of Real Estate and Airport Management ("DREAM") and the City of San Diego Transportation Department ("TRANSPORTATION") to be effective as of March 1, 2022 (the "Effective Date"), as follows:

RECITALS

- A. WHEREAS, the City of San Diego ("City") owns the real property located at 8575 Gibbs Drive, San Diego, California, ("Property"), which is part of the Montgomery Gibbs-Executive Airport ("Airport"), which is an asset managed and operated by DREAM; and
- B. WHEREAS, TRANSPORTATION is in need of office and storage area for service delivery to other City departments and the public, and TRANSPORTATION has determined that the best location for TRANSPORTATION to consolidate staff into one central location is on a portion of the Property; and
- C. WHEREAS, as a result of FAA grant assurances, and other applicable regulations pertaining to the management and use of public airports in the National Plan of Integrated Airports Systems, DREAM is required to obtain fair market value for use of the Property for all nonaeronautical activities, even if such use is by another City department; and
- D. WHEREAS, TRANSPORTATION needed to immediately relocate to the Property and on March 1, 2022 initially occupied 6,075 sq. ft. of office space on the Property until such time the Fair Market Value Appraisal was received by DREAM; and
- E. WHEREAS, DREAM received the Fair Market Value Appraisal on August 2, 2022; and
- F. WHEREAS, this MOU is intended to clarify the terms under which TRANSPORTATION will continue to occupy and use a portion of the Property, including the rent to be paid, the term of the use and occupancy, and the responsibilities for maintenance and compliance with the grant assurances; and
- G. WHEREAS, TRANSPORTATION's future use of any other portion of the Property will be documented, either by amending this MOU, or by entering into additional MOUs;

NOW THEREFORE, TRANSPORTATION and DREAM agree as follows:

- 1. Premises. Pursuant to the terms of this MOU, TRANSPORTATION shall have the right to use and occupy a total of 9,859 sq. ft. ("Premises") of the following areas of the Property:

Effective March 1, 2022, TRANSPORTATION began to occupy a total of approximately 6,075 sq. ft. of office space on the second floor and kitchen on the first floor as depicted in **Exhibit A** attached hereto.

Effective on the later of December 1, 2022 or upon occupancy, TRANSPORTATION will occupy an additional 3,784 sq. ft. (suites 103 and 130) as depicted in **Exhibit A-1** attached hereto.

2. **Parking.** TRANSPORTATION shall have the right to access and use the parking lots associated with the Property, including non-exclusive use of twenty-eight (28) parking spaces (based on 2.85 parking spaces per 1,000 rentable square feet.) in Parking Lot C and non-exclusive use of two (2) parking spaces in the parking garage in Parking Lot A, as depicted in the attached **Exhibit B**, for its staff, guests, and visitors. TRANSPORTATION will ensure that any use of the parking lots complies with the most recent version of the Rules and Regulations provided to TRANSPORTATION by DREAM, attached hereto as **Exhibit B-1**. If for any reasons DREAM determines that it needs to close, change, alter, or rearrange the parking spaces in the parking lots and/or parking garage, DREAM will work with TRANSPORTATION to locate alternative parking arrangements. However, DREAM is not required under this MOU to provide alternative parking arrangements, and DREAM and TRANSPORTATION agree that changes to the available parking shall not reduce the amount of rent owed to DREAM for TRANSPORTATION's use and occupancy of the Premises.

3. **Uses.** TRANSPORTATION will only use the Premises for office and storage purposes and TRANSPORTATION shall not use or permit the Premises to be used for any other purpose, or by any other City department or third party, except with DREAM's prior written consent. Further, TRANSPORTATION agrees that it will ensure that its employees, contractors, agents, and all others using, entering onto or occupying the Premises as a result of this MOU will conform to the FAA covenants and reservations of rights set forth in **Exhibit C**, attached hereto.

5. **Term.** The term of this MOU shall be for three years commencing on March 1, 2022 ("Commencement Date") and ending on February 28, 2025 ("Termination Date"). Either DREAM or TRANSPORTATION may terminate this MOU for any reason with a ninety (90)-day notice to the other department.

6. **Rent.** On or before the first day of each month, TRANSPORTATION shall pay a monthly flat-rate rent for the Premises as follows:

Rent Effective March 1, 2022: Nine Thousand Nine Hundred Two Dollars and Twenty-Five Cents (\$9,902.25) per month (\$1.63 per square foot per month) for the approximately 6,075 square feet of office space and kitchen Premises. The obligation to pay rent shall commence on the Commencement Date.

Additional Rent: Effective on the later of December 1, 2022 or upon occupancy the additional 3,784 square feet of the Premises (Suite 103 and 130), rent shall be calculated on a daily rate of \$205.58 per day for partial calendar months and at a monthly rate of \$6,167.92 for every calendar month.

One year from the Commencement Date, the rent will be increased by three percent (3%). Two years from the Commencement Date, the rent will be increased an additional three percent (3%). Rent for the additional Premises will be increased by three percent (3%) annually commencing on the anniversary of the occupancy of the additional Premises.

7. **Holdover.** Any holding over by TRANSPORTATION after expiration of the term shall not be considered as a renewal or extension of this MOU. The continued occupancy of the

Premises by TRANSPORTATION after the expiration or termination of this MOU shall constitute a month-to-month tenancy, and all other terms and conditions of this MOU shall continue in full force and effect provided TRANSPORTATION shall, during the holdover tenancy, pay DREAM monthly rent of 150% of the last monthly rent amount owed under this MOU prior to the holdover tenancy.

8. Accident Reports. TRANSPORTATION shall immediately report to DREAM any accident causing property damage or injury to persons on the Premises or otherwise related to the allowed uses. Such report shall contain the names and addresses of the involved parties, a statement of the circumstances, the date and hour of the accident, the names and addresses of any witnesses, and other pertinent information.

9. Security Deposit. RESERVED.

10. Insurance. The City is self-insured and shall maintain, for the duration of the contract, insurance for TRANSPORTATION separate from the DREAM – Airport Management Fund, which shall pay for injuries to persons or damages to property as follows:

- a. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- b. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
- c. **Workers’ Compensation:** as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.

11. Improvements to Premises Prior to Occupancy. TRANSPORTATION agrees to take the Premises in its “As-Is” condition.

12. Maintenance. As and between DREAM and TRANSPORTATION, the maintenance of the Property and Premises will be as follows:

- a. DREAM will be responsible for maintaining in good condition the structural portions of the building within which the Premises is located (including, without limitation, the exterior walls, underflooring, and roof), the base building facilities, and the common areas located on the Property at the expense of the DREAM - Airport Management Enterprise Fund.
- b. TRANSPORTATION will be responsible for maintaining, in good operating condition and repair, all portions of the Premises, including, without limitation, all fixtures, interior walls, ceilings, floors, floor coverings, windows, and doors, and TRANSPORTATION’s personal property, alterations, trade fixtures and signs. If for any reason, DREAM is required to make such repairs or replacements, or

perform maintenance which is the responsibility of TRANSPORTATION, TRANSPORTATION will reimburse the DREAM - Airport Management Enterprise Fund for all actual costs and expenses incurred by the DREAM - Airport Management Enterprise Fund in connection with such repairs, replacement, and/or maintenance.

- c. Improvements/Alterations. TRANSPORTATION will not make any alterations, or construct any improvements, structures, or installations on the Premises without obtaining DREAM's prior written consent. Other than the TRANSPORTATION Improvements, DREAM will not be required to construct any other improvements, structures, or installations on the Premises in connection with this MOU.

13. Utilities. DREAM will provide utilities and services and charges at the expense of the DREAM - Airport Management Enterprise Fund from 7:30 A.M. to 10:00 P.M. Monday through Friday and 9:00 A.M. to 1:00 P.M. on Saturdays, excluding Sundays and holidays, as follows: (a) electricity for lighting and power in the Premises adequate for use of the Premises for general office purposes in a normal and customary manner; (b) heat and air conditioning as required in DREAM's reasonable judgment for the comfortable use and occupancy of the Premises for general office purposes in a normal and customary manner; (c) elevator service by non-attended automatic elevators for general office usage; and (d) janitorial services five days a week except legal holidays as required to maintain the Premises in a clean and orderly condition consistent with other comparable office buildings in the San Diego area. TRANSPORTATION agrees to keep closed when necessary draperies or blinds, which, because of the sun's position, must be closed to provide for the efficient operation of the air conditioning system, and TRANSPORTATION agrees to cooperate with DREAM and to abide by the regulations and requirements which DREAM may prescribe for the proper functioning and protection of the HVAC system.

DREAM shall use reasonable efforts to provide additional or after-hours heating or air conditioning at TRANSPORTATION's prior written request, provided TRANSPORTATION pays to DREAM the cost of such service as determined by DREAM.

14. Liens. If TRANSPORTATION's use and occupancy of the Premises results in any lien or notice of lien being filed against the Property, TRANSPORTATION will at no expense to the DREAM - Airport Management Enterprise Fund take all steps necessary to ensure that a valid release of the lien is recorded, and or a bond, cash, or other security sufficient to pay in full all claims of all persons seeking relief under the lien is secured at no costs to the DREAM - Airport Management Enterprise Fund.

15. Ownership of Improvements and Personal Property. At the MOU termination, TRANSPORTATION will remove any improvements, trade fixtures, structures, installations, additions, or personal property that DREAM has determined should be removed, at no expense to the DREAM - Airport Management Enterprise Fund. If DREAM agrees that certain improvements, trade fixtures, structures, installations, additions, or personal property may remain on the Premises, and those items do remain on the Premises following the termination of the MOU, any such items will be deemed an asset of DREAM at no cost to the DREAM - Airport Management Enterprise Fund.

16. Hazardous/Toxic Waste. TRANSPORTATION will not install, store, use, generate, or sell any hazardous substance on the Premises without DREAM's prior written consent.

TRANSPORTATION will be responsible, at no costs to the DREAM - Airport Management Enterprise Fund, to comply with all laws relating to hazardous substances, including paying for all costs, damages, penalties and fines, removal, or remediation incurred or necessary as a result of any release of hazardous substances that occurs as a result of TRANSPORTATION's use and occupancy of the Premises under this MOU.

17. Water Quality – Best Management Practices. TRANSPORTATION shall be responsible for identifying, implementing, and paying for any best management practices ("BMPs") necessary to ensure that TRANSPORTATION's use and occupancy does not cause pollutant discharges to the storm drain system in violation of San Diego Storm Water Management and Discharge Control Ordinance (San Diego Municipal Code sections 43.0301 to 43.0310).

18. Accessibility Compliance. TRANSPORTATION will be responsible for ensuring, at no cost to the Airport Management Enterprise Fund, that the Premises, as applicable to TRANSPORTATION'S possession, use, and occupancy, comply with all accessibility requirements under California Government Code sections 11135-11139.8; Title 24 of the California Code of Regulations; the Federal Rehabilitation Act of 1973, Section 504, Title V; the Americans with Disabilities Act of 1990 (ADA); and all other applicable laws, rules and regulations of competent governmental authority protecting the rights of individuals with disabilities.

19. MOU Subject to Federal Aviation Administration (FAA) Regulations. TRANSPORTATION acknowledges and agrees, in addition to the foregoing terms and conditions of this MOU, that TRANSPORTATION shall strictly adhere to, and at all times be subject to, the FAA Regulations set forth in the attached **EXHIBIT C**, which by this reference are made a part of this MOU. Failure to strictly adhere to the FAA Regulations will require DREAM to immediately terminate this MOU. Additionally, TRANSPORTATION acknowledges that this MOU is subordinate to the provisions of any existing or future agreements between the City and the United States Government or other governmental authority, relative to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal or other governmental funds for the development of the Airport, to the extent of the provisions of any existing or future funds. DREAM agrees to inform TRANSPORTATION of any provisions that would adversely modify the material terms of the MOU upon DREAM becoming aware of such a provision. Further, all provisions of the MOU shall be subordinate to the rights of the United States of America to operate the Airport or any thereof during time of war or national emergency. Such rights shall supersede any provisions of this MOU inconsistent with the operations of the Airport by the United States of America.

20. Notices. Any notice required or permitted to be given pursuant to this MOU shall be in writing and may be served interoffice mail, personally or by United States mail, postage prepaid, addressed to TRANSPORTATION at the Premises or at such other address designated in writing by TRANSPORTATION:

City of San Diego
San Diego Transportation Department
Attn: Director
8575 Gibbs Drive
San Diego, CA 92123

And, to DREAM as follows:

City of San Diego
Department of Real Estate and Airport Management
Attn: Director
1200 Third Avenue, Suite 1700 (MS 51A)
San Diego, California 92101

and

City of San Diego
Department of Real Estate and Airport Management
Attn: Deputy Director / Airport Management
3750 John J. Montgomery Drive, M.S. 14
San Diego, CA 92123

21. Authority to Sign. Each individual signing this MOU represents and warrants that they are authorized to execute and deliver this MOU on behalf of their respective department.

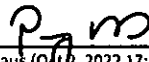
22. Entire Agreement. This MOU constitutes the entire agreement between the parties and supersedes any and all prior understandings between the parties concerning the Premises authorized herein. Any modification, alteration, or amendment of this MOU shall be in writing and signed by all the parties hereto.

*****THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK*****

IN WITNESS WHEREOF, this MOU is executed by DREAM, acting by and through its Director, and by TRANSPORTATION, acting by and through its lawfully authorized representative.

CITY OF SAN DIEGO AIRPORTS

Date Oct 2, 2022

By 
Penny Maus (Oct 2, 2022 17:57 PDT)
Penny Maus
Director, Department of Real Estate and
Airport Management

**CITY OF SAN DIEGO TRANSPORTATION
DEPARTMENT**

Date 09/23/2022

By: 
Jorge Riveros
Director, Transportation Department

EXHIBITS:

Exhibit "A" INITIAL PREMISES

Exhibit "A-1" ADDITIONAL PREMISES

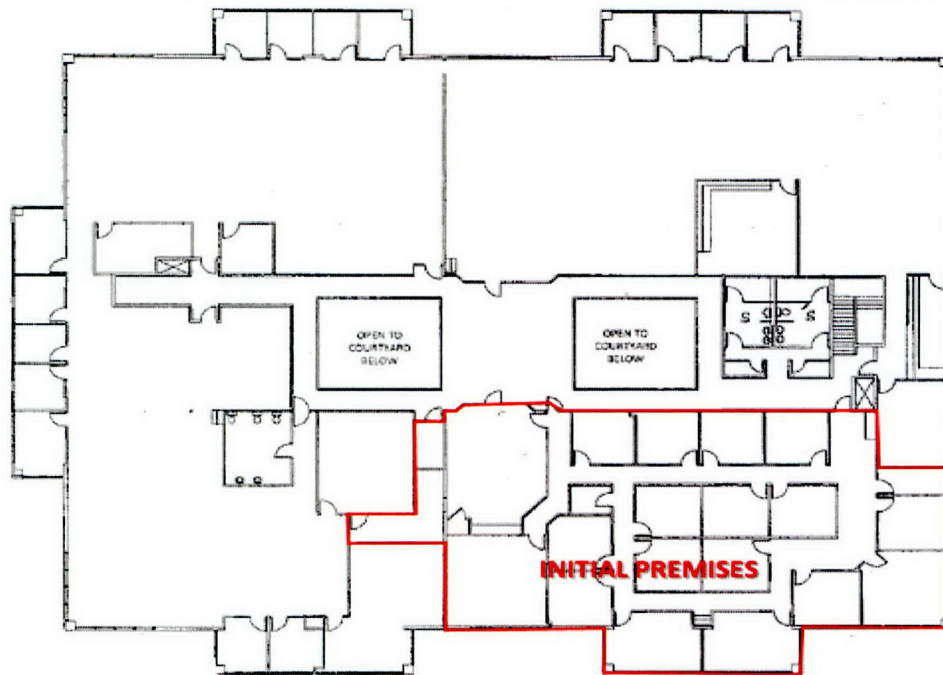
Exhibit "B" PARKING SPACES

Exhibit "B-1" RULES AND REGULATIONS & PARKING LOT RULES

Exhibit "C" FAA REQUIREMENTS

**EXHIBIT A
INITIAL PREMISES**

Montgomery Field Business Park
8575 Gibbs Dr., Second Floor



**SPACE PLAN
FLOOR 1**
8575 Gibbs Drive

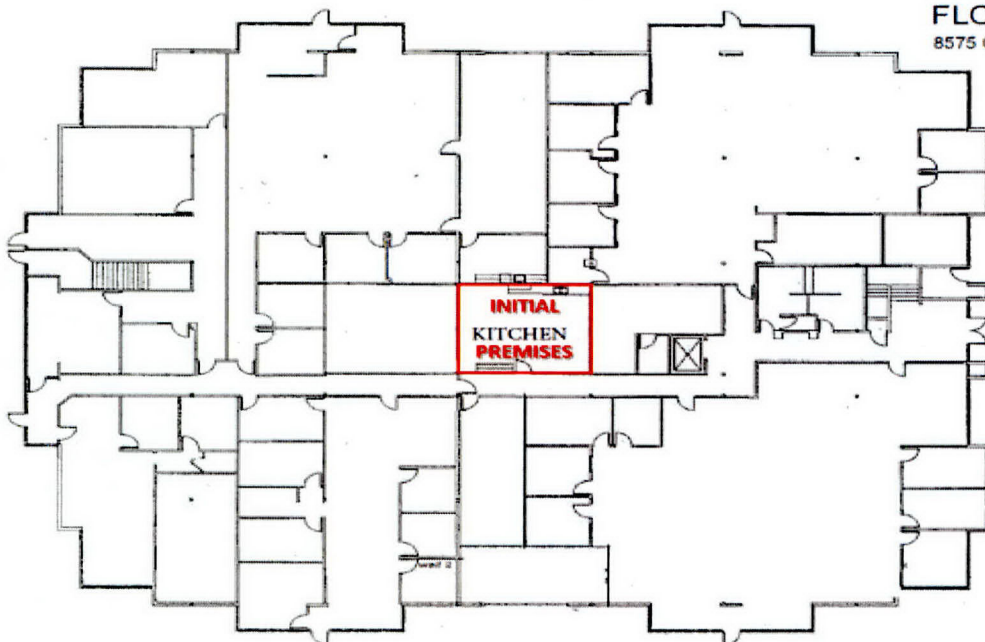


EXHIBIT A-1
ADDITIONAL PREMISES

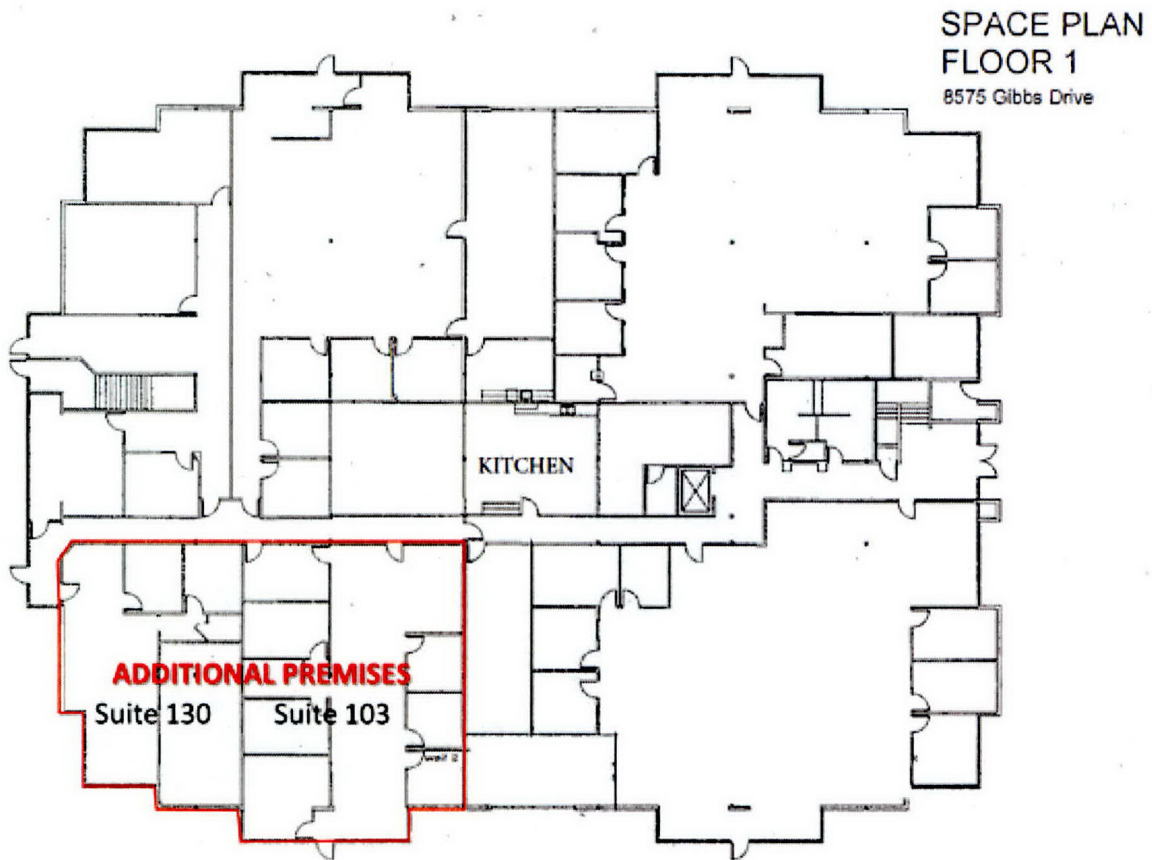
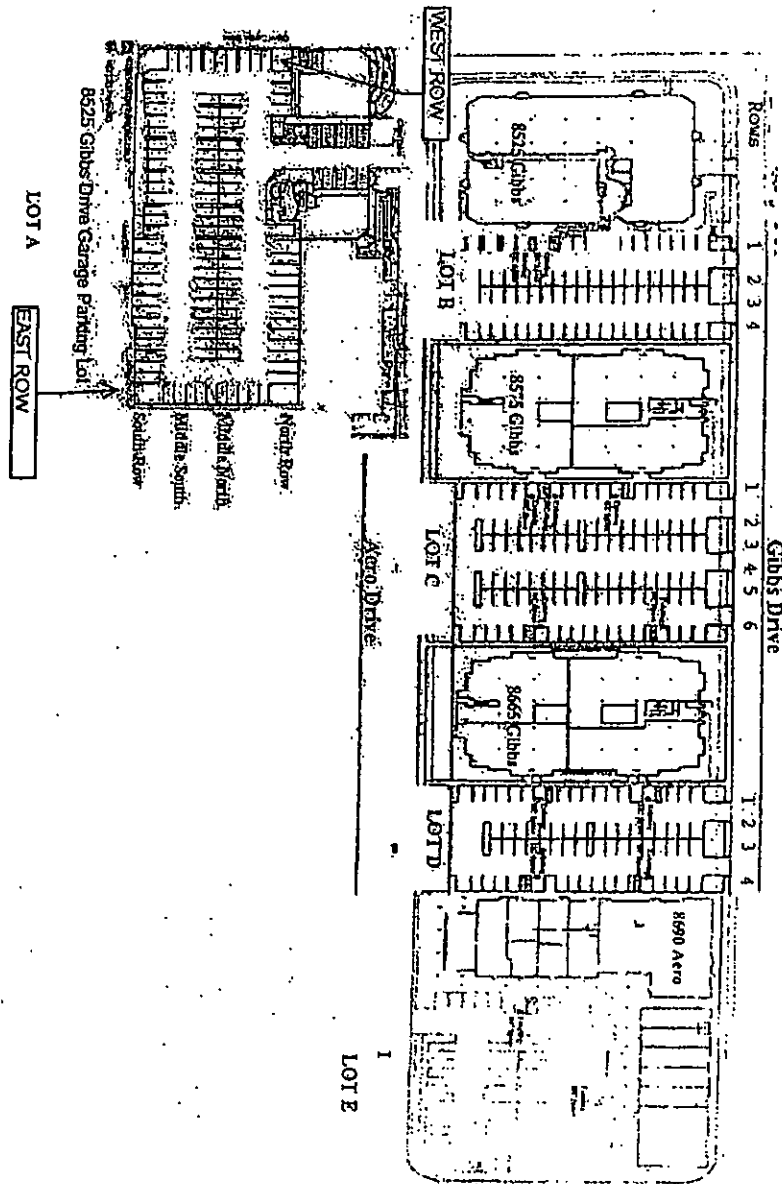


EXHIBIT B PARKING SPACES

EXHIBIT B1
PARKING LOTS



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EXHIBIT B-1

RULES AND REGULATIONS & PARKING LOT RULES

The sidewalks, entrances, halls, corridors and stairways of the building ("Building") and premises shall not be obstructed or used as a waiting or lounging place by any TRANSPORTATION agents, servants, employees, invitees, licensees and visitors. All entrance doors leading from any premises to the hallways are to be kept closed at all times.

1. In case of invasion, riot, public excitement, or other commotion DREAM also reserves the right to prevent access to the Building during the continuance of same. DREAM shall in no case be liable for damages for the admission or exclusion of any person to or from the Building. DREAM reserves the right to exclude or expel from the Building any person who, in DREAM's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.
2. DREAM will re-key the Premises to City of San Diego "T" locks and furnish TRANSPORTATION with 18 keys to front building entrance door and suite entrance door, and DREAM may make a reasonable charge for any additional keys requested by TRANSPORTATION. TRANSPORTATION shall not have any keys made for the premises nor shall TRANSPORTATION alter any lock, or install new or additional locks or bolts, on any door without the prior express written approval of DREAM. In the event of such alteration or installation approved by DREAM, TRANSPORTATION making such alteration shall supply DREAM with a key for any such lock or bolt. TRANSPORTATION, upon the expiration or termination of its tenancy, shall deliver to DREAM all keys and access cards in any such TRANSPORTATION's possession for all locks and bolts in the Building and in the event of loss of any keys or cards so furnished shall pay DREAM therefore.
3. TRANSPORTATION shall not cause any unnecessary labor by reason of such TRANSPORTATION's carelessness or indifference in the preservation of good order and cleanliness of the premises. In the event TRANSPORTATION must dispose of crates, boxes, etc., which will not fit into office waste paper baskets, it will be the responsibility of TRANSPORTATION to dispose of same. In no event shall TRANSPORTATION set such items in the public hallways or other areas of the building or garage facility, excepting TRANSPORTATION's own premises, for disposal. TRANSPORTATION shall store all of its trash and garbage within its premises or in any other facilities provided by DREAM. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by DREAM.
4. DREAM reserves the right to prescribe the date, time, method, and conditions that any personal property, equipment, trade fixtures, merchandise, and other similar items

shall be delivered to or removed from the Building. No iron safe or other heavy or bulky object shall be delivered to or removed from the Building, except by experienced safe personnel, movers, or riggers approved in writing in advance by DREAM. All damage done to the Building by the delivery or removal of such items, or by reason of their presence in the Building, shall be paid to DREAM, immediately upon demand, by TRANSPORTATION by, through, or under whom such damage was done. There shall not be any hand trucks, except those equipped with rubber tires, used in any space, or in the public halls of the Building, either by TRANSPORTATION or by jobbers or others, in the delivery or receipt of merchandise. TRANSPORTATION's initial move-in and subsequent deliveries of bulky items, such as furniture, safes and similar items shall, unless otherwise agreed in writing by DREAM, be made during the hours of 5:30 p.m. to 7:00 a.m., or on Saturday, or Sunday. Deliveries during normal office hours shall be limited to normal office supplies and other small items. No delivery shall be made which impede or interfere with other Lessees or the operations of the Building.

5. The walls, partitions, skylights, windows, doors, and transoms that reflect or admit light into passageways or into any other part of the Building shall not be covered or obstructed by TRANSPORTATION.
6. The toilet rooms, toilets, urinals, wash bowls, and water apparatus shall not be used for any purpose other than for those for which they were constructed or installed, and no sweepings, rubbish, chemicals, or other unsuitable substances shall be thrown or placed therein. The expense of any breakage, stoppage, or damage resulting from violation(s) of this rule shall be borne by TRANSPORTATION by whom, or by whose agents, employees, invitees, licensees or visitors, such breakage, stoppage or damage shall have been caused.
7. No sign, name, placard, advertisement or notice visible from the exterior of any premises, shall be inscribed, painted or affixed by TRANSPORTATION on any part of the Building without the prior written approval of DREAM.
8. No signaling, telegraphic or telephonic instruments or devices, burglar alarm systems or similar service, or other wire, instruments or devices, shall be installed in connection with the leased premises without the prior written approval of DREAM. Such installations, and the boring or cutting for wires, shall be made at the sole cost and expense of TRANSPORTATION and under the control and direction of DREAM. DREAM retains, in all cases, the right to require: (i) the installation and use of such electrical protecting devices that prevent the transmission of excessive currents of electricity into or through the Building; (ii) the changing of wires and of their installation and arrangement underground or otherwise as DREAM may direct; and (iii) compliance on the part of all using or seeking to use such wires with such rules as DREAM may establish relating thereto. All such wires used by TRANSPORTATION must be clearly tagged at the distribution boards and junction boxes and elsewhere in the Building, with (i) the number of the premises to which said wires lead; (ii) the

purpose for which said wires are used; and (iii) the name of the company operating same.

9. TRANSPORTATION, its agents, servants or employees, shall not: (i) go on the roof of the Building; (ii) use any additional method of heating or air conditioning the premises; (iii) sweep or throw any dirt or other substance from the premises into any of the halls, corridors, elevators, or stairways of the Building; (iv) bring in or keep in or about the premises any vehicles or animals of any kind; (v) install any radio or television antennae or any other device or item on the roof, exterior walls, windows or window sills of the Building; (vi) place objects against glass partitions, doors, or windows, which would be unsightly from the interior or exterior of the Building; (vii) use the premises for any manufacturing, storage or sale of merchandise or property of any kind; (viii) cause or permit unusual or objectionable odor to be produced or permeate from the premises, including, without limitation, duplicating or printing equipment fumes; or (ix) install or operate any vending machines in the premises without the prior written consent of DREAM. TRANSPORTATION, its agents, servants, and employees, invitees, licensees, or visitors shall not permit the operation of any musical or sound producing instruments or device, which may be heard outside the leased premises, building, or which may emit electrical waves, which will impair radio or television broadcast or reception from or into the building.
10. TRANSPORTATION shall not store or use in any premises any: (i) ether, naphtha, phosphorous, benzol, gasoline, benzine, petroleum, crude or refined earth or coal oils, flashlight power, kerosene, or camphene; (ii) any other flammable, combustible, explosive or illuminating fluid, gas, or material of any kind; or (iii) any other fluid, gas, or material of any kind having an offensive odor without the prior written consent of DREAM.
11. No canvassing, soliciting, distribution of hand bills or other written material, or peddling shall be permitted in the Building, and TRANSPORTATION shall cooperate with DREAM in presentation and elimination of same.
12. TRANSPORTATION shall give DREAM prompt notice of all accidents to or defects in air conditioning equipment, plumbing, electrical facilities, or any part or appurtenances of the premises.
13. If any premises become infested with vermin, TRANSPORTATION, at its sole cost and expense, shall cause its premises to be exterminated from time to time to the satisfaction of DREAM and shall employ such exterminators as shall be approved by DREAM.
14. No curtains, blinds, shades, screens, awnings, or other coverings or projections of any nature shall be attached to or hung in, or used in connection with any door, window, or wall of a leased premise of the Building without the prior written consent of DREAM.

15. TRANSPORTATION shall not place a load upon any floor of the leased premises which exceeds the load per square foot which such floor was designated to carry and which is allowed by law. DREAM shall have right to prescribe weight, size and position of all equipment, materials, furniture, or other property brought into the building. Heavy objects shall, if considered necessary by DREAM, stand on such platform as determined by DREAM to be necessary to properly distribute the weight, which platform shall be provided at TRANSPORTATION's expense. Business machines and mechanical equipment belonging to TRANSPORTATION, which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to DREAM or to any tenants in the Building, shall be placed and maintained by TRANSPORTATION at TRANSPORTATION's expense, on vibration eliminators, or other devices sufficient to eliminate noise or vibration. DREAM will not be responsible for loss of, or damage to, any such equipment or other property for any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of TRANSPORTATION.
16. TRANSPORTATION shall not waste electricity, water, or air conditioning and agrees to cooperate with DREAM to assure the most effective operation of the building's heat and air conditioning and to comply with the governmental energy saving rules, laws, or regulations of which TRANSPORTATION has actual notice, and shall refrain from attempting to adjust controls. TRANSPORTATION shall keep corridors closed and shall keep window coverings closed at the end of each business day.
17. DREAM shall have the right to prohibit any advertising by TRANSPORTATION, which in DREAM's opinion, tends to impair the reputation of DREAM or of the Building, or its desirability as an office building for existing or prospective tenants who require the highest standards of integrity and respectability, and upon written notice from DREAM, TRANSPORTATION shall immediately refrain from or discontinue such advertising.
18. Whenever the word "TRANSPORTATION" occurs, it is understood and agreed that it shall also mean TRANSPORTATION's associates, employees, agents, and any other person entering the Building or the leased premises under the express or implied invitation of TRANSPORTATION. TRANSPORTATION shall cooperate with DREAM to assure compliance by all such parties with the Rules and Regulations.
19. DREAM reserves the right to make reasonable amendments, modifications, and additions to the Rules and Regulations heretofore set forth, and to make additional reasonable rules and regulations as in DREAM's sole judgment may from time to time be needed for the safety, care, cleanliness, and preservation or good order of the Building.
20. A request by TRANSPORTATION will be attended to only upon application at the office of the Building. Employees of DREAM shall not perform any work or do anything outside of their regular duties unless under special instructions from

DREAM, and no employee will admit any person (TRANSPORTATION or otherwise) to any leased premises without specific instructions from DREAM.

21. DREAM shall have the right, exercisable without notice and without liability to TRANSPORTATION, to change the name and the street address of the Building of which leased premises are a part. DREAM will pay for all reasonable costs incurred by TRANSPORTATION as a result of changing the street address of the Building unless the change is requested by an authorized governmental agency.
22. TRANSPORTATION shall not obtain for use upon the premises ice, towel, or other similar services, except from persons authorized by DREAM and at the hours and under regulations fixed by DREAM.
23. DREAM may waive any one or more of these Rules and Regulations for the benefit of TRANSPORTATION, but no such waiver by DREAM shall be construed as a waiver of such Rules and Regulations in favor of TRANSPORTATION or any other tenant nor prevent DREAM from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.
24. TRANSPORTATION assumes any and all responsibility for protecting its leased premises from theft, robbery, and pilferage, which includes keeping doors locked and other means of entry to the leased premises secured. TRANSPORTATION shall comply with all safety and fire protection evacuation procedures and regulations established by DREAM or any governmental agency.

MONTGOMERY FIELD OFFICE BUILDING PARKING RULES

These Rules shall apply to those parking lots as described as Parking Lot A, the parking garage below the building at 8525 Gibbs Dr., Parking Lot B, the concrete lot between buildings 8525 and 8575 Gibbs Dr., Parking Lot C, the asphalt lot between buildings 8575 and 8665 Gibbs Dr. and Parking Lot D, the asphalt lot between 8665 Gibbs Dr. and 8690 Aero Dr.

1. Parking areas shall be used only for parking of vehicles that are 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. TRANSPORTATION shall not permit or allow any vehicles that belong to or are controlled by TRANSPORTATION or TRANSPORTATION's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded or parked in areas other than those designated by DREAM for such activities.
3. DREAM reserves the right to refuse the sale of identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
4. DREAM reserves the right to relocate all or part of parking spaces to reasonably adjacent offsite locations and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
5. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his/her own vehicle. DREAM 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.
8. The maintenance, washing, waxing or cleaning of vehicles in the parking area is strictly prohibited.
9. TRANSPORTATION shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
10. DREAM 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.
11. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.
12. Smoking is prohibited in the Parking Garage (LOT A) and within 25 feet of any entrance.
13. Vehicles shall only drive through lots as indicated by directional markings. Cutting comers and driving through vacant stalls is prohibited.

14. Vehicles shall not travel faster than 5 miles per hour.
15. TRANSPORTATION's employee's personal and work vehicles are strictly prohibited from parking in Visitor Parking at ANY TIME.
16. Overnight parking defined herein as between the hours of 10 p.m. and 4 a.m. is prohibited without the prior written approval of DREAM. DREAM hereby approves overnight parking for TRANSPORTATION for two (2) City-owned vehicles in the parking garage in Lot A.
17. Vehicles MUST be parked within the marked lines. Vehicles parked over the line or taking up more than one space will be towed away at the vehicle owner's expense.
18. DREAM reserves the right to have any vehicle that violates any of these rules removed from the parking area at the vehicle owner's expense.
19. All persons receiving a parking permit MUST completely fill in all requested information on the vehicle registration form provided by DREAM.
20. Each permit holder is responsible for updating his/her information, including contact phone numbers and any changes in vehicle, license plates BEFORE parking in any lot.
21. Vehicles parked on-site must display a valid state registration sticker.
22. In compliance with California statutes all drivers must carry Liability insurance.

EXHIBIT C

Federal Aviation Administration Lease and Use Agreement Provisions

TRANSPORTATION (Lessee) shall adhere to the following terms and conditions during the entirety of the time period covered by this MOU. If any term and or condition contained in this Exhibit conflicts with any provision contained in the main body of the MOU, the terms and conditions contained in the main body of the MOU shall prevail.

Definitions: (For information purposes only)

Aeronautical Activities: Any activity that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations. Activities within this definition, commonly conducted at airports, include but are not limited to air taxi and charter operations, scheduled and nonscheduled air carrier services, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and services, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute, glider, balloon or ultralight activities and any other activities which, because of their direct relationship to the operation of aircraft, can appropriately be regarded as aeronautical activities.

Nonaeronautical activities: These include but are not limited to ground transportation (taxi, car rentals, limousines), restaurants, barber shops, auto parking lots, non-aviation businesses, recreational facilities and any other commodities, services, or accommodations made available to the general public that are of a nonaeronautical nature.

Assurance: A provision contained in a federal grant agreement with which the recipient of federal airport development assistance has voluntarily agreed to comply in consideration of the assistance provided.

Exclusive Right: A power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. An exclusive right can be conferred by express agreement, by the imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right.

Federal Obligation: Used in the context of a federal grant program, federal airport development assistance, land transfers, or other federal aid. It refers to an airport sponsor's legal duty and responsibility to comply with the terms of conveyance instruments and grant agreements.

Minimum Standards: The qualifications or criteria which may be established by an airport owner as the minimum requirements that must be met by businesses engaged in on-airport aeronautical activities for the right to conduct those activities.

Revenue Diversion: The use of airport revenue for purposes other than the capital or operating cost of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property.

Self-Sustaining: The requirement to maintain a schedule of charges for use of the airport, which will make the airport as self-sustaining as possible under the circumstances existing at the airport.

- a. For aeronautical users, reasonable rates and charges that reflect the sponsor's cost of providing aeronautical services and facilities are satisfactory.
- b. For nonaeronautical users, rates and charges must be based on the fair market value of the services and facilities provided.

PROVISIONS:

1. TRANSPORTATION agrees to comply with pertinent statutes, Executive Orders, and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from federal assistance. If the Lessee transfers its obligation to another, the transferee is obligated in the same manner as the (tenant/concessionaire/lessor).

This provision obligates TRANSPORTATION for the period during which the property is owned, used, or possessed by TRANSPORTATION, and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

2. The following clauses will be included in lease or license entered into by the City of San Diego pursuant to the provisions of the Airport Improvement Program grant assurances.
 - A. TRANSPORTATION for itself, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree [in the case of deeds and leases add "as a covenant running with the land"] that:
 1. In the event facilities are constructed, maintained, or otherwise operated on the property described in this (deed, license, lease, permit, etc.) for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, TRANSPORTATION will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
 - B. With respect to leases, in the event of breach of any of the above Nondiscrimination covenants, the City of San Diego will have the right to terminate the lease and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the lease had never been made or issued.

- C. With respect to a deed, in the event of breach of any of the above Nondiscrimination covenants, the City of San Diego will have the right to enter or re-enter the lands and facilities thereon, and the above described lands and facilities will there upon revert to and vest in and become the absolute property of the City of San Diego and its assigns.*

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

3. The following clauses will be included in deeds, licenses, permits, or similar instruments/agreements entered into by the City of San Diego pursuant to the provisions of the Airport Improvement Program grant assurances.

A. TRANSPORTATION for itself, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add, "as a covenant running with the land") that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

B. With respect to the lease, in the event of breach of any of the above nondiscrimination covenants, the City of San Diego will have the right to terminate the lease and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said lease had never been made or issued.*

C. With respect to deeds, in the event of breach of any of the above nondiscrimination covenants, the City of San Diego will there upon revert to and vest in and become the absolute property of the City of San Diego and its assigns.*

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI)

Article I. The airport sponsor shall insert the paragraph above in all airport contracts, leases, subcontracts, subleases and other agreements at all tiers.

(Additional information regarding civil rights and disadvantaged business enterprise obligations can be obtained from the FAA Civil Rights Office or https://www.faa.gov/airports/aip/procurement/federal_contract_provisions/.)

4. DREAM reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or views of TRANSPORTATION and without interference or hindrance.

5. DREAM reserves the right, but shall not be obligated to TRANSPORTATION, to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.
6. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between City and the United States, relative to the development, operation, or maintenance of the airport. Failure of TRANSPORTATION or any occupant to comply with the requirements of any existing or future agreement between the lessor and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of Lessee's rights hereunder.
7. There is reserved to the DREAM, 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 leased premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operating on the airport premises.
8. TRANSPORTATION agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises. This requires the submission of FAA Form 7460-1, *Notice of Construction or Alteration* to the FAA.
9. TRANSPORTATION by accepting this lease agreement expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or building nor permit object of natural growth or other obstruction on the land leased hereunder above a height as determined by the application of the requirements of Title 14 CFR Part 77. In the event the aforesaid covenants are breached, the owner reserves the right to enter upon the land hereunder and to remove the offending structure or object or cut the offending natural growth, all of which shall be at the expense of the Lessee.
10. TRANSPORTATION by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the owner reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of TRANSPORTATION.

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of U.S. Code 40103 (e) and 47107(a)(4).

11. This lease and all the provisions hereof 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 said airport or the exclusive or nonexclusive use of the airport by the United States during the time of war or national emergency.

12. TRANSPORTATION will furnish services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
13. TRANSPORTATION will conform to airport and Federal Aviation Administration safety and security rules and regulations regarding use of the airport operations area including runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; will complete and pass airfield safe driving instruction program when offered or required by the airport; and will be subject to penalties as prescribed by the airport for violations of the airport safety and security requirements.

Revised: September 2021, AWP-620