MONTGOMERY-GIBBS EXECUTIVE AIRPORT
FLAT RATE MEMORANDUM OF UNDERSTANDING
FOR
OFFICE SPACE

Between

CITY OF SAN DIEGO,
ECONOMIC DEVELOPMENT DEPARTMENT

And

CITY OF SAN DIEGO, ENGINEERING & CAPITAL PROJECTS DEPARTMENT and PUBLIC UTILITIES DEPARTMENT

8525 GIBBS DRIVE, SUITE 120, SAN DIEGO, CA 92123

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 Economic Development Department ("EDD"), and the City of San Diego Engineering & Capital Projects Department ("E&CP") and Public Utilities Department ("PUD" and together with E&CP, the "Occupying Departments"), to be effective as of August 1, 2024 (the "Effective Date"). EDD, PUD, and E&CP may be collectively referred to in this MOU as the "Departments" and each individually as a "Department."

RECITALS

A. WHEREAS, the City of San Diego ("City") owns the real property located at **8525 Gibbs Drive San Diego, California**, ("Property"), which is an asset managed and operated by EDD in connection with the Montgomery-Gibbs Executive Airport (the "Airport"); and

B. WHEREAS, as a result of FAA grant assurances to the Airport (the "Grant Assurances"), and other applicable regulations pertaining to the management and use of public airports in the National Plan of Integrated Airports Systems, EDD is required to obtain fair market value for use of the Property for all non-aeronautical activities, even if such use is by another City department; and

C. WHEREAS, this MOU is intended to clarify the terms under which the Occupying Departments will 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

NOW THEREFORE, EDD, E&CP and PUD agree as follows:

1. Premises. Pursuant to the terms of this MOU, the Occupying Departments shall have the right to use and occupy Suite 120 (which is approximately 7,736 square feet), within the Property, hereinafter referred to as the "Premises," as described in **Exhibit A** and as depicted in **Exhibit B**.

2. Parking. In addition to the Premises, the Occupying Departments shall have the right to access and use the parking lots associated with the Property. Specifically, the Occupying Departments shall have non-exclusive use of twenty-two (22) parking spaces in Parking Lot A and B (together, the "Parking Lots"), as depicted in the attached **Exhibit B**, for their respective staff, guests, and visitors. the Occupying Departments will ensure that any use of the Parking Lots complies with the Rules and Regulations attached hereto as **Exhibit C**, and any updates to the Rules and Regulations provided by EDD in writing after the Effective Date of this MOU. If for any reason EDD determines that it needs to close, change, alter, or rearrange the parking spaces in the Parking Lots, EDD will provide as much advance notice as reasonably possible and work with the Occupying Departments to locate alternative parking arrangements. Additionally, EDD agrees that it will endeavor to conduct any such work after hours. However, EDD is not

required under this MOU to provide alternative parking arrangements or perform any work after hours.

3. Uses. the Occupying Departments will only use the Premises for office purposes ("Allowed Use"), and 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 EDD's prior written consent. Further, the Occupying Departments will ensure that their employees, contractors, agents, and all others using, entering onto or occupying the Premises, as part of the Occupying Departments' use and occupancy of the Premises will conform to the FAA covenants and reservation of rights set forth in **Exhibit D**.

4. Term. The term of this MOU shall be for 10 years commencing on the Effective Date and ending on July 31, 2034 ("Termination Date").

5. Term Extension Options. The Departments may agree to extend the MOU for two (2) five (5)-year terms ("First Term Option" and "Second Term Option"), subject to all original agreements, considerations, covenants and conditions of this MOU. To exercise each of the First Term Option or the Second Term Option, the Departments will meet to discuss if extending the MOU is in the best interest of the City at least six (6) months prior to the Termination Date (as extended, as applicable).

6. Termination. The Director of EDD, E&CP or PUD may terminate this MOU for any reason upon at least one hundred and eighty (180) days' written notice to the other Departments.

7. Rent. On or before the first day of each month of the Term, the Occupying Departments shall pay a monthly flat-rate rent of seventeen thousand four hundred and six dollars ($17,406.00) or $2.25 per square foot per month ("Rent"). E&CP and PUD agree that each of them as an Occupying Department is responsible for one-half of the Rent. The obligation to pay Rent shall commence on the Effective Date.

On each anniversary of the Effective Date, the Rent will be increased by three percent (3%). The monthly Rent amounts for the first nine (9) years of the Term shall be as follows:

Year	**Monthly Rent**
Year 2	$17,928.18
Year 3	$18,466.03
Year 4	$19,020.01
Year 5	$19,590.61
Year 6	$20,178.33
Year 7	$20,783.68
Year 8	$21,407.19
Year 9	$22,049.40

If the Departments agree to extend the MOU under the First Term Option, EDD shall adjust the Rent in accordance with a "Market Value Adjustment," defined and calculated as follows:

(a) The process to determine the Market Value Adjustment, by qualified EDD staff or an outside appraiser retained by EDD, shall commence one hundred eighty (180) days prior to the Market Value Adjustment Date.
(b) EDD shall use a rental comparison approach or similar methodology that compares like properties to determine the Market Value Adjustment. After determining the Market Value Adjustment, EDD shall notify the Occupying Departments in writing of the new Rent rate.
(c) In no event shall the Rent, adjusted by the Market Value Adjustment, be less than the Rent in existence immediately prior to the Market Value Adjustment Date.
(d) The Rent, as adjusted by the Market Value Adjustment, shall be effective as of August 1, 2034 (the "Market Value Adjustment Date").

Rent during the First Term Option and Second Term Option shall be increased by three percent (3%) annually starting on the first anniversary of the Market Value Adjustment Date.

Rent for any additional space in the Property that the Occupying Departments desire to occupy and use shall be set by appraised market value and incrementally adjusted in the same manner as Rent set forth in this Section 7.

8. Accident Reports. The Occupying Departments will immediately report (via phone or email) to EDD any accidents causing property damage or injury to persons on the Premises or otherwise related to the Allowed Use. The Occupying Departments shall deliver a copy to EDD of any accident report they must complete and submit pursuant to City policy.

9. [RESERVED].

10. Insurance and General Liability. The Occupying Departments, as part of the City, are self-insured and will provide a letter so stating upon request by EDD. If either of the Occupying Departments, or both of them, cause damage to the Premises or the Property, or are otherwise liable for injury to persons or property related to this MOU, no funds used to pay for such damage or liability shall be derived from the Airport Enterprise Fund.

11. Improvements to Premises Prior to Occupancy. EDD will cause to be constructed, at its cost, on a "turn-key basis" those certain improvements, trade fixtures, additions, structures, or installations (collectively, "Improvements") described in the Work Letter attached as **Exhibit E** (the "Work Letter")

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

a. EDD will be responsible for maintaining, in good operating condition and repair, all structural components of the Premises and the Property throughout the term of this MOU.

b. The Occupying Departments will, to EDD's satisfaction, maintain the Premises in a decent, safe, healthy and sanitary condition at all times. All applicable codes and standards of state and federal agencies shall be observed.

13. Improvements/Alterations. The Occupying Departments will not make any alterations, or construct any Improvements on or in the Premises without obtaining EDD's prior written consent. Other than Improvements in the Work Letter, EDD will not be required to construct any other Improvements on or in the Premises in connection with this MOU.

14. [Reserved].

15. Ownership of Improvements and Personal Property. Upon termination of the MOU, the Occupying Departments will remove any Improvements or personal property brought into or installed by the Occupying Departments, at no expense to EDD. The Occupying Departments may abandon any Improvements or personal property at the Premises only with the prior written consent of EDD.

16. Hazardous/Toxic Waste. The Occupying Departments will not install, store, use, generate, or sell any hazardous substance on the Premises without EDD's prior written consent. If the Occupying Departments install, store, use or generate or sell any hazardous substance on the Premises, the Department doing so, will be responsible, at no cost to EDD, for complying 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 the Occupying Departments' use and occupancy of the Premises under this MOU. However, EDD shall remain responsible for any hazardous substances installed, stored, used, generated, or sold on the Property, including the Premises, related to EDD's maintenance obligations of the Property itself.

17. Water Quality – Best Management Practices. The Occupying Departments shall be responsible for identifying, implementing, and paying for any best management practices ("BMPs") necessary to ensure that the Occupying Departments' 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. MOU Subject to Federal Aviation Administration (FAA) Regulations. The Occupying Departments acknowledge and agree that they will strictly adhere to, and at all times be subject to, the FAA Regulations set forth in **Exhibit D**. Failure to strictly adhere to the FAA Regulations will allow EDD to immediately terminate this MOU. Additionally, the Occupying Departments acknowledge that this MOU is subordinate to the provisions of any existing or future agreements between the City and the United States of America 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. EDD agrees to inform the Occupying Departments of changes to the FAA Regulations that would adversely modify the material terms of the MOU upon EDD 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 an airport on the Property during time of war or national emergency. Such rights shall supersede any provisions of this MOU inconsistent with the operations of such an airport by the United States of America.

19. Notices and Dispute Resolution. Any notice required or permitted to be given pursuant to this MOU shall be in writing and may be delivered via interoffice mail, electronically, or personally addressed to each Department as follows:

To EDD:	City of San Diego Economic Development Department Attn: Deputy Director, Airport Management 3750 John J. Montgomery Drive, MS 14 San Diego, CA 92123 Phone: (858) 573-1441 Email: jerubio@sandiego.gov
To E&CP:	City of San Diego Engineering & Capital Projects Department Attn: Acting Director 525 B Street, 7th Floor San Diego, CA 92101 Phone: (619) 533-3794 Email: ecetin@sandiego.gov
To PUD:	City of San Diego Public Utilities Department Attn: Executive Assistant Director 9192 Topaz Way San Diego CA 92123 Phone: (858) 614-4042 Email: lcelaya@sandiego.gov

In the event of a dispute related to this MOU (each a "Dispute"), the Departments will work in good faith to resolve such Dispute and escalate matters according to their internal policies and procedures. In the event that a Dispute cannot be resolved by the respective Directors of the Departments, the matter shall be referred to the Deputy Chief Operating Officers (DCOO) in charge of each respective Department. If the Dispute cannot be resolved at the DCOO level, the matter shall be referred to the Chief Operating Officer (COO) for final determination.

20. 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.

21. Electronic Signatures. The parties agree: (a) to deliver and accept signatures on or under this MOU by e-mail or electronic means (including digital signatures); and (b) that signatures delivered by e-mail or electronic means (including digital signatures) shall be binding as originals upon the party so signing and delivering.

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IN WITNESS WHEREOF, this MOU is executed by each Department below, acting by and through its Director, or their lawfully authorized designee.

CITY OF SAN DIEGO ECONOMIC DEVELOPMENT DEPARTMENT

Date 10/21/2024

By: Jorge Rubio (Oct 21, 2024 13:00 PDT)

Deputy Director, Chief of Airports
Economic Development Department

CITY OF SAN DIEGO ENGINEERING AND CAPITAL PROJECTS DEPARTMENT

Date_____

By: Elif Cetin (Oct 16, 2024 14:52 PDT)

Elif Cetin, Director, Engineering and Capital Projects Department

CITY OF SAN DIEGO PUBLIC UTILITIES DEPARTMENT

Date_____

By: _____

Lisa Celaya, Executive Assistant Director, Public Utilities Department

EXHIBITS:

Exhibit "A" PREMISES
Exhibit "B" PARKING SPACES
Exhibit "C" RULES AND REGULATIONS & PARKING LOT RULES
Exhibit "D" FAA REQUIREMENTS
Exhibit "E" WORK LETTER

EXHIBIT A

PREMISES



EXHIBIT A

PREMISES

EXHIBIT B

PARKING SPACES

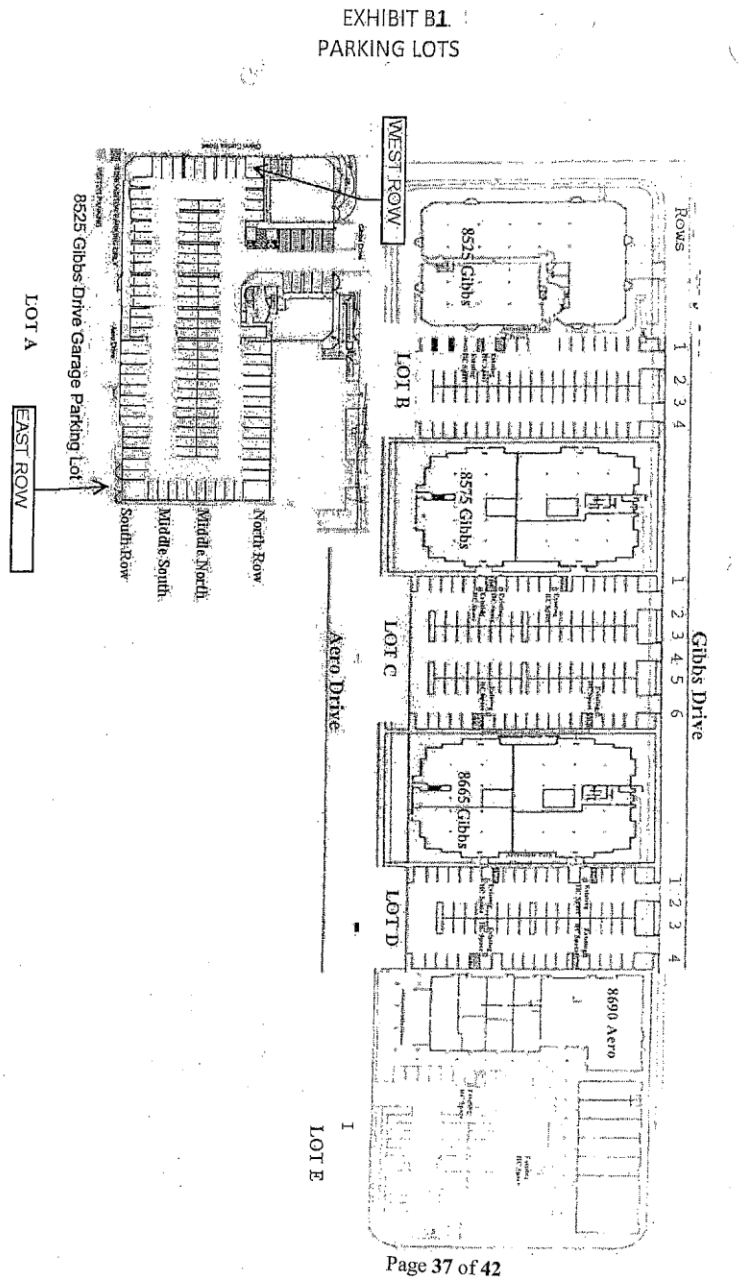


EXHIBIT B

PARKING SPACES

EXHIBIT C

RULES AND REGULATIONS & PARKING LOT RULES

1. In case of invasion, riot, public excitement or other commotion, EDD reserves the right to prevent access to the Building during the continuance of same. EDD shall in no case be liable for damages for the admission or exclusion of any person to or from the Building. EDD reserves the right to exclude or expel from the Building any person who, in EDD'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. EDD will furnish the Occupying Departments with keys to each door lock on the premises upon initial occupancy of premises. The Occupying Departments, upon the expiration or termination of their tenancy, shall deliver to EDD all keys in their possession for all locks and bolts in the Building and in the event of loss of any keys so furnished, shall pay EDD therefor.

3. The Occupying Departments shall not cause any unnecessary labor by reason of their carelessness or indifference in the preservation of good order and cleanliness of the premises. In the event the Occupying Departments must dispose of crates, boxes, etc. which will not fit into the dumpster bins, it will be the responsibility of the Occupying Departments to dispose of same. In no event shall the Occupying Departments set such items in the public areas of the building, excepting their own premises, for disposal. The Occupying Departments shall store all of their trash and garbage within their premises or in any other facilities provided by EDD. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by EDD. The Occupying Departments shall comply with the mandatory senate bill (SB 1383) ordinance for disposal of organic waste. (https://www.sandiego.gov/environmental-services/recycling/sb1383).

4. 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 the Occupying Departments by whom, or by whose agents, employees, invitees, licensees or visitors, such breakage, stoppage or damage shall have been caused.

5. 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 EDD. Such installations, and the boring or cutting for wires, shall be made at the sole cost and expense of the Occupying Departments and under the control and direction of EDD. EDD 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 EDD may direct; and (iii) compliance on the part of all using or seeking to such wires with such rules as EDD may establish.

6. The Occupying Departments, their respective 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 public areas of the Building; (iv) bring in or keep in or about the premises any vehicles or animals of any kind, except for ADA assistance or service animals; (v) install any radio or television antennae or any other device (including satellite dishes, vents, stacks, etc.) or item on the roof, exterior walls, windows or window sills of the Building. Any such items so installed without such written consent shall be subject to removal by EDD at any time without notice. Any repair to the Premises required as a result of the installation or removal of these items will be paid in full by the Occupying Departments to EDD; (vi) place objects against doors or windows which would be unsightly from the interior or exterior of the Building; (vii) use the premises for any manufacturing or storage; (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 EDD. The Occupying Departments, their respective agents, servants and employees, invitees, licensees, or visitors shall not permit the operation of any device which may emit electrical waives which will impair radio or television broadcast or reception from the building.

7. The Occupying Departments 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 EDD.

8. The Occupying Departments shall give EDD prompt notice of all accidents to or defects in air conditioning equipment, plumbing, electrical facilities or any part or appurtenances of the premises.

9. If any premises become infested with vermin, the Occupying Departments, at their sole cost and expense, shall cause their premises to be exterminated from time to time to the satisfaction of the EDD and shall employ such exterminators as shall be approved by EDD.

10. 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 EDD.

11. The Occupying Departments shall not waste electricity, water or air conditioning and

agrees to cooperate with EDD 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 the Occupying Departments have actual notice, and shall refrain from attempting to adjust controls. EDD shall have the right to prohibit any advertising by the Occupying Departments which, in EDD's opinion, tends to impair the reputation of EDD 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 EDD, the Occupying Departments shall immediately refrain from or discontinue such advertising.

12. No residential uses including residing or sleeping are permitted in the premises.

13. Smoking is prohibited inside the retail spaces and within 25 feet of any entrance to the retail building.

14. Whenever the word "Occupying Departments" occurs, it is understood and agreed that it shall also mean the Occupying Departments' associates, employees, agents and any other person entering the building or the leased premises under the express or implied invitation of the Occupying Departments. The Occupying Departments shall cooperate with EDD to assure compliance by all such parties with the Rules and Regulations.

15. EDD 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 EDD's sole judgment may from time to time be needed for the safety, care, cleanliness and preservation or good order of the Building.

16. EDD shall have the right, exercisable without notice and without liability to the Occupying Departments, to change the name and the street address of the Building of which leased premises are a part. EDD will pay for all reasonable cost incurred by the Occupying Departments as a result of changing the street address of the Building unless the change is requested by an authorized governmental agency.

17. EDD may waive any one or more of these Rules and Regulations for the benefit of any the Occupying Departments, but no such waiver by EDD shall be construed as a waiver of such Rules and Regulations in favor of the Occupying Departments or any other tenant of the Building nor prevent EDD from thereafter enforcing any such Rules and Regulations against any or all of the Occupying Departments or other Tenants of the Building.

18. The Occupying Departments assume any and all responsibility for protecting their leased premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the leased premises secured. The Occupying Departments shall comply with all safety and fire protection evacuation procedures and regulations established by EDD or any governmental agency

MONTGOMERY FIELD OFFICE BUILDING PARKING RULES

1. 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.

2. 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."

3. The Occupying Departments shall not permit or allow any vehicles that belong to or are controlled by the Occupying Departments or their respective employees, suppliers, shippers, customers, or invitees to be loaded, unloaded or parked in areas other than those designated by EDD for such activities.

4. EDD 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.

5. EDD 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.

6. 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. EDD 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. The Occupying Departments shall be responsible for seeing that all of their employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.

10. EDD 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 corners and driving through vacant stalls is prohibited.

14. Vehicles shall not travel faster than 5 miles per hour.

15. The Occupying Departments' employees' 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 EDD. EDD hereby approves overnight parking for the Occupying Departments 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. EDD 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 EDD.

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 D

Federal Aviation Administration Lease and Use Agreement Provisions

The Occupying Departments 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.

Non-aeronautical activities: These include but are not limited to ground transportation (taxis, 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 non-aeronautical 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 non-aeronautical users, rates and charges must be based on the fair market value of the services and facilities provided.

PROVISIONS:

1. The Occupying Departments agree 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 Occupying Departments transfer their obligation to another, the transferee is obligated in the same manner as the Occupying Departments.

   This provision obligates the Occupying Departments for the period during which the property is owned, used, or possessed by the Occupying Departments 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 the MOU pursuant to the provisions of the Airport Improvement Program grant assurances.

A. Each of the Occupying Departments for themselves, their respective personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree 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, the Occupying Departments 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, EDD will have the right to terminate the MOU and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the MOU had never been made or issued.
C. With respect to a deed, in the event of breach of any of the above Nondiscrimination covenants, EDD 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 EDD pursuant to the provisions of the Airport Improvement Program grant assurances.

A. Each of the Occupying Departments for themselves, their respective personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree 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 Occupying Departments 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 MOU, in the event of breach of any of the above nondiscrimination covenants, EDD will have the right to terminate the MOU and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said MOU 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. EDD 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 the Occupying Departments and without interference or hindrance.

5. EDD reserves the right, but shall not be obligated to the Occupying Departments, 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 Occupying Departments in this regard.

6. This MOU 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 the Occupying Departments or any occupant to comply with the requirements of any existing or future agreement between the City and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of the Occupying Departments' rights hereunder.

7. There is reserved to EDD, 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. The Occupying Departments agree 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. Each of the Occupying Departments by accepting this MOU 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, EDD 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 Occupying Departments.

10. Each of the Occupying Departments by accepting this MOU agrees for itself, its successors and assigns that it will not make use of the 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 and cause the abatement of such interference at the expense of the Occupying Departments. 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 MOU 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 non-exclusive use of the airport by the United States during the time of war or national emergency.

12. The Occupying Departments 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. The Occupying Departments 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.

EXHIBIT E

WORK LETTER

Remove Receptionist Desk, install door between suites and add electrical	$14,032.00
Carpet entire suite and vinyl in kitchen	$49,963.12
Paint entire suite (labor only at $78.28 for 444 hours)	$34,756.32
Paint materials	$1,827.63
Total:	$100,579.07