

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

4.6 Utilities.

a. Lessee understands that Lessor will allocate no water from its existing water allocation from the Monterey Peninsula Water Management District ("MPWMD") or from its existing water service from California American Water Company ("Cal-Am") to the Premises, that Lessee shall provide its own well and/or water system to support development and operation of the Premises, and that Lessee shall bear the costs to provide the well and/or water system. Lessee's source of water and/or use of water on the Premises shall not be allowed to reduce or have the effect of reducing Lessor's allocation of water from the MPWMD and/or water service from Cal-Am. Lessee shall not sell or provide water from said well or water system to other parties or properties without the prior written approval of Lessor.

b. Lessee shall pay all charges for electricity, gas, water, sewer, trash disposal and other utility services which may be used or consumed on the Premises. Lessee may at its sole cost and expense provide additional utility service to the Premises or upgrade existing utilities as may reasonably be required by Lessee subject to Lessor's prior written approval of plans and specifications therefor, which approval shall not unreasonably be withheld. No utilities are provided through Lessor, and Lessee shall be responsible for the payment for any and all utilities directly to the appropriate utility provider.

4.7 Late Payments and Charges.

a. If Lessee shall fail to pay, when the same is due and payable, any rent, amounts or charges payable hereunder, such unpaid amount shall bear interest from the due date to the date of payment at the rate of one percent (1%) per month up to the maximum rate allowed by applicable usury law. Interest shall not be assessed if payment in full is made at or before 5:00 p.m. on the twentieth (20th) day of the month when due.

b. Lessee acknowledges that late payment by Lessee to Lessor of rent or other charges payable hereunder will cause Lessor to incur costs not contemplated by this Agreement, the exact amount of which are extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, late charges which may be imposed on Lessor and additional property management expenses. Therefore, if any installment of rent or other charges payable hereunder due from Lessee is not received by Lessor prior to 5:00 p.m. on the twentieth (20th) day of the month when due, Lessee shall pay to Lessor as a late charge an additional sum of five percent (5%) of the amount of rent which is due but unpaid. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of late payment by Lessee. Acceptance of any late charge shall not constitute a waiver of Lessee's default with respect to the overdue amount, or prevent Lessor from exercising any of the other rights and remedies available to Lessor.

4.8 Fire Protection Fees. Lessor shall not initially charge Lessee a fee for fire department responses to the Premises. However, if in the discretion of Lessor, Lessor determines that such calls have become excessive or unreasonably expensive, then Lessor reserves the right to impose as additional rent a public safety fee for fire department responses. The fee shall be calculated by taking the aggregate total hourly compensation paid to each member of the fire department responding to the call and increasing that sum by an overhead factor of fifty percent (50%). The total so derived shall be multiplied by the number of whole hours, or any fraction thereof, spent on the call (with a minimum of two (2) hours charged). To the product of that multiplication shall be added an administrative charge of twenty-five percent (25%). The resulting total shall be the public safety fee applicable to the call. In addition, charges may be made for the use of equipment and for materials consumed. Lessee may contract with another entity for the provision of public safety services only with the prior written consent of Lessor.

5.0 SECURITY DEPOSIT. Lessee has deposited with Lessor, as security for the faithful performance of the terms, covenants and conditions of this Agreement, a bond or letter of credit, or deposit in a sum equal to Five Thousand Dollars (\$5,000). The bond/letter of credit/deposit amount shall be adjusted every five (5) years based on changes in the Index. Lessee shall on demand pay to Lessor a sum equal to the portion of the security deposit or performance bond expended or applied by Lessor to cure any default of Lessee or to compensate Lessor for any damage or loss sustained by reason of Lessee's default. Upon final accounting by Lessor,

any balance of said deposit shall be refunded to Lessee without interest.

6.0 DEVELOPMENT OF PREMISES.

6.1 Development. The parties acknowledge that the Premises are already developed.

6.2 Construction Requirements. All work by Lessee shall be in accordance with good construction practices, applicable laws and codes, labor regulations, the requirements of any insurance policy providing coverage to the Premises and the general and special conditions, and plans and specifications approved by Lessor. Lessee shall provide all bonds and insurance required by Lessor, including such proof of bonding and insurance coverage as Lessor may require. All work shall be carried out by licensed contractors. Lessee shall at it's sole cost obtain all necessary permits, licenses and authorizations in connection with the construction. Lessee's work shall be subject to the general inspection of Lessor. Lessee shall provide proof satisfactory to Lessor that Lessee's contractor will (a) provide warranties for not less than one (1) year against defects in workmanship, materials, and equipment; (b) carry or cause to be carried worker's compensation insurance covering all of the contractor's and its subcontractor's employees; and (c) carry public liability and property damage insurance which names Lessor as an insured and requires thirty (30) days prior written notice to Lessor before any change in or cancellation of coverage becomes effective. The policy or policies shall contain liability limits of not less than One Million Dollars (\$1,000,000) combined single limit coverage. All improvements, additions to or alterations of the Premises except movable furniture and trade fixtures shall at the termination of this Agreement remain attached to and become part of the Premises or at the option of Lessor all improvements other than pavement and underground utilities shall be removed by Lessee and the Premises restored to the same condition which existed prior to the installation of any improvements. Lessor shall have the right to post a notice of non-responsibility for liens arising out of any work performed, materials furnished or obligations incurred by Lessee. Lessee agrees to advise Lessor in writing at least twenty (20) business days in advance of the date upon which construction will be commenced in order to permit Lessor to post such a notice. Lessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by Lessee. Lessee shall indemnify, defend and hold Lessor harmless against any claim, demand, liability or expense on account of claims for work done or materials supplied for Lessee or person claiming under it.

6.3 Additional Improvements and Alterations. Lessee shall not install or make any physical alterations or improvements to the Premises or any part thereof without prior written consent of Lessor which shall not unreasonably be withheld. Construction requirements set forth in section 6.2 of this Agreement shall apply to additional improvements and alterations.

6.4 Development Standards and Construction Requirements. Lessee shall comply with the Monterey Peninsula Airport District standard Development Standards and Construction Requirements as they may from time to time be amended. Lessee shall also comply with all uniform codes adopted by Lessor now or in the future, including without limitation the National Electrical Code, the Uniform Building Code, the Uniform Fire Code and Uniform Fire Code Standards, the Uniform Mechanical Code and the Uniform Plumbing Code.

6.5 Access Road.

a. Lessee acknowledges that Lessee was required, at Lessee's sole cost and expense, to provide a means for immediate, direct vehicular access from State Route 68 to the Premises. Lessee and Lessee's patrons, customers, invitees and guests shall be required to access the Premises via the State Route 68 access and not via the terminal area, parking area, operations area or other developed or functional areas of the Airport.

b. Lessee acknowledges that Lessee was required, at Lessee's sole cost and expense, to provide a means for additional immediate, direct vehicular access between the Premises and the Airport for emergency use by Lessor's police and fire departments, such access to be controlled solely by Lessor. Plans for the construction of such an access road connecting the Premises to the Airport were approved by Lessor and such access road has been completed by Lessee.

7.0 MAINTENANCE OF PREMISES.

7.1 As Is. Lessee agrees that it accepted the Premises in an "as-is" condition. Lessee acknowledges that it inspected the Premises as thoroughly as Lessee desired. Lessee agrees that Lessor made no warranties or representations of any kind respecting the condition of the Premises or the condition of any improvements or utilities located thereon.

7.2 Maintenance. Lessee at its sole cost and expense shall at all times maintain the Premises, including landscaping, grounds,

buildings, structures, pavement, fencing, and all other improvements in a good state of repair and in a safe, clean, neat orderly, attractive and sanitary condition. Lessee hereby waives the provisions of sections 1941 and 1942 of the Civil Code of the State of California and any statutes, laws or ordinances now or hereafter enacted permitting Lessee to make repairs at the expense of the Lessor or to terminate the Restated Lease by reason of the condition of the Premises. In the event Lessee fails to make any repairs required to be made by Lessee in accordance with the terms of this section, Lessor shall have the option but not the obligation to make such repairs at the expense of Lessee. Lessee shall pay as additional rent due hereunder upon demand all costs of Lessor for making such repairs. Lessor shall have no liability to Lessee for any damage, inconvenience or interference with the use of the Premises by Lessee as a result of the making of any repairs made by Lessor and the rent shall not be abated by reason thereof.

7.3 Storm Water Run-Off. Lessee shall maintain all drainage control and detention improvements in accordance with the drainage control plan adopted for the development of the Project Site. Failure to so maintain the improvements shall be deemed a failure to perform covenants subject to section 14.2 of this Agreement.

7.4 Erosion Control. Lessee shall maintain all erosion control improvements in accordance with the erosion control plan adopted for the development of the Project Site. Failure to so maintain the improvements shall be deemed a failure to perform covenants subject to section 14.2 of this Agreement.

7.5 Habitat Areas. Lessee shall maintain all habitat areas and make all reports identified in the maritime chaparral habitat restoration and monitoring program adopted for the development of the Project Site. Failure to so maintain the habitat areas or make the required reports shall be deemed a failure to perform covenants subject to section 14.2 of this Agreement.

8.0 DAMAGE, DESTRUCTION OR CONDEMNATION.

8.1 Damage or Destruction. In the event that the improvements to the Premises are damaged or destroyed (whether such loss is insured or not), then Lessee shall be obligated to repair, rebuild, or replace the improvements. In the event that the improvements to the Premises are destroyed or damaged beyond economical repair, Lessee may elect to terminate this Agreement by giving notice of such election in writing to Lessor within sixty (60) days after the occurrence of the event causing the damage or destruction. The availability of insurance proceeds will be a

factor in determining whether damage is beyond economical repair. If Lessee elects to terminate, all insurance proceeds received by either Party as a result of such damage shall belong to Lessor. If Lessee does not elect to terminate, this Agreement shall continue and Lessee shall diligently complete the repair or rebuilding of the improvements to the Premises. If Lessee elects to repair or rebuild, the damage shall be promptly repaired by Lessee at Lessee's expense, provided that Lessee shall apply any insurance proceeds received as a result of such damage to the repair or replacement. Lessor shall not be liable for any damage occasioned by the damage or destruction of any part or the whole of the Premises, nor by reason of the fact that the Premises may be out of repair except for willful and/or negligent conduct by Lessor, its agents, officers or employees. Lessee hereby waives any rights it may have under the provisions of California Civil Code section 1932(2) and section 1933(4) or any successor statute thereto regarding repair and termination after destruction of part or all of the Premises.

8.2 Taking of Entire Premises. If the entire Premises, or any portion thereof which is sufficient to render the remaining portion of the Premises unsuitable for continued leasing by Lessee, shall be taken in or by condemnation or other proceedings pursuant to law, or sold in avoidance of such condemnation or other proceedings (each of which is hereinafter referred to as a "Taking") by any entity other than Lessor, then Lessee shall give notice to Lessor of Lessee's intention to terminate this Agreement on any date after the taking of possession by the condemning authority, but not more than ninety (90) days thereafter, and this Agreement shall thereupon terminate as of such date specified by Lessee. In such event the award, settlement or payment resulting from such Taking (including any award, settlement or payment as compensation by way of severance damage suffered by such portion of the Premises as may not be taken) shall be divided between the Parties as follows:

a. For each whole year, or any fraction thereof, which has elapsed since the Commencement Date through the date of the taking of possession by the condemning authority Lessor shall be entitled to two percent (2%) of the award, settlement or payment.

b. The balance of such award, settlement or payment, if any, shall be paid to Lessee.

8.3 Lesser Taking. If a lesser portion of the Premises not giving rise to the termination of this Agreement shall be taken by any entity other than Lessor, or if the use or occupancy of the Premises or any part thereof shall be temporarily requisitioned by

any governmental authority other than Lessor, civil or military, this Agreement shall continue in full force and effect. In the event of such temporary requisition there shall be no abatement of any rent payable hereunder and Lessee shall receive the entire award or payment resulting from such temporary requisition. In the event of such lesser Taking (other than a temporary requisition), not resulting in termination of this Agreement, the award, settlement or payment for such Taking (including any award, settlement or payment as compensation by way of severance damage suffered by such portion of the Premises as may not be taken) shall be divided between the Parties in the manner specified in section 8.2 of this Agreement. The minimum monthly rent payable by Lessee to Lessor under this Agreement after such Taking shall be reduced to an amount equal to the product of the multiplication of the minimum monthly rent otherwise payable from time to time under this Agreement by a fraction the numerator of which shall be the total number of square feet of the developed portion of the Premises remaining after the Taking and the denominator of which shall be the total number of square feet of the developed portion of the Premises prior to such Taking. Such reduction in the minimum monthly rent shall be effective as of the date of taking of possession by the condemning authority. Each Party hereby waives the provisions of California Code of Civil Procedure section 1265.130 or any similar statute allowing either Party to petition the Superior Court to terminate this Agreement in the event of the partial taking of the Premises.

8.4 Taking by Lessor. If all or any portion of the Premises shall be taken in or by condemnation or other proceedings pursuant to law by Lessor, then the award, settlement or payment for such Taking (including any award settlement or payment as compensation by way of severance damage suffered by such portion of the Premises as may not be taken) shall belong to Lessee.

9.0 ASSUMPTION OF RISKS. Lessor is not aware of any hidden, latent or other dangerous conditions upon the Premises. Notwithstanding the foregoing, Lessee represents that Lessee has inspected the Premises, and all facilities thereupon and in connection therewith, and that Lessee accepts the condition of same and fully assumes all risks incidental to the use thereof. Lessor shall not be liable to Lessee for any damages or injuries to the property or person, or to the agents, employees or business visitors of Lessee, which may result from hidden, latent or other dangerous conditions upon the Premises or which may result from any condition of fire, earthquake, flood, rainfall, or escape of water from any channel, regardless of the cause thereof.

10.0 INDEMNITY AND INSURANCE.

10.1 Release. Lessee fully discharges Lessor and any and all of its agents, employees, officers, directors and representatives and any other person, firm or corporation from which Lessee should at any time in the future demand damages for detriment alleged to have been sustained as a result of any breach or failure of any promise, covenant or representation alleged to have been made prior to the date of execution of this Agreement or for detriment alleged to have been sustained as a result of leasing any property to any person, firm or corporation at any time prior to the date of execution of this Agreement, or for any other claim or cause of action of any kind or character whatsoever, accruing or arising at any date prior to the date of execution of this Agreement, whether the same be now known or unknown, or whether the same be now anticipated or unanticipated. Lessee hereby relinquishes and waives any and all rights conferred by the provisions of section 1542 of the Civil Code of the State of California, which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor."

10.2 Waiver. This Agreement is made upon the express condition that Lessee hereby waives all claims against Lessor for damages to property or for injury or death to any person or persons from any cause except the negligence of Lessor or any of its agents, employees or servants.

10.3 Indemnity. Lessee hereby agrees, on behalf of itself and all persons or entities who may claim by or through it, to and shall indemnify and defend Lessor against and hold Lessor harmless from any and all claims, demands, actions, damages, liability and expense in connection with or for loss of or damage to property or injury or death to any person from any cause whatsoever while in, upon or about the Premises or any such claims, demand or the like arising from or out of any occurrence in, upon or at the Premises from or in connection with the occupancy or use by Lessee of the Premises or any part thereof or from or in connection with the business conducted by Lessee in Premises or occasioned wholly or in part by any act or omission of Lessee, its agents, contractors, employees, licensees or concessionaires except the negligence of Lessor or any of its agents, employees or servants. Lessee further agrees to and shall indemnify and defend lessor against and hold Lessor harmless from any and all claims, demands, actions, damages,

liability and expense in connection with any challenges to the approval by Lessor of this Agreement or the development contemplated hereby, including without limitation any action in law or equity brought pursuant to provisions of the California Environmental Quality Act. The covenants set forth in this section 10.3 shall survive the expiration or sooner termination of the term of this Agreement.

10.4 Insurance Coverage. Upon execution of this Agreement and prior to Lessee's exercising any of the rights and privileges herein granted, Lessee shall, throughout the life of this Agreement, maintain in full force and effect, a broad form comprehensive coverage policy or policies of public liability insurance protecting both Lessee and Lessor from claims of bodily injury and property damage which may arise out of Lessee's occupancy(ies) and use(s) of the Premises or any portion thereof, or which may arise as a result of any one, more, and/or all of Lessee's activities/operations on, to or from the Airport under authority hereof. Such insurance shall include bodily injury and property damage coverage of not less than Three Million Dollars (\$3,000,000) combined single limit. Said general liability policy shall include Blanket Contractual Liability and Products Liability. All such policies shall name Lessor as an additional insured. Lessee shall also maintain Worker's Compensation and Employers' Liability policies written in accordance with laws of the State of California and providing coverage for any and all employees of Lessee. All insurance shall be with a company or companies satisfactory to Lessor in the amounts of not less than that specified herein or in minimum amounts as may be subsequently adjusted by Lessor in the exercise of its reasonable business judgment. Lessee shall at all times during the term of this Agreement, including any extensions or renewal hereof, provide Lessor with a certificate from the insurance carrier or carriers insuring Lessor and Lessee as set forth herein. Insurance policies shall not be subject to cancellation except after notice to Lessor by certified mail at least thirty (30) days prior to such cancellation. Where policies have normal expirations during the term of this Agreement or any extension thereof written evidence of renewal shall be furnished to Lessor thirty (30) days prior to such expiration.

10.5 Waiver of Subrogation. The Parties release each other and their respective authorized representatives from any claims for damage to any person or to the Premises and to the fixtures, personal property, Lessee improvements and alterations by Lessor or Lessee in or on the Premises that are caused by or result from risks insured against under any insurance policy carried by either Party and in force at the time of any such damage to the extent of

the insurance proceeds received from such policy. Each Party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either Party in connection with any damage covered by any policy. If the insurance cannot be obtained or the Party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged the other Party is relieved of the obligation to obtain a waiver of subrogation right with respect to the particular insurance involved.

11.0 USE RESTRICTIONS.

11.1 Security. Lessee shall provide for security within the Premises including all on-site facilities. Lessee shall provide either (a) adequate all-night illumination of the perimeter of all buildings, vehicular parking lots and pedestrian walkways or (b) a motion-activated lighting system for the adequate nighttime illumination of all such areas at all such times as any person may be present. For portions of the Premises adjacent to the Airport security perimeter, Lessee shall install and maintain perimeter security fencing in accordance with Federal Aviation Administration (hereinafter referred to as "FAA") and/or Transportation Security Administration (hereinafter referred to as "TSA") Regulations. With respect to the Premises, it shall be the responsibility of Lessee to take all necessary measures to carry out security requirements imposed by the FAA and/or TSA on Lessor as an airport operator; and Lessee shall be required to pay any and all civil penalties imposed by the FAA and/or TSA on Lessor in the event that Lessee fails to carry out any such security requirements.

11.2 Compliance with Rules and Regulations. Lessee shall at all times during the term of this Agreement or any renewal or extension hereof comply with and observe all reasonable rules, regulations, ordinances, orders and laws which have been or may be promulgated by Lessor relating to the Premises or Lessee's use of the Premises. Such rules and regulations are hereby made a part of this Agreement and Lessee's failure to keep or observe any rule or regulation shall constitute a breach of the terms of this Agreement in like manner as if the same was contained herein as a covenant or condition. Lessor reserves the right to amend or supplement the rules or regulations or to adopt additional rules or regulations applicable to the Premises or Lessee's use of the Premises as may be required for proper, safe, efficient operation of the airport. Lessor shall have no obligation to Lessee as a result of the violation of any such rule or regulation by any other person. Lessee shall at all times during the term of this Agreement or any renewal or extension hereof comply with and observe all statutes, codes, ordinances, orders, laws, rules and regulations which have

been or may be promulgated by the United States of America, the State of California, the County of Monterey or any other governmental entity having jurisdiction over the Airport, the Premises, or Lessee's operations.

11.3 Waste, Quiet Conduct. Lessee shall not commit or suffer to be committed any waste upon the Premises or any public or private nuisance or any other act or thing which may disturb the quiet enjoyment of any other person or organization at or off the Airport. Lessee shall provide as necessary separate drainage, collection, treatment and/or separation systems to ensure that no untreated solid or liquid waste from any type of operation will enter the Airport storm drainage or sanitary sewer system or will pollute the soil, groundwater or air. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution (gases, particulate matter, odor, fumes, smoke, or dust), water pollution, noise, glare, heat emissions, electronic or radio interference with navigational or communication facilities for the operation of the Airport or for its use by aircraft, trash or refuse accumulation, vibration, or which is hazardous or dangerous by reason or risk of explosion, fire or harmful emission.

12.0 HAZARDOUS SUBSTANCES. The provisions of this section 12, which govern Lessee's obligations with regard to hazardous substances, as defined below, shall survive termination of this Agreement.

12.1 Responsibility for and Definition of Hazardous Substances. Lessee shall, at Lessee's sole cost and expense, be responsible for the receiving, use, storage, handling, transportation, generation, spillage, migration, discharge, release, and disposition of all hazardous waste, toxic substances, or related materials including, without limitation, gasoline, oil, grease, battery acid, diesel fuel, flammable, combustible, explosive, corrosive, caustic, carcinogenic or radioactive matter, human or other biological wastes or any other Hazardous Substances to the extent any such are used, stored, brought onto, located on or shipped from within, the Premises in connection with Lessee's occupancy and use thereof, in accordance with all applicable rules, regulations, orders, ordinances, statutes, codes and laws. For purposes of this Agreement, "Hazardous Substances" shall include but not be limited to petroleum or petroleum related materials and/or substances defined as "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" in any federal, state or local laws or regulations adopted or publications promulgated pursuant to said laws (hereinafter collectively referred to as the "Laws"). Lessee shall, at Lessee's sole cost

and expense, comply fully with all requirements of the Laws applicable to Lessee's use of the Premises and obligations contained herein.

12.2 Cleanup of Hazardous Substances. In the event of a release, leak, spill, or threatened or actual contamination or deterioration of the Premises or groundwater by a Hazardous Substance, whether the result of an act or omission of Lessee or its agents, employees, contractors, licensees, or invitees or any other third parties, Lessee shall, immediately notify Lessor and all appropriate health, safety and environmental regulatory agencies. Lessee hereby covenants and agrees to implement and complete, at its sole cost and expense, and to the satisfaction of Lessor, all investigation and remediation measures required by such agency or agencies. If Lessee fails to take such action Lessor may, but shall not be obligated to, take such action. In such event, all costs incurred by Lessor with respect to such cleanup activities shall be for the account of Lessee and Lessee shall promptly make reimbursement therefore. Lessee shall not take any remedial action in response to the presence of any Hazardous Substances in or about the Premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Substances in any way connected with the Premises without first notifying the Lessor of Lessee's intention to do so and affording Lessor ample opportunity to appear, intervene or otherwise appropriately assess and protect its interest with respect thereto.

12.3 Indemnity Regarding Hazardous Substances.

a. Lessee agrees to indemnify and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any Hazardous Substances as a result of Lessee's or any subtenant's activities, whether before, during or after construction, in or around any part of the Premises or the soil, groundwater or soil vapor on or under the Premises, including those incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, or any resulting damages or injuries to person or property or to any natural resources. Upon demand by Lessor, Lessee shall defend any investigation, action or proceeding alleging the presence of any Hazardous Substances in any such location, which affects the Premises or which is brought or commenced against Lessor, whether alone or together with Lessee or any other person, all at Lessee's own cost

and by counsel to be approved by Lessor in the exercise of its reasonable judgment. In the alternative, Lessor may elect to conduct its own defense at the expense of Lessee.

b. Lessor agrees to indemnify and hold Lessee harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses or loss directly or indirectly arising out of or resulting from the presence of any Hazardous Substances in or around any part of the Premises or under the Premises prior to the Commencement Date of this Agreement.

12.4 Compliance Regarding Hazardous Substances. Lessee shall comply and cause all occupants of the Premises to comply, with all statutes, codes, regulations, rules, ordinances, orders and other laws governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the Premises, Lessee's use of the Premises or of the facilities of the Airport. Lessee acknowledges that the presence of Hazardous Substances may permanently and materially impair the value and use of the Premises.

12.5 Notice Regarding Hazardous Substances. Lessee shall promptly notify Lessor if Lessee knows, suspects or believes that there may be any Hazardous Substances in or around the Premises, or in the soil, groundwater or soil vapor on or under the Premises, or that Lessee or the Premises may be subject to any threatened or pending investigation by any governmental agency under any statute, code, regulation, rule, ordinance, order or other law pertaining to any Hazardous Substances.

12.6 Site Visits, Observations, and Testing. Lessor and its agents and representatives shall have the right at any reasonable time to enter and visit the Premises to make observations of the Premises, take and remove soil or groundwater samples, and conduct tests. Lessor is under no duty, however, to visit or observe the Premises or to conduct tests. No site visit, observation or testing by Lessor shall result in a waiver of any default of Lessee or impose any liability on Lessor. In no event shall any site visit, observation or testing by Lessor be a representation that Hazardous Substances are or are not present in, or that there has been compliance with any statute, code, regulation, rule, ordinance, order or other law pertaining to Hazardous Substances. In each instance, Lessor shall give Lessee reasonable notice before entering the Premises. Lessor shall make reasonable efforts to avoid interfering with Lessee's use of the Premises in exercising any right provided in this Section.

12.7 Business Response Plan. Lessee has prepared and maintained to the satisfaction of the Airport Fire Marshall a "Business Response Plan" in accordance with Section 25500 et seq. of the Health and Safety Code. Said plan must be kept current and on file in the Airport Fire Marshall's office.

13.0 SURRENDER OF PREMISES. Upon the expiration or earlier termination of this Agreement, Lessee shall vacate and surrender the Premises and all improvements and alterations made thereto in good condition, reasonable use and wear excepted. All improvements made or attached to the Premises (other than removable trade fixtures) shall, at the termination of this Agreement, or of any renewal or extension thereof, or the sooner termination of Lessee's tenancy, remain attached to and become a part of the Premises, at the option of Lessor. If required by Lessor, Lessee shall remove prior to the date of termination at Lessee's expense, any or all of its improvements, equipment, machinery, materials or other personal property which are not an integral part of the Premises and shall repair any damage to the Premises caused thereby. This covenant shall survive the expiration or sooner termination of the term of this Agreement.

14.0 DEFAULT BY LESSEE. Each of the following events shall be an event of default hereunder by Lessee and a breach of this Agreement:

14.1 Failure To Pay Rent. The failure by Lessee to pay Lessor any rent or other charges due under this Agreement as and when the same become due and payable if such nonpayment continues for a period of three (3) days after written notice thereof by Lessor to Lessee.

14.2 Failure to Perform Covenants. The failure by Lessee to perform or observe any other agreements, terms, covenants or conditions hereof if such nonperformance or nonobservance continues for a period of ten (10) days after written notice thereof by Lessor to Lessee or if such performance or observance cannot be had within such 10-day period then if Lessee has not in good faith commenced such performance within such 10-day period and does not diligently proceed therewith to completion.

14.3 Bankruptcy. The filing by or against Lessee in any court pursuant to any statute of the United States or of any state of a petition in bankruptcy or insolvency or for reorganization or arrangement or for the appointment of a receiver or trustee of all or any portion of Lessee's property if within thirty (30) days

after the commencement of any such proceedings against Lessee or after such assignment for the benefit of creditors such petition shall not have been dismissed or such assignment shall not have been revoked.

14.4 Unpermitted Transfer. The transfer or attempted transfer of Lessee's interest in this Agreement to any person, firm or corporation whether voluntarily or by operation of law except in the manner expressly permitted in this Agreement.

14.5 Abandonment. Vacating or abandoning the Premises by Lessee at any time during the term hereof for a period in excess of fourteen (14) consecutive days.

15.0 LESSOR'S REMEDIES. Lessor shall have the following remedies in the event of default. The remedies are not exclusive - they are cumulative and in addition to any remedies now or later allowed by law. Lessor can continue this Agreement in full force and effect. This Agreement will continue in effect as long as Lessor does not terminate Lessee's right to possession and Lessor shall have the right to collect rent when due during the period Lessee is in default. Lessor can enter the Premises and relet them or any part of them to third parties for Lessee's account. No act by Lessor in reletting the Premises allowed by this section shall terminate this Agreement unless Lessor notifies Lessee that Lessor elects to terminate this Agreement. Lessor can terminate Lessee's right to possession of the Premises at any time upon giving notice to Lessee. No act by Lessor other than giving notice to Lessee shall terminate this Agreement. In the event of Lessee's default and Lessor's re-entering of the Premises, Lessee agrees to pay Lessor as an additional item of damages the cost of repairs that exceed reasonable wear and tear.

16.0 NOTICES. Wherever notice is required by the terms of this Agreement, notice shall be deemed complete upon personal service of written notice upon the Party to whom such notice is given or seventy-two (72) hours after deposit in the United States mail within the State of California of prepaid first-class mail addressed to Lessor at 200 Fred Kane Drive, Suite 200, Monterey, California, 93940 or addressed to Lessee at Post Office Box 22055, Carmel, CA 93922.

17.0 ASSIGNMENT AND SUBLEASING.

17.1 Sublease. Sublease(s) are permitted for uses authorized under Section 3.1 of this Agreement.

17.2 Assignment. Without Lessor's prior written consent, Lessee shall not assign, hypothecate, or encumber this Agreement, or any interest in this Agreement. Any transfer of this Agreement from Lessee by merger, consolidation or liquidation, or the sale, conveyance or other transfer of a controlling interest in Lessee to any entity or person other than its current owners (or any trust created for the benefit of such owners or their family members) shall constitute an assignment for purposes of this section. Lessee represents that it is a limited liability company organized and existing under and by virtue of the laws of the State of California and all membership interests in it are currently held by Sabastian Bordonaro and Perry Miller. It is a condition of this Agreement that a controlling interest shall not be transferred to any other entity or person without the consent of Lessor, which consent shall not unreasonably be withheld. In the event of such transfer without such consent of Lessor, Lessor at its option may terminate this Agreement. Lessee's obligations under this Agreement shall be personally guaranteed by Sabastian Bordonaro and Perry Miller in the form attached hereto as Exhibit B. Lessor's acceptance of any rent or any other payment in the nature of rent from Lessee's assignee shall not constitute Lessor's consent to such assignment, a waiver of any provision of this Agreement, nor any release of Lessee from the full performance of all Lessee's obligations under this Agreement.

17.3 Request for Consent to Assign. Should Lessee (including any subsequent assignee) request Lessor's consent to an assignment of this Agreement, Lessee shall submit in writing to Lessor the following:

- a. The name and address of the proposed assignee.
- b. The terms and conditions of the proposed assignment.
- c. The nature and character of the business of the proposed assignee.
- d. Banking, financial and other credit information relating to the proposed assignee reasonably sufficient to enable Lessor to determine the proposed assignee's financial responsibility.

17.4 Payment of Expenses. Lessee shall pay to Lessor, on demand, all costs incurred by Lessor in connection with extraordinary requirements for reviewing any request for assignment of this Agreement, including Lessor's attorney fees.

17.5 Lessor's Rights With Respect to Assignments. Lessor shall not unreasonably withhold its consent to the request by Lessee for assignment. Lessee agrees that the consent of Lessor shall not be deemed or considered unreasonably withheld if Lessor refuses to consent to an assignment to any person, firm or corporation for any new or changed use which will, in the reasonable business judgment of Lessor, adversely affect the image or other valuable aspect of Lessor's property or result in excessive noise, traffic or interference with Lessor's operations.

18.0 AUDIT. For the purpose of ascertaining the amount payable as percentage rent Lessee shall keep or cause to be kept full, complete and proper books, records and accounts of all revenues. The records for each calendar year required herein shall be kept for at least five (5) years after the expiration of such calendar year. Lessor or the authorized representatives of Lessor shall have the right to examine Lessee's records at all reasonable times. At its option, Lessor may cause from time to time throughout the term of this Agreement on seventy-two (72) hours prior written notice to Lessee a complete audit to be made of Lessee's entire business affairs and records relating to Lessee's revenues for the period covered by any statement submitted by Lessee as required by this Agreement provided, however, that no such audit shall be made at a time which is more than three (3) years following the end of the period covered by such statement. If the books of account and records of Lessee are kept at some location other than the Premises, Lessee agrees at Lessee's expense to transport said books and records to the Premises for such audit. The cost of the first audit conducted in any calendar year shall be paid by Lessee. The cost of any subsequent audit in any calendar year shall be borne by Lessor unless the audit reveals a deficiency in excess of five percent (5%) of the percentage rent theretofore computed and paid by Lessee for the period covered by the audit, in which instance Lessee shall also immediately pay Lessor the cost of the audit in addition to the percentage rent. The audit shall be performed by a public accountant selected by Lessor and shall be binding upon the parties. If it shall be determined as a result of such audit that there has been a deficiency in the payment of percentage rent then such deficiency shall become immediately due and payable with interest at the maximum rate allowed by applicable usury law, or if there is no such rate at eighteen percent (18%) per annum from the date when the payment should have been made.

19.0 ATTORNEY'S FEES. In the event of any action at law or in equity between Lessor and Lessee arising out of or concerning this Agreement or any right or obligation derived herefrom, then in addition to all other relief at law or in equity, the prevailing

Party shall be entitled to recover from the unsuccessful Party all attorneys' fees and costs incurred therein by the prevailing Party.

20.0 POSSESSORY INTEREST TAX. In the event a possessory interest tax is levied by the appropriate taxing authority of the County of Monterey or the State of California it is understood that Lessee shall be solely responsible for the payment of such tax.

21.0 DISCRIMINATION. The Standard Nondiscrimination and Airport Development Provisions for Leases attached hereto as Exhibit C are incorporated herein by this reference. Lessee's failure to abide by the requirements set forth therein shall constitute a breach of the terms of this Agreement in like manner as if the same were contained herein as covenants and conditions.

22.0 CONSTRUCTION AND INTERPRETATION.

22.1 Time. Time is of the essence of this Agreement and of each and every one of the provisions herein contained.

22.2 Covenants Made Conditions. All covenants and agreements on the part of Lessee herein mentioned or contained are expressly made conditions hereof. All provisions of this Agreement requiring Lessee to perform certain acts or to refrain from certain acts or to abide by designations made from time to time by Lessor are hereby expressly made conditions of this Agreement.

22.3 Entire Lease. This Agreement supersedes all prior leases, contracts and understandings between the Parties. This Agreement sets forth all the covenants, agreements and conditions between Lessor and Lessee concerning the Premises and there are no other covenants, promises, agreements, conditions or understandings either oral or written between them. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon Lessor or Lessee unless reduced to writing and signed by each of them.

22.4 Captions. The headings and titles to the paragraphs or sections of this Agreement are not part of this Agreement and shall have no effect on the construction or interpretation of any part of this Agreement.

22.5 Applicable Law. The laws of the State of California shall govern the validity, performance and enforcement of this Agreement.

22.6 Partial Invalidity. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each term, covenant and condition shall be valid and enforced to the fullest extent permitted by law.

22.7 Tense, Number and Gender. Each number, tense and gender used in this Agreement shall include any other tense, number or gender where the context and the Parties hereto or the context and references therein shall require.

22.8 Negotiated Agreement. It is acknowledged, agreed and understood by the Parties that this Agreement and its wording have been arrived at through a process of negotiation between the Parties in which each Party participated to the fullest extent desired by that Party and that neither Party is to be deemed the Party which prepared this Agreement or the Party who caused any uncertainty to exist within the meaning of California Civil Code section 1654.

22.9 Inurement. This Agreement shall be binding upon and inure to the benefit of the Parties as well as their assigns and successors in interest.

23.0 ENVIRONMENTAL REVIEW. The Parties acknowledge that an Initial Study for the development of the Premises contemplated by this Agreement (the "Project") was prepared and circulated together with a proposed mitigated negative declaration in accordance with the California Environmental Quality Act. The Parties further acknowledge that Lessor has approved a Mitigated Negative Declaration for the Project and that the Notice of Determination for that action was filed in accordance with law on May 19, 1998. Lessee acknowledges that Lessor's approval of the Project requires continuing environmental review of in the form of annual monitoring of species of concern located on the Premises as provided in the mitigation monitoring plan approved for the Project.

24.0 TERMINATION OF RESTATED LEASE. The Restated Lease is hereby terminated as of the effective date of this Agreement.

25.0 WATER DISTRIBUTION SYSTEM. The Parties acknowledge that water service to the Project Site has been provided through a well located on the Project Site and that the Monterey Peninsula Water Management District ("MPWMD") has determined that the well is considered to be a "grandfathered single-parcel water distribution system" and as such no further MPWMD is needed if the service to

one legal parcel continues. See letter attached hereto as Exhibit D. This Agreement shall not become effective unless and until Lessee provides to Lessor evidence meeting the satisfaction of Lessor's counsel that the division of the Project Site into three leaseholds will not constitute a subdivision within the meaning of MPWMD regulations and that such division will not trigger the need to obtain or amend any water distribution system permit or call for the installation of separate wells to serve each leasehold. In addition, Lessee shall provide to Lessor evidence meeting the satisfaction of Lessor's counsel that an agreement regarding the use, maintenance and sharing of the existing well has been entered into by and between the respective tenants of all leaseholds within the Project Site and that such agreement may not be amended, revoked or terminated without the consent of Lessor. Such agreement shall provide for assignability to future tenants of such leaseholds.

26.0 RESERVATION OF ACCESS AND UTILITIES RIGHTS. Lessor reserves to itself for the use and benefit of Lessor's properties (including any parcels comprising the Project Site) and/or the tenants thereof a right of access and use for roadway and utility purposes over a strip of land 30 feet wide northerly of the southernmost boundaries of the Premises (i.e., those boundaries running S 79° 47' 00" W and N 66° 22' 00" W). Lessee shall enjoy this right with respect to those portions of the Project Site not within the Premises.

27.0 CONSENT BY MONTEREY COUNTY BANK. The Parties acknowledge that on or about September 27, 2001 Lessor consented to the assignment of the Restated Lease to Monterey County Bank ("Lender") in connection with a loan secured by 2965 Monterey Hi-Way Self Storage, LLC's ("Borrower") leasehold of interest in the Project Site. This Agreement shall not become effective unless and until Lessee provides to Lessor either (a) written notice from Lender that Borrower has fully performed under the loan and that the assignment may be ended or (b) Lender's written consent to this Agreement.

28.0 SURFACE WATER RUN-OFF. In accordance with the drainage control plan adopted for the development of the Project Site, surface water run-off has been and will continue to be accepted over an existing drainage course on other lands owned by Lessor situated to the east of the Project Site and lying between the Project Site and Highway 68. Lessor reserves to itself for the use and benefit of Lessor's properties (including any parcels comprising the Project Site) and/or the tenants thereof a right of access and use for utilities, roads, detention ponds, storm drains and other drainage control improvements as more particularly described in Exhibit E

hereto. Lessee shall enjoy this right with respect to those portions of the Project Site not within the Premises.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates below indicated.

Date: 9/25/03, 2003

LESSOR:
MONTEREY PENINSULA AIRPORT DISTRICT

By: Richard D. Searle
Richard D. Searle, Chairman

A T T E S T

Barbara Sadler
Barbara Sadler
District Secretary

Date: 9-25-03, 2003

LESSEE:
2965 MONTEREY HI-WAY SELF STORAGE, LLC

By: Bordonaro & Miller Management
Corporation, a California corporation

By: Perry D. Miller
Perry D. Miller, President

By: Sabastian J. Bordonaro
Sabastian J. Bordonaro, Secretary

Managing Member

LIST OF EXHIBITS

- A Legal Description of Premises
- B Guaranty of Lease
- C Standard Nondiscrimination and Airport Development Provisions for Leases
- D Monterey Peninsula Water Management District letter of July 18, 2003
- E Utility, Road and Drainage Control Improvements

EXHIBIT - A

MONTEREY HIGHWAY STORAGE, PHASE 2 LEASEHOLD DESCRIPTION A PORTION OF THE LANDS OF MONTEREY PENINSULA AIRPORT DISTRICT

CERTAIN real property situated in the City of Monterey, County of Monterey, State of California, and being particularly described as follows:

Beginning at the most northerly corner of Parcel 2 as said corner and parcel are shown on that certain Parcel Map recorded on Dec. 23, 1993 in Volume 19 of Parcel Maps at Page 61, Records of Monterey County; thence along the northerly boundaries of said Parcel 2 and 1 also shown on said map

- (1) S. 79° 47' 00" W., 519.40 feet to an angle in the northerly line of said Parcel 1; thence along said Parcel 1
- (2) N. 66° 22' 00" W., 153.24 feet (hereinafter referred to as Pt. "C"); thence
- (3) N. 17° 56' 06" E., (at 277.86 feet, hereinafter referred to as Pt. "D") 298.33 feet; thence
- (4) S. 59° 51' 00" E., 107.01 feet; thence
- (5) S. 79° 38' 44" E., 240.00 feet; thence
- (6) S. 55° 55' 54" E., 278.94 feet to the Point of Beginning

Containing 2.83 acres.

Together with the following easements:

II-D: A 30 foot wide Roadway and Utility Easement in Phase 1 Leasehold within the Monterey Peninsula Airport District particularly described as follows:

BEGINNING at the hereinabove Point "A"; thence

- (1) N. 66° 22' 00" W., 586.33 feet along the northeasterly boundary of Parcel A per 13 Parcel Maps at Page 54, Monterey County Records; thence continuing through lands of Monterey Peninsula Airport
- (2) N. 72° 34' 09" E., 60.89 feet; thence
- (3) S. 23° 00' 00" W., 10.00 feet; thence
- (4) S. 66° 22' 00" E., 540.32 feet; thence
- (5) S. 23° 37' 22" W., 30.00 feet to the Point of Beginning.

II-E: A 30 foot wide Roadway and Utility Easement in Phase #3 Leasehold within the Monterey Peninsula Airport District particularly described as follows:

BEGINNING at the hereinabove described Point "C"; thence continuing along portions of the northeasterly boundaries of Parcel 1 per 19 Parcel Map at Page 61 and of Parcel B1 per 15 Parcel Map at Page 77, Monterey County Records

- (1) N. 66° 22' 00" W., 622.77 feet; thence through Lands of Monterey Peninsula Airport
- (2) N. 23° 37' 22" E., 30.00 feet; thence
- (3) S. 66° 22' 00" E., 619.79 feet; thence
- (4) S. 17° 56' 06" W., 30.15 feet to the Point of Beginning.

II-F: A utility easement near the southwesterly corner of said Phase 3, particularly described as follows:

COMMENCING at the hereinabove described Pt. "A"; thence

- (a) N. 23° 37' 22" E., 30.00 feet to the True Point of Beginning; thence
 - (1) N. 23° 37' 22" E., 54.99 feet; thence
 - (2) S. 66° 22' 38" E., 38.00 feet; thence
 - (3) S. 23° 37' 22" W., 55.00 feet; thence
 - (4) N. 66° 22' 00" W., 38.00 feet to the True Point of Beginning and located in Phase 3.

Subject to the following:

I A 20 foot stormdrain easement running from the westerly line of Phase 2, being the easterly line of Detention Pond #2 in Phase 3, to the easterly line of Phase 2, particularly described as follows:

COMMENCING at the hereinabove described Pt. "C"; thence

- (a) N. 17° 56' 06" E., 127.49 feet to the True Point of Beginning; thence
 - (1) N. 17° 56' 06" E., 20.51 feet; thence
 - (2) S. 59° 13' 37" E., 88.50 feet; thence
 - (3) S. 86° 46' 53" E., 340.32 feet; thence
 - (4) N. 53° 03' 38" E., 72.59 feet; thence
 - (5) S. 55° 55' 54" E., 21.15 feet; thence along a line drawn parallel with and 20 feet southerly of herein above described courses numbered (2) through (4)
 - (6) S. 53° 03' 38" W., 86.78 feet; thence

- (7) N. $86^{\circ} 46' 53''$ W., 352.54 feet; thence
- (8) N. $59^{\circ} 13' 37''$ W., 88.85 feet to the True Point of Beginning.

II A 20 foot roadway and utility easement running from the westerly line of Phase 2 to the easterly line of Phase 2, particularly described as follows:

BEGINNING at the hereinabove described Pt. "C"; thence

- (1) N. $17^{\circ} 56' 06''$ E., 30.15 feet; thence
- (2) S. $66^{\circ} 22' 00''$ E., 70.54 feet; thence
- (3) S. $89^{\circ} 18' 48''$ E., 206.78 feet; thence
- (4) Northeasterly, 125.29 feet along the arc of a tangent curve to the left having a radius of 381.00 feet, through a central angle of $18^{\circ} 50' 28''$; thence tangentially
- (5) N. $71^{\circ} 50' 43''$ E., 80.02 feet; thence
- (6) Northeasterly 53.41 feet along the arc of a tangent curve to the left having a radius of 81.00 feet, through a central angle of $37^{\circ} 46' 37''$; thence tangentially
- (7) N. $34^{\circ} 04' 06''$ E., 37.29 feet; thence
- (8) S. $55^{\circ} 55' 54''$ E., 20.00 feet; thence along a line drawn parallel with and 20 feet southerly of hereinabove described courses numbered (3) through (7)
- (9) S. $34^{\circ} 04' 06''$ W., 37.29 feet; thence
- (10) Southwesterly, 66.59 feet along the arc of a tangent curve to the right having a radius of 101.00 feet, through a central angle of $37^{\circ} 46' 37''$; thence tangentially
- (11) S. $71^{\circ} 50' 43''$ W., 80.02 feet; thence
- (12) Southwesterly, 131.87 feet along the arc of a tangent curve to the right having a radius of 401.00 feet, through a central angle of $18^{\circ} 50' 28''$; thence tangentially
- (13) N. $89^{\circ} 18' 48''$ W., 236.49 feet; thence
- (14) N. $66^{\circ} 22' 00''$ W., 47.99 feet to the True Point of Beginning.

The bearing of North 66°22'00" West as measured between found monuments along the northerly line of Parcel B-1, as per map filed in Volume 15, Page 77 of Parcel Maps in the office of the County Recorder of Monterey, California, is the Basis of Bearings for this description.

Dated: September 24, 2003

Bestor Engineers, Inc.



David Nachazel
Licensed Surveyor #7866
State of California
Expires: 31 December 2006



EXHIBIT "B"

GUARANTY OF LEASE

Sabastian Bordonaro and Perry Miller (collectively the "Guarantors"), as a material inducement to and in consideration of the Monterey Peninsula Airport District ("Landlord") entering into a written lease (the "Lease") with 2965 Monterey Hi-Way Self Storage, LLC, ("Tenant"), of even date herewith unconditionally, absolutely and irrevocably guaranty and promise to and for the benefit of Landlord that Tenant shall perform all provisions of the Lease that Tenant is to perform.

Guarantors' obligations hereunder are joint and several, and independent of Tenant's obligations. A separate action or actions may be brought or prosecuted against any Guarantor whether action is brought or prosecuted against any other Guarantor or Tenant, or all, or whether any other Guarantor or Tenant, or all, are joined in any such action or actions. Guarantors waive the benefit of any statute of limitations affecting Guarantors' liability hereunder.

The provisions of the Lease may be changed by agreement between Landlord and Tenant at any time, or by course of conduct, without the consent of or without notice to Guarantors. This Guaranty shall guaranty the performance of the Lease as changed. Assignment of the Lease (as may be permitted by the Lease) shall not affect this Guaranty.

If Tenant defaults under the Lease, Landlord can proceed immediately against Guarantors or Tenant, or any of them or Landlord can enforce against Guarantors or Tenant, or any of them, any rights that Landlord has under the Lease or pursuant to any applicable law. If the Lease terminates and Landlord has any rights it can enforce against Tenant after termination, Landlord can enforce those rights against Guarantors without giving previous notice to Tenant or Guarantors, or without making any demand on any of them.

Guarantors waive any right to require Landlord to; (1) proceed against Tenant; (2) proceed against or exhaust any security that Landlord holds from Tenant; or (3) pursue any other remedy in Landlord's power whatsoever. Guarantors waive any defense by reason of any disability or other defense of Tenant, or by reason of the cessation from any cause whatsoever of the liability of Tenant. Until all Tenant's obligations to Landlord have been discharged in full, Guarantors; (1) shall have no right of subrogation against Tenant; (2) waive any right to enforce any remedy which Landlord now has, or hereafter may have, against

Tenant, and; (3) waive any right to participate in any security now or hereafter held by Landlord. Guarantors waive all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty, and waive all notices of the existence, creation or incurring of new or additional obligations.

This Guaranty shall not be affected by Landlord's failure or delay to enforce any of its rights against Tenant.

Any indebtedness of Tenant now or hereafter held by Guarantors is hereby subordinated to the indebtedness of Tenant to Landlord; and such indebtedness of Tenant to Guarantors if Landlord so requests shall be collected, enforced and received by Guarantors as trustees for Landlord and be paid over to Landlord on account of the indebtedness of Tenant to Landlord but without reducing or affecting in any manner the liability of Guarantors under the other provisions of this Guaranty.

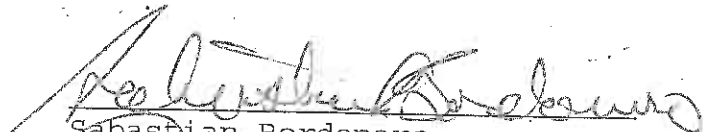
If Landlord disposes of Landlord's interest in the Lease, "Landlord" as used in this Guaranty shall also mean Landlord's successor. Guarantors' obligations under this Guaranty shall be binding on Guarantors' successors.

Guarantors agree to pay all reasonable attorneys' fees and all other costs or expenses which may be incurred by Landlord in the enforcement of this Guaranty.

IN WITNESS WHEREOF the undersigned have executed this Guaranty on the day and year hereafter written.

Dated: 9/25/, 2003

Dated: 9-25, 2003


Sebastian Bordonaro

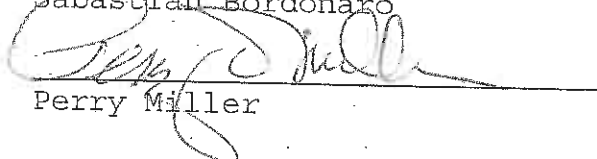

Perry Miller

EXHIBIT "C"

STANDARD NONDISCRIMINATION AND AIRPORT DEVELOPMENT
PROVISIONS FOR LEASES

1. Lessee for himself/herself/itself and all heirs, personal representatives, successors in interest, and assigns, as a part of the consideration for the lease to which these Standard Nondiscrimination And Airport Development Provisions For Leases are attached or made a part (hereinafter, the "Lease"), does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in the Lease (the "Premises") for a purpose for which a United States Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. Lessee for himself/herself/itself and all personal representatives, successors in interest, and assigns, as a part of the consideration for the Lease, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, and (3) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. Lessee for himself/herself/itself and all personal representatives, successors in interest, and assigns, as a part of the consideration for the Lease, does hereby covenant

and agree as a covenant running with the land that in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. Lessee shall furnish all accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.
5. Non-compliance with Provision 4 above shall constitute a material breach of the Lease and in the event of such non-compliance Lessor shall have the right to terminate the Lease and the estate thereby created without liability therefore or at the election of Lessor or the United States either or both said governments shall have the right to judicially enforce these provisions.
6. Lessee agrees that Lessee shall insert the above five provisions in any sublease, lease agreement or other contract by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Premises.
7. Lessee assures that Lessee will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that Lessee will require that Lessee's covered suborganizations provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effect.
8. Lessor reserves the right to further develop or improve the landing area of the Monterey Peninsula Airport (the "Airport")

as Lessor sees fit, regardless of the desires or view of Lessee and without interference or hindrance.

9. Lessor reserves the right, but shall not be obligated to Lessee 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 Lessee in this regard.
10. The Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States, relative to the development, operation or maintenance of the Airport.
11. There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation of the Airport.
12. Lessee 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 premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.
13. Lessee by accepting the Lease expressly agrees for himself/herself/itself and all successors and assigns that Lessee will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the Premises above the mean sea level elevation * feet, except as specifically shown on construction plans approved in writing by Lessor following any applicable Federal Aviation Administration review. In the event the aforesaid covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.
14. Lessee by accepting the Lease expressly agrees for himself/herself/itself and all successors and assigns that Lessee will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Monterey Peninsula Airport or otherwise constitute a

hazard. In the event the aforesaid covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

15. 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 Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

16. The Lease and all the provisions thereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

* as required by federal aviation regulations



EXHIBIT - D

**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

5 HARRIS COURT, BLDG. G
POST OFFICE BOX 85
MONTEREY, CA 93942-0085 • (831) 658-5600
FAX (831) 644-9560 • <http://www.mpwmd.dst.ca.us>
July 18, 2003

Sabastian Bordonaro
Monterey Hi-way Self Storage
2965 Monterey-Salinas Highway
Monterey, CA 93940

**Subject: Confirmation of Exemption for MPWMD Water Distribution System
Permit—APN 259-021-011**

Dear Mr. Bordonaro:

This letter follows our meeting of July 14, 2003, and responds to your letter dated July 14, 2003 (Enclosure 1) requesting confirmation of exemption for your existing well. The Monterey Peninsula Water Management District (MPWMD) staff has determined that the subject well is considered to be a "grandfathered single-parcel water distribution system" (WDS). This means that there is an active well drilled prior to year 2001 that serves one legal parcel, and the well is properly registered, metered and reported each year. No further MPWMD permit is needed if the current service to one legal parcel continues. Please note that any subdivision of the current parcel or substantive changes in water production will require a permit to amend the existing WDS (see Enclosure 2). The above assessment is based on the following documentation:

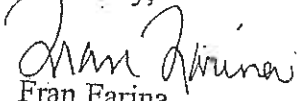
- Site inspection conducted by MPWMD staff (Tom Lindberg and Henrietta Stern) on July 16, 2003;
- Monterey County Health Department (MCHD) well construction permit #98-228 dated October 2, 1998;
- Well completion report dated December 14, 1998 by Salinas Pump;
- Well registration and reporting records in District files;
- Assessor's parcel number (APN) information provided by Monterey County Assessor's Office (Mr. Frank Soria) to MPWMD (Tom Lindberg) in a July 16, 2003 telephone conversation as well as documents provided via facsimile; and
- Other information provided in July 14, 2003 letter (Enclosure 1), including map of property, showing three development areas (Phases I, II and III) and current uses.

Mr. Bordonaro
July 18, 2003
Page 2

Please note that the MCHD well construction permit #98-228 indicated that the well is located on APN 013-221-020. Based on the site inspection conducted on July 16, 2003, a review of available assessor's parcel maps, and discussions with the Monterey County Assessor's Office, it is believed that the well is actually located on APN 259-021-011 (specifically, on the "Phase III" portion of APN 259-021-011). The number you provided in your letter dated July 14, 2003 (860-002-509-000) refers to the Possessory Interest Account assigned to APN 259-021-011. Please note this information, and please use APN 259-021-011 in future correspondence with MPWMD about your well.

This confirmation of an exemption is a determination of the MPWMD General Manager, and as such, may be appealed to the District Board in writing within twenty-one (21) days of the date of this letter pursuant to MPWMD Rule 70. An appeal may be filed by the affected property owner or any other person. If an appeal is initiated, the proper form must be completed, submitted and received by the MPWMD on or before Friday, August 8, 2003. If you have questions, please contact Henrietta Stern, Project Manager, at 831/658-5621.

Sincerely,



Fran Farina
Acting General Manager

Cc: Henrietta Stern, Project Manager
Tom Lindberg, Associate Hydrologist

RECEIVED

JUL 16 2003

MPWMD

July 14, 2003

Ms. Henrietta L. Stern, Project Manager
Monterey Peninsula Water Management District
5 Harris Court, Bldg. G
Monterey, CA 93940

Dear Ms. Stern:

Re: Monterey Hi-way Self-Storage

This letter is a reconfirmation of our Monterey County Well Permit No. 98-228, which services a "grandfathered" multi-parcel connection system. This 10.48 acre, 3-phase property is owned by the Monterey Peninsula Airport District, called Lessor. We are the Lessees who have developed the property, and installed the well which was constructed and placed in operation in November 1998. The property and well data is as follows:

1. The well serves 3 legally described parcel sections of the total property.
2. The well was properly permitted and is metered, and reports have been submitted annually to M.P.W.M.D.
3. The APN for this total property is: 860-002-509-000
The Tax Rate Area number is: 096-010
4. Current water use on the existing 3 phases or parcel sections is for toilets, irrigation, and hosebibs for maintenance, slabs, roads, and occasionally by RV, auto, and boat tenants. We do not expect any significant change in these uses in the foreseeable future.

We are in need of and requesting a Letter of "Grandfathered" Exemption from you, which is being requested for our financing purposes, and by M.P.A.D.

Your cooperation is very much appreciated.

Respectfully submitted,

Sabastian J. Bordonaro (Am)

Sabastian J. Bordonaro
Chairman and Secretary

deepening. A replacement well must be located on the same legal parcel as the original well, and may not be located in the riparian zone, as defined by District Rule 11, unless a river works permit has been applied for and issued by the District. The well that is being replaced must be abandoned and destroyed in conformance with local and state well regulations unless it serves as a properly constructed, maintained and registered monitor well.

SEASIDE COASTAL SUBAREAS - The "Seaside coastal subareas" is the collective term that refers to the mapped hydrologic units known as the Southern Coastal Subarea, the Northern Coastal Subarea and the Fort Ord Subarea of the Seaside Groundwater Basin. These subareas are shown on maps available at the MPWMD office, and are based on professional hydrogeologic studies. The mapped boundaries of the subareas are subject to refinement pending updated hydrogeologic information. For applications that are located near the mapped subarea boundary, where the nature of the water source is unclear, the MPWMD General Manager will determine whether the water source is within the subarea based on well drilling logs and other available hydrologic data pertinent to the application.

SINGLE-CONNECTION SYSTEM - A "single-connection system" refers to a water distribution system providing water to one or more buildings or structures on one individual legal parcel. If the single parcel is subdivided into two or more separate parcels, the water distribution system is considered to be a multiple-connection system, regardless of parcel ownership, unless the newly formed legal parcels each are served by a separate well that has received a well construction permit from the Monterey County Health Department, registered, metered, inspected and been approved by the District within 180 days of the date of the final approval of the subdivision.

SOURCE OF SUPPLY - "Source of Supply" means the groundwater, surface water, or reclaimed water sources, or any other water resource where a person, owner or operator gains access by a water-gathering facility.

WATER DISTRIBUTION SYSTEM - "Water Distribution System" means all works within the District used for the collection, storage, transmission or distribution of water from the source of supply to the connection of a system providing water service to any two or more connections, including all water-gathering facilities and water-measuring devices but excluding the user's piping. In systems where there is a water meter at the point of connection, the term "Water Distribution System" shall not refer to the user's piping; in systems where there is no water meter at the point of connection, the term "Water Distribution System" shall refer to the user's piping.

WATER-GATHERING FACILITY - "Water-Gathering Facility" means any device or method, mechanical or otherwise, for the production of water from dams, groundwater, surface

Exhibit "E"
Legal Description

A 10 foot wide easement for storm drainage purposes in the lands of the Monterey Peninsula Airport described as follows:

Beginning at a point that bears North 55°55'54" West, a distance of 110.71 feet from the most northeasterly corner of Parcel 2, as per map filed in Volume 19, Page 61 of Parcel Maps in the office of the County Recorder of Monterey County, California; thence

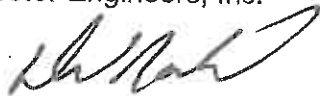
- 1) North 55°55'54" West, 168.22 feet; thence
- 2) South 79°38'44" East, 24.87 feet; thence
- 3) South 55°55'54" East, 144.51 feet; thence
- 4) South 66°42'11" East, 227.42 feet; thence
- 5) South 60°35'41" East, 41.14 feet; thence
- 6) South 52°10'25" East, 97.83 feet; thence
- 7) South 56°21'35" East, 134.05 feet to a point on the northerly line of the right-of-way of Highway 68, thence along said northerly line
- 8) South 70°06'00" West, 12.43 feet; thence
- 9) North 56°21'35" West, 127.03 feet; thence
- 10) North 52°10'25" West, 97.46 feet; thence
- 11) North 60°35'41" West, 39.87 feet; thence
- 12) North 66°42'11" West, 227.83 feet to the **Point of Beginning**.

Containing 6,527 square feet, more or less.

The bearing of North 66°22'00" West as measured between found monuments along the northerly line of Parcel B-1, as per map filed in Volume 15, Page 77 of Parcel Maps in the office of the County Recorder of Monterey, California, is the Basis of Bearings for this description.

Dated: September 24, 2003

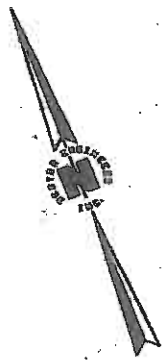
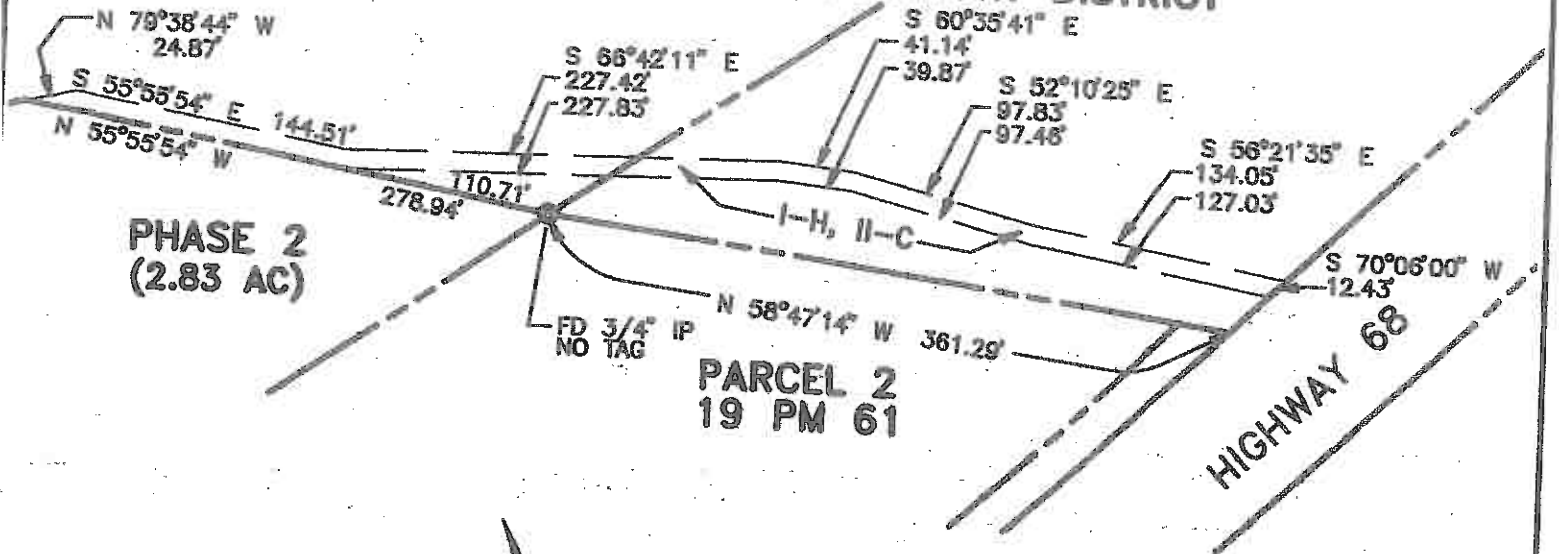
Bestor Engineers, Inc.



David Nachazel, PLS
LS 7866
Exp: 12/31/06



MONTEREY PENINSULA AIRPORT DISTRICT



SCALE: 1"=100'



52361 023803 DWG PLANETS EXHIBIT MP-ADWG - LowC - SEPT 22, 2003 - 12:03:16

BESTOR ENGINEERS, INC.
 CIVIL ENGINEERING - SURVEYING - LAND PLANNING
 6701 BLUE LANCEPUS LANE, MONTEREY, CALIFORNIA 93940

PREPARED FOR: JEREMY BORDONIO

Exhibit "E-1"
 A 10' WIDE STORM DRAIN EASEMENT

SCALE	1"=50'
DATE	9/24/03
SHEET	1 OF 1
NO.	252027

COUNTY OF MONTEREY, CALIFORNIA

WELL SHARING AGREEMENT

This Agreement is entered into between 2965 Monterey Hi-Way Self-Storage, LLC ("Monterey Hi-Way Storage") and Flight Way Self-Storage, LLC ("Flight Way Storage") in Monterey County, California.

RECITALS:

A. Monterey Hi-Way Storage for approximately four years has been the lessee of land from the Monterey Peninsula Airport District ("Airport District") under a lease, amended from time to time, which describes the land by three metes and bounds descriptions, namely as Phases One, Two and Three.

B. Monterey Hi-Way Storage is engaged in the business of developing and operating a self-storage business on the leased property and has constructed improvements under a plan providing for construction in three phases, which phases coincide with the respective phases set forth in the description of the leasehold.

C. Phases One and Two are substantially built-out; Phase Three is more or less undeveloped except for, among other things, a well, a water tank and an electrically operated water pump. The electricity supplied to the water system is registered by separate, single meter.

D. It is anticipated that the water usage for the Project will be minimal, being confined: (a) to three restrooms, one on each Phase and (b) to the watering of landscaping, most of which will be native plants.

E. The lease to the Project property in favor of Monterey Hi-Way Storage is about to be amended so as to be limited to Phase One, under document entitled "Amended and Restated Phase One Lease Agreement." Phase Two is about to be leased to Monterey Hi-Way Storage by the Airport District under lease entitled "Phase Two Lease Agreement"; Phase Three is about to be leased by the Airport District to an entirely new entity, namely: "Flight Way Storage LLC" under lease entitled "Phase Three Lease Agreement".

F. The well on Phase Three was designed and contemplated by Monterey Hi-Way Storage to serve all three phases under a single well water permit, which has been interpreted by the Monterey Peninsula Water Management District to encompass all three phases.

G. The result of the lease transactions per Recital E is

that the well, tank and pump located on Phase Three and designed to serve all phases, will be situated on property leased to Flight Way Storage, an entirely different entity than Monterey Hi-Way Storage, the lessee of Phases One and Two.

H. In order to perpetuate the right of all phases to enjoy the water from the well on Phase Three, easements for the transmission of water to Phases One and Two are included in the leases about to be entered into.

I. The Airport District has conditioned its entry into the amended lease and into the two new leases upon the approval of an agreement between Monterey Hi-Way Storage and Flight Way Storage concerning the usage of water and the operation and maintenance of a system for the supplying of water to all three phases. The Airport District has further imposed the conditions that the agreement may not be amended, revoked or terminated without the approval of the Airport District and that the rights under the agreement be assignable with the leaseholds.

J. Accordingly the following agreement is made.

IT IS MUTUALLY AGREED THAT:

1. The lessee of Phase Three shall have the duty of supplying sanitary water in reasonable adequate amounts for the present and future uses of Phases One, Two and Three at all times during the term of the leases (all of which are for a lease period ending July 31, 2047).

2. The lessee of Phase Three shall, at all times during the duration of the leases, maintain the well, water tank, pump and conduits for the transmission of water to the borders of Phases One and Two (i. e. the " Water System") in good condition and repair at the sole initial cost of the lessee of Phase Three.

3. Notwithstanding the provisions of paragraph 2, the lessees of Phases One and Two, from time to time, upon demand and upon being furnished invoices for the cost of the maintenance and repair of the Water System, shall each forthwith reimburse the lessee of Phase Three for one-third of the cost of maintenance and repair.

4. The lessees of Phases One and Two shall be responsible, and pay for the cost of water disbursement within the their respective phases.

5. The lessees of Phase One and Phase Two shall each reimburse the lessee of Phase Three bi-monthly for the cost of

electricity furnished for the operation of the water system upon being furnished invoice(s) showing the amount billed the lessee of Phase Three by the supplier of electricity.

6. This Agreement may not be amended, revoked or terminated without the written approval of the Airport District.


7. This Agreement runs to the benefit of, and binds the successors and assigns of the respective leasehold interests of the parties to this Agreement.

Dated: September 23, 2003

2965 Monterey Hi-Way Self-Storage,
LLC

By Bordonaro & Miller Management
Corporation,

By 
Perry D. Miller, President

By 
Sebastian J. Bordonaro
Secretary
Managing Member

Flight Way Self Storage, LLC

By 
Perry D. Miller, President

By 
Sebastian J. Bordonaro
Secretary

APPROVED

Dated: September 23, 2003

Monterey Peninsula Airport District

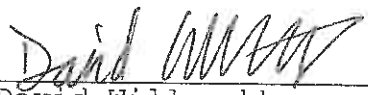
By: 
David Willoughby
Attorney for said District

EXHIBIT "D"

PHASE THREE LEASE TERM AMENDMENT

THIS LEASE TERM AMENDMENT ("Lease Term Amendment") is made effective August 10, 2011, ("Effective Date") by and between MONTEREY PENINSULA AIRPORT DISTRICT, a California special district ("Lessor") and FLIGHT WAY SELF STORAGE, LLC, a California limited liability company ("Lessee") based upon the following:

A. Effective September 1, 2003, Lessor and Lessee entered into that certain Phase Three Lease Agreement ("Lease") for the lease of real property located in Monterey County, California, attached hereto as Exhibit A and incorporated herein by this reference.

B. In accordance with Section 2.2.4 of the certain Release and Compromise Agreement between Lessor and Lessee dated August 10, 2011, the Lease shall be extended for an additional fifteen (15) years. Lessor and Lessee intend hereby to specifically document the Lease extension.

NOW, THEREFORE, the Parties agree as follows:

1. AMENDMENT OF LEASE TERM.

(a) Recital A of the Lease is amended by deleting '(the "Commencement Date")', leaving the first line of Recital A to read, "Effective August 1, 1997 Lessor"....

(b) Section 2.0 of the Lease is amended to read as follows:

2.0 Term. "Commencement Date" as used in this Agreement means August 1, 2012. The term of this Agreement is Fifty (50) years, running from the Commencement Date stated above. One year before the end of the term of this agreement, Lessor will meet and confer with Lessee and their representatives for the purposes of negotiating an additional extension agreeable to both parties. Lessee shall have no entitlement, express or implied, to any extension or renewal of this Agreement. No officer, employee or agent of Lessor is authorized to contract, commit, obligate or otherwise convey any entitlement to renew or extend the term of this Agreement, to grant any options or otherwise amend this Agreement. Any amendments to renew or amend the term of this Agreement shall only be authorized through action by Lessor's Board of Directors at a duly noticed public meeting.

2. FULL FORCE AND EFFECT. Except as amended hereby, the parties acknowledge and agree that the Lease shall remain in full force and effect during the extended Lease term hereof.

///

///

3. MEMORANDUM. A Memorandum of this Lease Term Amendment will be recorded in the office of the Monterey County Recorder.

IN WITNESS WHEREOF, the Parties have executed this Lease Term Amendment on _____, 2015, as of the Effective Date.

LESSOR:
MONTEREY PENINSULA AIRPORT
DISTRICT, a California special district

LESSEE:
FLIGHT WAY SELF STORAGE, LLC., a
California limited liability company

Board Chair

Perry D. Miller, President and CFO

ATTEST

Susan Bordonaro, Secretary

Tonja Posey, District Secretary

EXHIBIT A

LEASE FOR PHASE THREE

**PHASE THREE
LEASE AGREEMENT**

This Phase Three Lease Agreement (this "Agreement") is (subject to the consent described in Section 27.0 being obtained) made effective September 1, 2003 by and between the Monterey Peninsula Airport District, a California special district ("Lessor") and Flight Way Self Storage, LLC, a California limited liability company ("Lessee") with reference to the following facts and objectives:

A. Effective August 1, 1997 (the "Commencement Date") Lessor entered into a lease (the "Lease") with Sabastian Bordonaro, who signed as President of "Monterey Airport Self Storage, a California corporation", which corporation was not yet formed. The Lease covered the same premises as this Agreement as well as additional property (collectively referred to as the "Project Site").

B. Subsequently, Mr. Bordonaro formulated plans for the development of the property. An environmental review and approval process with respect to development of the entire approximately 11 acre Project Site was undertaken, resulting in Lessor's adoption of its Resolution No. 1162. In order to reflect the mitigation requirements of Resolution No. 1162 Lessor and Mr. Bordonaro (again signing as President of Monterey Airport Self Storage) entered into a First Amendment to the Lease dated June 10, 1998 (the "First Amendment").

C. With the knowledge of Lessor a limited liability company was formed by Sabastian Bordonaro and Perry Miller in lieu of a California corporation. In order to accurately reflect the limited liability company as the lessee of the Project Site and the operator of the self-storage business located thereon Lessor and the limited liability company entered into a Revised and Restated Lease Agreement effective June 1, 2001 (the "Restated Lease").

D. The Lease and the First Amendment each provided for a thirty-five (35) year base term and a single fifteen (15) year option. The Restated Lease provided for a fifty (50) year term with no option to extend the Lease.

E. Construction of Phase 3 of the development contemplated by the Lease and Resolution No. 1162 has not been completed. Lessee anticipates seeking construction financing to be secured by Lessee's leasehold interest in Phase 3. Lessor and Lessee (collectively the "Parties") desire by this Agreement to clarify

the provisions of the Lease with regard to construction and to redefine the premises to conform to that portion of the Project Site previously referred to as the "Phase 3 area."

Now, therefore, the Parties hereby agree as follows:

1.0 PREMISES. Lessor hereby leases to Lessee and Lessee hereby hires from Lessor, upon and subject to all of the terms, provisions, covenants and conditions herein contained, that certain real property located in the County of Monterey, State of California, more particularly described in Exhibit "A" attached hereto, together with any and all appurtenances, rights, privileges and easements benefitting, belonging or pertaining thereto, hereinafter sometimes referred to in this Agreement as the "Premises". Lessee acknowledges and agrees that development of the Premises shall be and is subject to (a) Lessor's review and approval of the final construction plans and specifications therefor as provided in section 6.1 of this Agreement and (b) Lessee's compliance with the mitigation monitoring program for the project approved by Lessor on May 13, 1998.

2.0 TERM. The term of this Agreement is fifty (50) years, running from the Commencement Date stated above. Lessee shall have no entitlement, express or implied, to any extension or renewal of this Agreement. No officer, employee or agent of Lessor is authorized to contract, commit, obligate or otherwise convey any entitlement to renew or extend the term of this Agreement, to grant any options or otherwise amend this Agreement. Any amendments to renew or amend the term of this Agreement shall only be authorized through the adoption of an ordinance by Lessor's Board of Directors.

3.0 USE.

3.1 Permitted Uses. The following uses of the Premises shall be authorized:

a. Self storage;

b. Occupancy of recreational vehicles, boats, trailers or the like stored on the Premises is prohibited. No overnight occupancy shall be allowed within the Premises at any time. No hook-ups shall be provided for recreational vehicles, boats, trailers or the like. Recreational vehicle park type use is prohibited. Only storage type use is authorized.

c. No uses other than those set forth above shall be authorized without the prior written approval of Lessor. At the discretion of Lessor, such approval may be subject to adjustment of rent and/or renegotiation of terms and conditions.

3.2 Noise Impacts. Lessee acknowledges that the Premises are adjacent to an active commercial and general aviation airport, the Monterey Peninsula Airport ("Airport"). By entry into this Agreement Lessee hereby waives all claims against Lessor for noise, odor, vibration or any other detriment associated with operation of the Airport and expressly acknowledges the right of Lessor to continue to operate the Airport throughout the term of this Agreement. Lessee shall indemnify, defend and hold Lessor harmless from and against any and all claims, demands, actions, damages, liability and expense in connection with any similar complaints from users of the Premises.

4.0 RENT, FEES AND CHARGES.

4.1 Minimum Rent. The minimum rent for the Premises shall be One Thousand One Hundred Dollars (\$1,100) per month to be adjusted in accordance with section 4.5 below.

4.2 [Intentionally omitted]

4.3 Percentage Rent. The percentage rent due and payable for each calendar month shall be as follows:

(1) open recreational vehicle and boat storage: 25% of gross revenues

(2) covered recreational vehicle and boat storage: 20% of gross revenues

(3) enclosed self-storage: 15% of gross revenues

4.4 Definition of Gross Revenues. Gross revenues shall be defined as all rents, monies or other consideration paid or payable to Lessee or required to be paid by customers of Lessee for or in connection with occupancy of any unit on the Premises and/or any or all rentals made by Lessee for cash or credit (less federal, state, county or municipal sales or use taxes now in effect or hereinafter levied on Lessee which are separately stated and collected from customers of Lessee).

4.5 Annual Adjustment Applicable During Lease Term. Beginning on July 1, 2004, and on July 1 of each year thereafter

during the lease term, the minimum monthly rent shall be adjusted as follows: The base for computing the adjustment is the Consumer Price Index for All Urban Consumers, San Francisco - Oakland - San Jose Metropolitan Area published by the United States Department of Labor, Bureau of Labor Statistics ("Index"). The Index published for the month of April 2003 shall hereinafter be considered the beginning index. The minimum monthly rent for each year beginning on an adjustment date shall be set by multiplying the minimum monthly rent set forth in section 4.1 above by a fraction, the numerator of which is the Index published for the month of April of the year of adjustment and the denominator of which is the beginning index. Lessor may round the resulting figure up to the nearest five dollar (\$5) increment. In no case shall the minimum monthly rent be less than the minimum monthly rent established for the preceding year. On adjustment of the minimum monthly rent, Lessor shall notify Lessee of the new minimum monthly rent. Lessor's failure to promptly notify Lessee of a change in the minimum monthly rent shall not be considered a waiver of Lessor's rights to adjust the minimum monthly rent due, nor shall it affect Lessee's obligations to pay any increased minimum monthly rent. If the Index is changed so that the base year differs from that used as of the date immediately preceding the Commencement Date the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term hereof such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.6 Utilities.

a. Lessee understands that Lessor will allocate no water from its existing water allocation from the Monterey Peninsula Water Management District ("MPWMD") or from its existing water service from California American Water Company ("Cal-Am") to the Premises, that Lessee shall provide its own well and/or water system to support development and operation of the Premises, and that Lessee shall bear the costs to provide the well and/or water system. Lessee's source of water and/or use of water on the Premises shall not be allowed to reduce or have the effect of reducing Lessor's allocation of water from the MPWMD and/or water service from Cal-Am. Lessee shall not sell or provide water from said well or water system to other parties or properties without the prior written approval of Lessor.

b. Lessee shall pay all charges for electricity, gas, water, sewer, trash disposal and other utility services which may

be used or consumed on the Premises. Lessee may at its sole cost and expense provide additional utility service to the Premises or upgrade existing utilities as may reasonably be required by Lessee subject to Lessor's prior written approval of plans and specifications therefor, which approval shall not unreasonably be withheld. No utilities are provided through Lessor, and Lessee shall be responsible for the payment for any and all utilities directly to the appropriate utility provider.

4.7 Late Payments and Charges.

a. If Lessee shall fail to pay, when the same is due and payable, any rent, amounts or charges payable hereunder, such unpaid amount shall bear interest from the due date to the date of payment at the rate of one percent (1%) per month up to the maximum rate allowed by applicable usury law. Interest shall not be assessed if payment in full is made at or before 5:00 p.m. on the twentieth (20th) day of the month when due.

b. Lessee acknowledges that late payment by Lessee to Lessor of rent or other charges payable hereunder will cause Lessor to incur costs not contemplated by this Agreement, the exact amount of which are extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, late charges which may be imposed on Lessor and additional property management expenses. Therefore, if any installment of rent or other charges payable hereunder due from Lessee is not received by Lessor prior to 5:00 p.m. on the twentieth (20th) day of the month when due, Lessee shall pay to Lessor as a late charge an additional sum of five percent (5%) of the amount of rent which is due but unpaid. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of late payment by Lessee. Acceptance of any late charge shall not constitute a waiver of Lessee's default with respect to the overdue amount, or prevent Lessor from exercising any of the other rights and remedies available to Lessor.

4.8 Fire Protection Fees. Lessor shall not initially charge Lessee a fee for fire department responses to the Premises. However, if in the discretion of Lessor, Lessor determines that such calls have become excessive or unreasonably expensive, then Lessor reserves the right to impose as additional rent a public safety fee for fire department responses. The fee shall be calculated by taking the aggregate total hourly compensation paid to each member of the fire department responding to the call and increasing that sum by an overhead factor of fifty percent (50%). The total so derived shall be multiplied by the number of whole hours, or any fraction thereof, spent on the call (with a minimum

of two (2) hours charged). To the product of that multiplication shall be added an administrative charge of twenty-five percent (25%). The resulting total shall be the public safety fee applicable to the call. In addition, charges may be made for the use of equipment and for materials consumed. Lessee may contract with another entity for the provision of public safety services only with the prior written consent of Lessor.

5.0 SECURITY DEPOSIT. Promptly following the effective date of this Agreement Lessee shall deposit with Lessor, as security for the faithful performance of the terms, covenants and conditions of this Agreement, a bond or letter of credit, or deposit in a sum equal to Five Thousand Dollars (\$5,000). The bond/letter of credit/deposit amount shall be adjusted every five (5) years based on changes in the Index. Lessee shall on demand pay to Lessor a sum equal to the portion of the security deposit or performance bond expended or applied by Lessor to cure any default of Lessee or to compensate Lessor for any damage or loss sustained by reason of Lessee's default. Upon final accounting by Lessor, any balance of said deposit shall be refunded to Lessee without interest.

6.0 DEVELOPMENT OF PREMISES.

6.1 Development. The parties acknowledge that development of the Premises is subject to Lessor's approval of the final construction plans and specifications therefor. Lessor may exercise its discretion in making such review or approval without regard to the relationship established by this Agreement, and Lessor remains entirely free to conduct its review and/or issue or withhold Lessor's approval as Lessor sees fit, consistent with any applicable laws. Within two (2) months of the completion of the construction of any portion of the development contemplated by this Agreement Lessee shall deliver to Lessor two (2) complete sets of "as built" plans pertaining to the portion of the development so constructed, satisfactory in scope and detail to Lessor.

6.2 Construction Requirements. All work by Lessee shall be in accordance with good construction practices, applicable laws and codes, labor regulations, the requirements of any insurance policy providing coverage to the Premises and the general and special conditions, and plans and specifications approved by Lessor. Lessee shall provide all bonds and insurance required by Lessor, including such proof of bonding and insurance coverage as Lessor may require. All work shall be carried out by licensed contractors. Lessee shall at its sole cost obtain all necessary permits, licenses and authorizations in connection with the construction. Lessee's work shall be subject to the general

inspection of Lessor. Lessee shall provide proof satisfactory to Lessor that Lessee's contractor will (a) provide warranties for not less than one (1) year against defects in workmanship, materials, and equipment; (b) carry or cause to be carried worker's compensation insurance covering all of the contractor's and its subcontractor's employees; and (c) carry public liability and property damage insurance which names Lessor as an insured and requires thirty (30) days prior written notice to Lessor before any change in or cancellation of coverage becomes effective. The policy or policies shall contain liability limits of not less than One Million Dollars (\$1,000,000) combined single limit coverage. All improvements, additions to or alterations of the Premises except movable furniture and trade fixtures shall at the termination of this Agreement remain attached to and become part of the Premises or at the option of Lessor all improvements other than pavement and underground utilities shall be removed by Lessee and the Premises restored to the same condition which existed prior to the installation of any improvements. Lessor shall have the right to post a notice of non-responsibility for liens arising out of any work performed, materials furnished or obligations incurred by Lessee. Lessee agrees to advise Lessor in-writing at least twenty (20) business days in advance of the date upon which construction will be commenced in order to permit Lessor to post such a notice. Lessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by Lessee. Lessee shall indemnify, defend and hold Lessor harmless against any claim, demand, liability or expense on account of claims for work done or materials supplied for Lessee or person claiming under it.

6.3 Additional Improvements and Alterations. Beyond the development of the Premises that may be accomplished pursuant to the requirements of section 6.1 and 6.2 of this Agreement Lessee shall not install or make any physical alterations or improvements to the Premises or any part thereof without prior written consent of Lessor which shall not unreasonably be withheld. Construction requirements set forth in section 6.2 of this Agreement shall apply to additional improvements and alterations.

6.4 Development Standards and Construction Requirements. Lessee shall comply with the Monterey Peninsula Airport District standard Development Standards and Construction Requirements as they may from time to time be amended. Lessee shall also comply with all uniform codes adopted by Lessor now or in the future, including without limitation the National Electrical Code, the Uniform Building Code, the Uniform Fire Code and Uniform Fire Code Standards, the Uniform Mechanical Code and the Uniform Plumbing Code.

6.5 Access Road.

a. Lessee acknowledges that Lessee was required, at Lessee's sole cost and expense, to provide a means for immediate, direct vehicular access from State Route 68 to the Premises. Lessee and Lessee's patrons, customers, invitees and guests shall be required to access the Premises via the State Route 68 access and not via the terminal area, parking area, operations area or other developed or functional areas of the Airport.

b. Lessee acknowledges that Lessee was required, at Lessee's sole cost and expense, to provide a means for additional immediate, direct vehicular access between the Premises and the Airport for emergency use by Lessor's police and fire departments, such access to be controlled solely by Lessor. Plans for the construction of such an access road connecting the Premises to the Airport were approved by Lessor and such access road has been completed by Lessee.

7.0 MAINTENANCE OF PREMISES.

7.1 As Is. Lessee agrees that it accepted the Premises in an "as-is" condition. Lessee acknowledges that it inspected the Premises as thoroughly as Lessee desired. Lessee agrees that Lessor made no warranties or representations of any kind respecting the condition of the Premises or the condition of any improvements or utilities located thereon.

7.2 Maintenance. Lessee at its sole cost and expense shall at all times maintain the Premises, including landscaping, grounds, buildings, structures, pavement, fencing, and all other improvements in a good state of repair and in a safe, clean, neat orderly, attractive and sanitary condition. Lessee hereby waives the provisions of sections 1941 and 1942 of the Civil Code of the State of California and any statutes, laws or ordinances now or hereafter enacted permitting Lessee to make repairs at the expense of the Lessor or to terminate the Restated Lease by reason of the condition of the Premises. In the event Lessee fails to make any repairs required to be made by Lessee in accordance with the terms of this section, Lessor shall have the option but not the obligation to make such repairs at the expense of Lessee. Lessee shall pay as additional rent due hereunder upon demand all costs of Lessor for making such repairs. Lessor shall have no liability to Lessee for any damage, inconvenience or interference with the use of the Premises by Lessee as a result of the making of any repairs made by Lessor and the rent shall not be abated by reason thereof.

7.3 Storm Water Run-Off. Lessee shall maintain all drainage control and detention improvements in accordance with the drainage control plan adopted for the development of the Project Site. Failure to so maintain the improvements shall be deemed a failure to perform covenants subject to section 14.2 of this Agreement.

7.4 Erosion Control. Lessee shall maintain all erosion control improvements in accordance with the erosion control plan adopted for the development of the Project Site. Failure to so maintain the improvements shall be deemed a failure to perform covenants subject to section 14.2 of this Agreement.

7.5 Habitat Areas. Lessee shall maintain all habitat areas and make all reports identified in the maritime chaparral habitat restoration and monitoring program adopted for the development of the Project Site. Failure to so maintain the habitat areas or make the required reports shall be deemed a failure to perform covenants subject to section 14.2 of this Agreement.

8.0 DAMAGE, DESTRUCTION OR CONDEMNATION.

8.1 Damage or Destruction. In the event that the improvements to the Premises are damaged or destroyed (whether such loss is insured or not), then Lessee shall be obligated to repair, rebuild, or replace the improvements. In the event that the improvements to the Premises are destroyed or damaged beyond economical repair, Lessee may elect to terminate this Agreement by giving notice of such election in writing to Lessor within sixty (60) days after the occurrence of the event causing the damage or destruction. The availability of insurance proceeds will be a factor in determining whether damage is beyond economical repair. If Lessee elects to terminate, all insurance proceeds received by either Party as a result of such damage shall belong to Lessor. If Lessee does not elect to terminate, this Agreement shall continue and Lessee shall diligently complete the repair or rebuilding of the improvements to the Premises. If Lessee elects to repair or rebuild, the damage shall be promptly repaired by Lessee at Lessee's expense, provided that Lessee shall apply any insurance proceeds received as a result of such damage to the repair or replacement. Lessor shall not be liable for any damage occasioned by the damage or destruction of any part or the whole of the Premises, nor by reason of the fact that the Premises may be out of repair except for willful and/or negligent conduct by Lessor, its agents, officers or employees. Lessee hereby waives any rights it may have under the provisions of California Civil Code section 1932(2) and section 1933(4) or any successor statute thereto

regarding repair and termination after destruction of part or all of the Premises.

8.2 Taking of Entire Premises. If the entire Premises, or any portion thereof which is sufficient to render the remaining portion of the Premises unsuitable for continued leasing by Lessee, shall be taken in or by condemnation or other proceedings pursuant to law, or sold in avoidance of such condemnation or other proceedings (each of which is hereinafter referred to as a "Taking") by any entity other than Lessor, then Lessee shall give notice to Lessor of Lessee's intention to terminate this Agreement on any date after the taking of possession by the condemning authority, but not more than ninety (90) days thereafter, and this Agreement shall thereupon terminate as of such date specified by Lessee. In such event the award, settlement or payment resulting from such Taking (including any award, settlement or payment as compensation by way of severance damage suffered by such portion of the Premises as may not be taken) shall be divided between the Parties as follows:

a. For each whole year, or any fraction thereof, which has elapsed since the Commencement Date through the date of the taking of possession by the condemning authority Lessor shall be entitled to two percent (2%) of the award, settlement or payment.

b. The balance of such award, settlement or payment, if any, shall be paid to Lessee.

8.3 Lesser Taking. If a lesser portion of the Premises not giving rise to the termination of this Agreement shall be taken by any entity other than Lessor, or if the use or occupancy of the Premises or any part thereof shall be temporarily requisitioned by any governmental authority other than Lessor, civil or military, this Agreement shall continue in full force and effect. In the event of such temporary requisition there shall be no abatement of any rent payable hereunder and Lessee shall receive the entire award or payment resulting from such temporary requisition. In the event of such lesser Taking (other than a temporary requisition), not resulting in termination of this Agreement, the award, settlement or payment for such Taking (including any award, settlement or payment as compensation by way of severance damage suffered by such portion of the Premises as may not be taken) shall be divided between the Parties in the manner specified in section 8.2 of this Agreement. The minimum monthly rent payable by Lessee to Lessor under this Agreement after such Taking shall be reduced to an amount equal to the product of the multiplication of the minimum monthly rent otherwise payable from time to time under this Agreement by a fraction the numerator of which shall be the total

number of square feet of the developed portion of the Premises remaining after the Taking and the denominator of which shall be the total number of square feet of the developed portion of the Premises prior to such Taking. Such reduction in the minimum monthly rent shall be effective as of the date of taking of possession by the condemning authority. Each Party hereby waives the provisions of California Code of Civil Procedure section 1265.130 or any similar statute allowing either Party to petition the Superior Court to terminate this Agreement in the event of the partial taking of the Premises.

8.4 Taking by Lessor. If all or any portion of the Premises shall be taken in or by condemnation or other proceedings pursuant to law by Lessor, then the award, settlement or payment for such Taking (including any award settlement or payment as compensation by way of severance damage suffered by such portion of the Premises as may not be taken) shall belong to Lessee.

9.0 ASSUMPTION OF RISKS. Lessor is not aware of any hidden, latent or other dangerous conditions upon the Premises. Notwithstanding the foregoing, Lessee represents that Lessee has inspected the Premises, and all facilities thereupon and in connection therewith, and that Lessee accepts the condition of same and fully assumes all risks incidental to the use thereof. Lessor shall not be liable to Lessee for any damages or injuries to the property or person, or to the agents, employees or business visitors of Lessee, which may result from hidden, latent or other dangerous conditions upon the Premises or which may result from any condition of fire, earthquake, flood, rainfall, or escape of water from any channel, regardless of the cause thereof.

10.0 INDEMNITY AND INSURANCE.

10.1 Release. Lessee fully discharges Lessor and any and all of its agents, employees, officers, directors and representatives and any other person, firm or corporation from which Lessee should at any time in the future demand damages for detriment alleged to have been sustained as a result of any breach or failure of any promise, covenant or representation alleged to have been made prior to the date of execution of this Agreement or for detriment alleged to have been sustained as a result of leasing any property to any person, firm or corporation at any time prior to the date of execution of this Agreement, or for any other claim or cause of action of any kind or character whatsoever, accruing or arising at any date prior to the date of execution of this Agreement, whether the same be now known or unknown, or whether the same be now anticipated or unanticipated. Lessee hereby relinquishes and waives any and all rights conferred by the provisions of section

1542 of the Civil Code of the State of California, which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor."

10.2 Waiver. This Agreement is made upon the express condition that Lessee hereby waives all claims against Lessor for damages to property or for injury or death to any person or persons from any cause except the negligence of Lessor or any of its agents, employees or servants.

10.3 Indemnity. Lessee hereby agrees, on behalf of itself and all persons or entities who may claim by or through it, to and shall indemnify and defend Lessor against and hold Lessor harmless from any and all claims, demands, actions, damages, liability and expense in connection with or for loss of or damage to property or injury or death to any person from any cause whatsoever while in, upon or about the Premises or any such claims, demand or the like arising from or out of any occurrence in, upon or at the Premises from or in connection with the occupancy or use by Lessee of the Premises or any part thereof or from or in connection with the business conducted by Lessee in Premises or occasioned wholly or in part by any act or omission of Lessee, its agents, contractors, employees, licensees or concessionaires except the negligence of Lessor or any of its agents, employees or servants. Lessee further agrees to and shall indemnify and defend lessor against and hold Lessor harmless from any and all claims, demands, actions, damages, liability and expense in connection with any challenges to the approval by Lessor of this Agreement or the development contemplated hereby, including without limitation any action in law or equity brought pursuant to provisions of the California Environmental Quality Act. The covenants set forth in this section 10.3 shall survive the expiration or sooner termination of the term of this Agreement.

10.4 Insurance Coverage. Upon execution of this Agreement and prior to Lessee's exercising any of the rights and privileges herein granted, Lessee shall, throughout the life of this Agreement, maintain in full force and effect, a broad form comprehensive coverage policy or policies of public liability insurance protecting both Lessee and Lessor from claims of bodily injury and property damage which may arise out of Lessee's occupancy(ies) and use(s) of the Premises or any portion thereof, or which may arise as a result of any one, more, and/or all of

Lessee's activities/operations on, to or from the Airport under authority hereof. Such insurance shall include bodily injury and property damage coverage of not less than Three Million Dollars (\$3,000,000) combined single limit. Said general liability policy shall include Blanket Contractual Liability and Products Liability. All such policies shall name Lessor as an additional insured. Lessee shall also maintain Worker's Compensation and Employers' Liability policies written in accordance with laws of the State of California and providing coverage for any and all employees of Lessee. All insurance shall be with a company or companies satisfactory to Lessor in the amounts of not less than that specified herein or in minimum amounts as may be subsequently adjusted by Lessor in the exercise of its reasonable business judgment. Lessee shall at all times during the term of this Agreement, including any extensions or renewal hereof, provide Lessor with a certificate from the insurance carrier or carriers insuring Lessor and Lessee as set forth herein. Insurance policies shall not be subject to cancellation except after notice to Lessor by certified mail at least thirty (30) days prior to such cancellation. Where policies have normal expirations during the term of this Agreement or any extension thereof written evidence of renewal shall be furnished to Lessor thirty (30) days prior to such expiration.

10.5 Waiver of Subrogation. The Parties release each other and their respective authorized representatives from any claims for damage to any person or to the Premises and to the fixtures, personal property, Lessee improvements and alterations by Lessor or Lessee in or on the Premises that are caused by or result from risks insured against under any insurance policy carried by either Party and in force at the time of any such damage to the extent of the insurance proceeds received from such policy. Each Party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either Party in connection with any damage covered by any policy. If the insurance cannot be obtained or the Party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged the other Party is relieved of the obligation to obtain a waiver of subrogation right with respect to the particular insurance involved.

11.0 USE RESTRICTIONS.

11.1 Security. Lessee shall provide for security within the Premises including all on-site facilities. Lessee shall provide either (a) adequate all-night illumination of the perimeter of all buildings, vehicular parking lots and pedestrian walkways or (b) a motion-activated lighting system for the adequate nighttime

illumination of all such areas at all such times as any person may be present. For portions of the Premises adjacent to the Airport security perimeter, Lessee shall install and maintain perimeter security fencing in accordance with Federal Aviation Administration (hereinafter referred to as "FAA") and/or Transportation Security Administration (hereinafter referred to as "TSA") Regulations. With respect to the Premises, it shall be the responsibility of Lessee to take all necessary measures to carry out security requirements imposed by the FAA and/or TSA on Lessor as an airport operator; and Lessee shall be required to pay any and all civil penalties imposed by the FAA and/or TSA on Lessor in the event that Lessee fails to carry out any such security requirements.

11.2 Compliance with Rules and Regulations. Lessee shall at all times during the term of this Agreement or any renewal or extension hereof comply with and observe all reasonable rules, regulations, ordinances, orders and laws which have been or may be promulgated by Lessor relating to the Premises or Lessee's use of the Premises. Such rules and regulations are hereby made a part of this Agreement and Lessee's failure to keep or observe any rule or regulation shall constitute a breach of the terms of this Agreement in like manner as if the same was contained herein as a covenant or condition. Lessor reserves the right to amend or supplement the rules or regulations or to adopt additional rules or regulations applicable to the Premises or Lessee's use of the Premises as may be required for proper, safe, efficient operation of the airport. Lessor shall have no obligation to Lessee as a result of the violation of any such rule or regulation by any other person. Lessee shall at all times during the term of this Agreement or any renewal or extension hereof comply with and observe all statutes, codes, ordinances, orders, laws, rules and regulations which have been or may be promulgated by the United States of America, the State of California, the County of Monterey or any other governmental entity having jurisdiction over the Airport, the Premises, or Lessee's operations.

11.3 Waste, Quiet Conduct. Lessee shall not commit or suffer to be committed any waste upon the Premises or any public or private nuisance or any other act or thing which may disturb the quiet enjoyment of any other person or organization at or off the Airport. Lessee shall provide as necessary separate drainage, collection, treatment and/or separation systems to ensure that no untreated solid or liquid waste from any type of operation will enter the Airport storm drainage or sanitary sewer system or will pollute the soil, groundwater or air. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution (gases, particulate matter, odor, fumes, smoke, or dust), water pollution, noise,

glare, heat emissions, electronic or radio interference with navigational or communication facilities for the operation of the Airport or for its use by aircraft, trash or refuse accumulation, vibration, or which is hazardous or dangerous by reason or risk of explosion, fire or harmful emission.

12.0 HAZARDOUS SUBSTANCES. The provisions of this section 12, which govern Lessee's obligations with regard to hazardous substances, as defined below, shall survive termination of this Agreement.

12.1 Responsibility for and Definition of Hazardous Substances. Lessee shall, at Lessee's sole cost and expense, be responsible for the receiving, use, storage, handling, transportation, generation, spillage, migration, discharge, release, and disposition of all hazardous waste, toxic substances, or related materials including, without limitation, gasoline, oil, grease, battery acid, diesel fuel, flammable, combustible, explosive, corrosive, caustic, carcinogenic or radioactive matter, human or other biological wastes or any other Hazardous Substances to the extent any such are used, stored, brought onto, located on or shipped from within, the Premises in connection with Lessee's occupancy and use thereof, in accordance with all applicable rules, regulations, orders, ordinances, statutes, codes and laws. For purposes of this Agreement, "Hazardous Substances" shall include but not be limited to petroleum or petroleum related materials and/or substances defined as "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" in any federal, state or local laws or regulations adopted or publications promulgated pursuant to said laws (hereinafter collectively referred to as the "Laws"). Lessee shall, at Lessee's sole cost and expense, comply fully with all requirements of the Laws applicable to Lessee's use of the Premises and obligations contained herein.

12.2 Cleanup of Hazardous Substances. In the event of a release, leak, spill, or threatened or actual contamination or deterioration of the Premises or groundwater by a Hazardous Substance, whether the result of an act or omission of Lessee or its agents, employees, contractors, licensees, or invitees or any other third parties, Lessee shall, immediately notify Lessor and all appropriate health, safety and environmental regulatory agencies. Lessee hereby covenants and agrees to implement and complete, at its sole cost and expense, and to the satisfaction of Lessor, all investigation and remediation measures required by such agency or agencies. If Lessee fails to take such action Lessor may, but shall not be obligated to, take such action. In such event, all costs incurred by Lessor with respect to such cleanup

activities shall be for the account of Lessee and Lessee shall promptly make reimbursement therefore. Lessee shall not take any remedial action in response to the presence of any Hazardous Substances in or about the Premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Substances in any way connected with the Premises without first notifying the Lessor of Lessee's intention to do so and affording Lessor ample opportunity to appear, intervene or otherwise appropriately assess and protect its interest with respect thereto.

12.3 Indemnity Regarding Hazardous Substances.

a. Lessee agrees to indemnify and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any Hazardous Substances as a result of Lessee's or any subtenant's activities, whether before, during or after construction, in or around any part of the Premises or the soil, groundwater or soil vapor on or under the Premises, including those incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, or any resulting damages or injuries to person or property or to any natural resources. Upon demand by Lessor, Lessee shall defend any investigation, action or proceeding alleging the presence of any Hazardous Substances in any such location, which affects the Premises or which is brought or commenced against Lessor, whether alone or together with Lessee or any other person, all at Lessee's own cost and by counsel to be approved by Lessor in the exercise of its reasonable judgment. In the alternative, Lessor may elect to conduct its own defense at the expense of Lessee.

b. Lessor agrees to indemnify and hold Lessee harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses or loss directly or indirectly arising out of or resulting from the presence of any Hazardous Substances in or around any part of the Premises or under the Premises prior to the Commencement Date of this Agreement.

12.4 Compliance Regarding Hazardous Substances. Lessee shall comply and cause all occupants of the Premises to comply, with all statutes, codes, regulations, rules, ordinances, orders and other laws governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other

expert which apply or pertain to the Premises, Lessee's use of the Premises or of the facilities of the Airport. Lessee acknowledges that the presence of Hazardous Substances may permanently and materially impair the value and use of the Premises.

12.5 Notice Regarding Hazardous Substances. Lessee shall promptly notify Lessor if Lessee knows, suspects or believes that there may be any Hazardous Substances in or around the Premises, or in the soil, groundwater or soil vapor on or under the Premises, or that Lessee or the Premises may be subject to any threatened or pending investigation by any governmental agency under any statute, code, regulation, rule, ordinance, order or other law pertaining to any Hazardous Substances.

12.6 Site Visits, Observations, and Testing. Lessor and its agents and representatives shall have the right at any reasonable time to enter and visit the Premises to make observations of the Premises, take and remove soil or groundwater samples, and conduct tests. Lessor is under no duty, however, to visit or observe the Premises or to conduct tests. No site visit, observation or testing by Lessor shall result in a waiver of any default of Lessee or impose any liability on Lessor. In no event shall any site visit, observation or testing by Lessor be a representation that Hazardous Substances are or are not present in, or that there has been compliance with any statute, code, regulation, rule, ordinance, order or other law pertaining to Hazardous Substances. In each instance, Lessor shall give Lessee reasonable notice before entering the Premises. Lessor shall make reasonable efforts to avoid interfering with Lessee's use of the Premises in exercising any right provided in this Section.

12.7 Business Response Plan. Lessee has prepared and maintained to the satisfaction of the Airport Fire Marshall a "Business Response Plan" in accordance with Section 25500 et seq. of the Health and Safety Code. Said plan must be kept current and on file in the Airport Fire Marshall's office.

13.0 SURRENDER OF PREMISES. Upon the expiration or earlier termination of this Agreement, Lessee shall vacate and surrender the Premises and all improvements and alterations made thereto in good condition, reasonable use and wear excepted. All improvements made or attached to the Premises (other than removable trade fixtures) shall, at the termination of this Agreement, or of any renewal or extension thereof, or the sooner termination of Lessee's tenancy, remain attached to and become a part of the Premises, at the option of Lessor. If required by Lessor, Lessee shall remove prior to the date of termination at Lessee's expense, any or all of its improvements, equipment, machinery, materials or other personal

property which are not an integral part of the Premises and shall repair any damage to the Premises caused thereby. This covenant shall survive the expiration or sooner termination of the term of this Agreement.

14.0 DEFAULT BY LESSEE. Each of the following events shall be an event of default hereunder by Lessee and a breach of this Agreement:

14.1 Failure To Pay Rent. The failure by Lessee to pay Lessor any rent or other charges due under this Agreement as and when the same become due and payable if such nonpayment continues for a period of three (3) days after written notice thereof by Lessor to Lessee.

14.2 Failure to Perform Covenants. The failure by Lessee to perform or observe any other agreements, terms, covenants or conditions hereof if such nonperformance or nonobservance continues for a period of ten (10) days after written notice thereof by Lessor to Lessee or if such performance or observance cannot be had within such 10-day period then if Lessee has not in good faith commenced such performance within such 10-day period and does not diligently proceed therewith to completion.

14.3 Bankruptcy. The filing by or against Lessee in any court pursuant to any statute of the United States or of any state of a petition in bankruptcy or insolvency or for reorganization or arrangement or for the appointment of a receiver or trustee of all or any portion of Lessee's property if within thirty (30) days after the commencement of any such proceedings against Lessee or after such assignment for the benefit of creditors such petition shall not have been dismissed or such assignment shall not have been revoked.

14.4 Unpermitted Transfer. The transfer or attempted transfer of Lessee's interest in this Agreement to any person, firm or corporation whether voluntarily or by operation of law except in the manner expressly permitted in this Agreement.

14.5 Abandonment. Vacating or abandoning the Premises by Lessee at any time during the term hereof for a period in excess of fourteen (14) consecutive days.

15.0 LESSOR'S REMEDIES. Lessor shall have the following remedies in the event of default. The remedies are not exclusive - they are cumulative and in addition to any remedies now or later allowed by law. Lessor can continue this Agreement in full force and effect.

This Agreement will continue in effect as long as Lessor does not terminate Lessee's right to possession and Lessor shall have the right to collect rent when due during the period Lessee is in default. Lessor can enter the Premises and relet them or any part of them to third parties for Lessee's account. No act by Lessor in reletting the Premises allowed by this section shall terminate this Agreement unless Lessor notifies Lessee that Lessor elects to terminate this Agreement. Lessor can terminate Lessee's right to possession of the Premises at any time upon giving notice to Lessee. No act by Lessor other than giving notice to Lessee shall terminate this Agreement. In the event of Lessee's default and Lessor's re-entering of the Premises, Lessee agrees to pay Lessor as an additional item of damages the cost of repairs that exceed reasonable wear and tear.

16.0 NOTICES. Wherever notice is required by the terms of this Agreement, notice shall be deemed complete upon personal service of written notice upon the Party to whom such notice is given or seventy-two (72) hours after deposit in the United States mail within the State of California of prepaid first-class mail addressed to Lessor at 200 Fred Kane Drive, Suite 200, Monterey, California, 93940 or addressed to Lessee at Post Office Box 22055, Carmel, CA 93922.

17.0 ASSIGNMENT AND SUBLEASING.

17.1 Sublease. Sublease(s) are permitted for uses authorized under Section 3.1 of this Agreement.

17.2 Assignment. Without Lessor's prior written consent, Lessee shall not assign, hypothecate, or encumber this Agreement, or any interest in this Agreement. Any transfer of this Agreement from Lessee by merger, consolidation or liquidation, or the sale, conveyance or other transfer of a controlling interest in Lessee to any entity or person other than its current owners (or any trust created for the benefit of such owners or their family members) shall constitute an assignment for purposes of this section. Lessee represents that it is a limited liability company organized and existing under and by virtue of the laws of the State of California and all membership interests in it are currently held by Sabastian Bordonaro and Perry Miller. It is a condition of this Agreement that a controlling interest shall not be transferred to any other entity or person without the consent of Lessor, which consent shall not unreasonably be withheld. In the event of such transfer without such consent of Lessor, Lessor at its option may terminate this Agreement. Lessee's obligations under this Agreement shall be personally guaranteed by Sabastian Bordonaro and Perry Miller in the form attached hereto as Exhibit B. Lessor's

acceptance of any rent or any other payment in the nature of rent from Lessee's assignee shall not constitute Lessor's consent to such assignment, a waiver of any provision of this Agreement, nor any release of Lessee from the full performance of all Lessee's obligations under this Agreement.

17.3 Request for Consent to Assign. Should Lessee (including any subsequent assignee) request Lessor's consent to an assignment of this Agreement, Lessee shall submit in writing to Lessor the following:

- a. The name and address of the proposed assignee.
- b. The terms and conditions of the proposed assignment.
- c. The nature and character of the business of the proposed assignee.
- d. Banking, financial and other credit information relating to the proposed assignee reasonably sufficient to enable Lessor to determine the proposed assignee's financial responsibility.

17.4 Payment of Expenses. Lessee shall pay to Lessor, on demand, all costs incurred by Lessor in connection with extraordinary requirements for reviewing any request for assignment of this Agreement, including Lessor's attorney fees.

17.5 Lessor's Rights With Respect to Assignments. Lessor shall not unreasonably withhold its consent to the request by Lessee for assignment. Lessee agrees that the consent of Lessor shall not be deemed or considered unreasonably withheld if Lessor refuses to consent to an assignment to any person, firm or corporation for any new or changed use which will, in the reasonable business judgment of Lessor, adversely affect the image or other valuable aspect of Lessor's property or result in excessive noise, traffic or interference with Lessor's operations.

18.0 AUDIT. For the purpose of ascertaining the amount payable as percentage rent Lessee shall keep or cause to be kept full, complete and proper books, records and accounts of all revenues. The records for each calendar year required herein shall be kept for at least five (5) years after the expiration of such calendar year. Lessor or the authorized representatives of Lessor shall have the right to examine Lessee's records at all reasonable times. At its option, Lessor may cause from time to time throughout the term of this Agreement on seventy-two (72) hours prior written

notice to Lessee a complete audit to be made of Lessee's entire business affairs and records relating to Lessee's revenues for the period covered by any statement submitted by Lessee as required by this Agreement provided, however, that no such audit shall be made at a time which is more than three (3) years following the end of the period covered by such statement. If the books of account and records of Lessee are kept at some location other than the Premises, Lessee agrees at Lessee's expense to transport said books and records to the Premises for such audit. The cost of the first audit conducted in any calendar year shall be paid by Lessee. The cost of any subsequent audit in any calendar year shall be borne by Lessor unless the audit reveals a deficiency in excess of five percent (5%) of the percentage rent theretofore computed and paid by Lessee for the period covered by the audit, in which instance Lessee shall also immediately pay Lessor the cost of the audit in addition to the percentage rent. The audit shall be performed by a public accountant selected by Lessor and shall be binding upon the parties. If it shall be determined as a result of such audit that there has been a deficiency in the payment of percentage rent then such deficiency shall become immediately due and payable with interest at the maximum rate allowed by applicable usury law, or if there is no such rate at eighteen percent (18%) per annum from the date when the payment should have been made.

19.0 ATTORNEY'S FEES. In the event of any action at law or in equity between Lessor and Lessee arising out of or concerning this Agreement or any right or obligation derived herefrom, then in addition to all other relief at law or in equity, the prevailing Party shall be entitled to recover from the unsuccessful Party all attorneys' fees and costs incurred therein by the prevailing Party.

20.0 POSSESSORY INTEREST TAX. In the event a possessory interest tax is levied by the appropriate taxing authority of the County of Monterey or the State of California it is understood that Lessee shall be solely responsible for the payment of such tax.

21.0 DISCRIMINATION. The Standard Nondiscrimination and Airport Development Provisions for Leases attached hereto as Exhibit C are incorporated herein by this reference. Lessee's failure to abide by the requirements set forth therein shall constitute a breach of the terms of this Agreement in like manner as if the same were contained herein as covenants and conditions.

22.0 CONSTRUCTION AND INTERPRETATION.

22.1 Time. Time is of the essence of this Agreement and of each and every one of the provisions herein contained.

22.2 Covenants Made Conditions. All covenants and agreements on the part of Lessee herein mentioned or contained are expressly made conditions hereof. All provisions of this Agreement requiring Lessee to perform certain acts or to refrain from certain acts or to abide by designations made from time to time by Lessor are hereby expressly made conditions of this Agreement.

22.3 Entire Lease. This Agreement supersedes all prior leases, contracts and understandings between the Parties. This Agreement sets forth all the covenants, agreements and conditions between Lessor and Lessee concerning the Premises and there are no other covenants, promises, agreements, conditions or understandings either oral or written between them. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon Lessor or Lessee unless reduced to writing and signed by each of them.

22.4 Captions. The headings and titles to the paragraphs or sections of this Agreement are not part of this Agreement and shall have no effect on the construction or interpretation of any part of this Agreement.

22.5 Applicable Law. The laws of the State of California shall govern the validity, performance and enforcement of this Agreement.

22.6 Partial Invalidity. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each term, covenant and condition shall be valid and enforced to the fullest extent permitted by law.

22.7 Tense, Number and Gender. Each number, tense and gender used in this Agreement shall include any other tense, number or gender where the context and the Parties hereto or the context and references therein shall require.

22.8 Negotiated Agreement. It is acknowledged, agreed and understood by the Parties that this Agreement and its wording have been arrived at through a process of negotiation between the Parties in which each Party participated to the fullest extent desired by that Party and that neither Party is to be deemed the Party which prepared this Agreement or the Party who caused any uncertainty to exist within the meaning of California Civil Code section 1654.

22.9 Inurement. This Agreement shall be binding upon and inure to the benefit of the Parties as well as their assigns and successors in interest.

23.0 ENVIRONMENTAL REVIEW. The Parties acknowledge that an Initial Study for the development of the Premises contemplated by this Agreement (the "Project") was prepared and circulated together with a proposed mitigated negative declaration in accordance with the California Environmental Quality Act. The Parties further acknowledge that Lessor has approved a Mitigated Negative Declaration for the Project and that the Notice of Determination for that action was filed in accordance with law on May 19, 1998. Lessee acknowledges that Lessor's approval of the Project requires continuing environmental review of in the form of annual monitoring of species of concern located on the Premises as provided in the mitigation monitoring plan approved for the Project.

24.0 [Intentionally omitted]

25.0 WATER DISTRIBUTION SYSTEM. The Parties acknowledge that water service to the Project Site has been provided through a well located on the Project Site and that the Monterey Peninsula Water Management District ("MPWMD") has determined that the well is considered to be a "grandfathered single-parcel water distribution system" and as such no further MPWMD is needed if the service to one legal parcel continues. See letter attached hereto as Exhibit D. This Agreement shall not become effective unless and until Lessee provides to Lessor evidence meeting the satisfaction of Lessor's counsel that the division of the Project Site into three leaseholds will not constitute a subdivision within the meaning of MPWMD regulations and that such division will not trigger the need to obtain or amend any water distribution system permit or call for the installation of separate wells to serve each leasehold. In addition, Lessee shall provide to Lessor evidence meeting the satisfaction of Lessor's counsel that an agreement regarding the use, maintenance and sharing of the existing well has been entered into by and between the respective tenants of all leaseholds within the Project Site and that such agreement may not be amended, revoked or terminated without the consent of Lessor. Such agreement shall provide for assignability to future tenants of such leaseholds.

26.0 RESERVATION OF ACCESS AND UTILITIES RIGHTS. Lessor reserves to itself for the use and benefit of Lessor's properties (including any parcels comprising the Project Site) and/or the tenants thereof a right of access and use for roadway and utility purposes over a strip of land 30 feet wide northerly of the southernmost boundary of the Premises (i.e., that boundary running N 66° 22' 00" W).

Lessee shall enjoy this right with respect to those portions of the Project Site not within the Premises.

27.0 CONSENT BY MONTEREY COUNTY BANK. The Parties acknowledge that on or about September 27, 2001 Lessor consented to the assignment of the Restated Lease to Monterey County Bank ("Lender") in connection with a loan secured by 2965 Monterey Hi-Way Self Storage, LLC's ("Borrower") leasehold interest in the Project Site. This Agreement shall not become effective unless and until Lessee provides to Lessor either (a) written notice from Lender that Borrower has fully performed under the loan and that the assignment may be ended or (b) Lender's written consent to this Agreement.

28.0 SURFACE WATER RUN-OFF. In accordance with the drainage control plan adopted for the development of the Project Site, surface water run-off has been and will continue to be accepted over an existing drainage course on other lands owned by Lessor situated to the east of the Project Site and lying between the Project Site and Highway 68. Lessor reserves to itself for the use and benefit of Lessor's properties (including any parcels comprising the Project Site) and/or the tenants thereof a right of access and use for utilities, roads, detention ponds, storm drains and other drainage control improvements as more particularly described in Exhibit E hereto. Lessee shall enjoy this right with respect to those portions of the Project Site not within the Premises.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates below indicated.

Date: 9/25, 2003

LESSOR:
MONTEREY PENINSULA AIRPORT DISTRICT


By: Richard D. Searle
Richard D. Searle, Chairman

A T T E S T

Barbara Sadler
Barbara Sadler
District Secretary

Date: 9/25, 2003

LESSEE:
FLIGHT WAY SELF STORAGE, LLC


By: Sebastian Bordonaro, Chairman and
Secretary


By: Perry Miller, President and CFO

LIST OF EXHIBITS

- A Legal Description of Premises
- B Guaranty of Lease
- C Standard Nondiscrimination and Airport Development Provisions for Leases
- D Monterey Peninsula Water Management District letter of July 18, 2003
- E Utility, Road and Drainage Control Improvements

EXHIBIT - A

MONTEREY HIGHWAY STORAGE, PHASE 3 LEASEHOLD DESCRIPTION A PORTION OF THE LANDS OF MONTEREY PENINSULA AIRPORT DISTRICT

CERTAIN real property situated in the City of Monterey, County of Monterey, State of California, and being particularly described as follows:

Commencing at the most northerly corner of that certain Parcel 2 as said corner and parcel are shown on that certain Parcel Map recorded on Dec. 23, 1993 in Volume 19 of Parcel Maps at Page 61, Records of Monterey County; thence along the northerly boundaries of said Parcel 2 and Parcel 1 also shown on said map

- (a) S. 79° 47' 00", W. 519.40 feet to an angle in the northerly line of said Parcel 1; thence along said Parcel 1
- (b) N. 66° 22' 00" W., 153.24 feet to the True Point of Beginning and hereinafter referred to as Pt. "C"; thence continuing on said line
- (1) N. 66° 22' 00" W., 622.78 feet to a point hereinafter referred to as Pt "A"; thence
- (2) N. 23° 37' 22" E., 293.63 feet; thence
- (3) S. 72° 00' 46" E., 334.77 feet; thence
- (4) S. 59° 51' 00" E., 261.75 feet; thence
- (5) S. 17° 56' 06" W., (at 20.46 feet, hereinafter referred to as Pt. "D") 298.33 feet; to the True Point of Beginning

Containing 4.33 acres.

Together with the following easements:

- I. A 30 foot Roadway and Utility Easement parallel with and 30' northerly of the southerly line of the Phase 1 boundary, particularly described as follows:

A 30 foot wide roadway and utility easement in Phase 1 leasehold within the Monterey Peninsula Airport District particularly described as follows:

BEGINNING at the hereinabove Point "A"; thence

- (1) N. 66° 22' 00" W., 586.33 feet along the northeasterly boundary of Parcel A per 13 Parcel Maps at Page 54, Monterey County Records; thence continuing through lands of Monterey Peninsula Airport
- (2) N. 72° 34' 09" E., 60.89 feet; thence
- (3) S. 23° 00' 00" W., 10.00 feet; thence
- (4) S. 66° 22' 00" E., 540.32 feet; thence

(5) S. 23° 37' 22" W., 30.00 feet to the True Point of Beginning.

II. A 20 foot stormdrain easement running from the westerly line of Phase 2, being the easterly line of Detention Pond #2 in Phase 3, to the easterly line of Phase 2, particularly described as follows:

COMMENCING at the hereinabove described Pt. "C"; thence

(a) N. 17° 56' 06" E., 127.49 feet to the True Point of Beginning; thence

(1) N. 17° 56' 06" E., 20.51 feet; thence

(2) S. 59° 13' 37" E., 88.50 feet; thence

(3) S. 86° 46' 53" E., 340.32 feet; thence

(4) N. 53° 03' 38" E., 72.59 feet; thence

(5) S. 55° 55' 54" E., 21.15 feet; thence along a line drawn parallel with and 20 feet southerly of herein above described courses numbered (2) through (4)

(6) S. 53° 03' 38" W., 86.78 feet; thence

(7) N. 86° 46' 53" W., 352.54 feet; thence

(8) N. 59° 13' 37" W., 88.85 feet to the True Point of Beginning.

Subject to the following:

I-C: An easement for Detention Pond #1 located in Phase 3 leasehold within the Monterey Peninsula Airport District, particularly described as follows:

BEGINNING at the hereinabove described Pt. "B"; thence

(1) S. 23° 37' 22" W., 80.00 feet; thence

(2) S. 66° 27' 12" E., 50.00 feet; thence

(3) N. 74° 59' 30" E., 100.00 feet; thence

(4) N. 17° 59' 14" E., 30.00 feet; thence

(5) N. 72° 00' 46" W., 125.78 feet to the Point of Beginning; and located in Phase 3.

I-D: An easement for Detention Pond #2 located in above said Phase 3, particularly described as follows:

COMMENCING at the hereinabove described Pt. "C"; thence

(a) N. 17° 56' 06" E., 52.74 feet to the True Point of Beginning; thence

- (1) N. 17° 56' 06" E., 159.21 feet; thence
- (2) N. 72° 03' 54" W., 92.01 feet; thence
- (3) S. 23° 37' 24" W., 160.00 feet; thence
- (4) S. 72° 03' 54" E., 107.87 feet to the True Point of Beginning and located in Phase 3.

I-E: A 20 foot stormdrain easement running from Detention Pond #1 to the easterly line of the Phase 3 boundary, parallel with and 20 feet southerly of the northerly line of the Phase 3 boundary, particularly described as follows:

BEGINNING at the hereinabove described Pt. "D"; thence

- (1) N. 17° 56' 06" E., 20.47 feet; thence
- (2) N. 59° 51' 00" W., 261.75 feet; thence
- (3) N. 72° 00' 46" W., 208.99 feet; thence
- (4) S. 17° 59' 14" W., 20.00 feet; thence
- (5) S. 72° 00' 46" E., 206.86 feet; thence
- (6) S. 59° 51' 00" E., 263.95 feet to the Point of Beginning and located in Phase 3.

I-F: A 20 foot stormdrain easement running from the 20 foot stormdrain easement described in item I-E to Detention Pond #2, the easterly line of which runs parallel with and 25.38' westerly of the easterly line of the Phase 3 boundary, particularly described as follows:

COMMENCING at the hereinabove described Pt. "D"; thence

- (a) N. 59° 51' 00" W., 25.97 feet to the True Point of Beginning; thence
- (1) S. 17° 56' 06" W., 71.41 feet; thence
- (2) N. 72° 03' 54" W., 20.00 feet; thence
- (3) N. 17° 56' 06" E., 75.74 feet; thence
- (4) S. 59° 51' 00" E., 20.46 feet to the True Point of Beginning and located in Phase 3.

I-I: A utility easement near the southwesterly corner of Phase 3, particularly described as follows:

COMMENCING at the hereinabove described Pt. "A"; thence

- (a) N. 23° 37' 22" E., 30.00 feet to the True Point of Beginning; thence
- (1) N. 23° 37' 22" E., 54.99 feet; thence

- (2) S. 66° 22' 38" E., 38.00 feet; thence
- (3) S. 23° 37' 22" W., 55.00 feet; thence
- (4) N. 66° 22' 00" W., 38.00 feet to the True Point of Beginning and located in Phase 3.

I-J: A 30 foot wide Roadway and Utility Easement in Phase #3 Leasehold within the Monterey Peninsula Airport District particularly described as follows:

BEGINNING at the hereinabove described Point "C"; thence continuing along portions of the northeasterly boundaries of Parcel 1 per 19 Parcel Map at Page 61 and of Parcel B1 per 15 Parcel Map at Page 77, Monterey County Records

- (1) N. 66° 22' 00" W., 622.77 feet; thence through Lands of Monterey Peninsula Airport
- (2) N. 23° 37' 22" E., 30.00 feet; thence
- (3) S. 66° 22' 00" E., 619.79 feet; thence
- (4) S. 17° 56' 06" W., 30.15 feet to the Point of Beginning.

I-L: An easement for storm drainage purposes running along the westerly line of Phase 3 from Detention Pond #1 to the southerly line of Phase 3, described as follows:

Beginning at a point that bears South 23°37'22" West, a distance of 80.00 feet from the aforementioned Tie-Point "B"; thence

- (1) South 66°27'12" East, 30.00 feet; thence
- (2) South 35°09'35" West, 50.00 feet; thence
- (3) South 23°37'22" West, 164.68 feet; thence
- (4) North 66°22'00" West, 20.00 feet; thence
- (5) North 23°37'22" East, 213.63 feet to the Point of Beginning

The bearing of North 66°22'00" West as measured between found monuments along the northerly line of Parcel B-1, as per map filed in Volume 15, Page 77 of Parcel Maps in the office of the County Recorder of Monterey, California, is the Basis of Bearings for this description.

Dated: September 24, 2003

Bestor Engineers, Inc.



David Nachazel
Licensed Surveyor #7866
State of California
Expires: 31 December 2006



EXHIBIT "B"

GUARANTY OF LEASE

Sabastian Bordonaro and Perry Miller (collectively the "Guarantors"), as a material inducement to and in consideration of the Monterey Peninsula Airport District ("Landlord") entering into a written lease (the "Lease") with Flight Way Self Storage, LLC, ("Tenant"), of even date herewith unconditionally, absolutely and irrevocably guaranty and promise to and for the benefit of Landlord that Tenant shall perform all provisions of the Lease that Tenant is to perform.

Guarantors' obligations hereunder are joint and several, and independent of Tenant's obligations. A separate action or actions may be brought or prosecuted against any Guarantor whether action is brought or prosecuted against any other Guarantor or Tenant, or all, or whether any other Guarantor or Tenant, or all, are joined in any such action or actions. Guarantors waive the benefit of any statute of limitations affecting Guarantors' liability hereunder.

The provisions of the Lease may be changed by agreement between Landlord and Tenant at any time, or by course of conduct, without the consent of or without notice to Guarantors. This Guaranty shall guaranty the performance of the Lease as changed. Assignment of the Lease (as may be permitted by the Lease) shall not affect this Guaranty.

If Tenant defaults under the Lease, Landlord can proceed immediately against Guarantors or Tenant, or any of them or Landlord can enforce against Guarantors or Tenant, or any of them, any rights that Landlord has under the Lease or pursuant to any applicable law. If the Lease terminates and Landlord has any rights it can enforce against Tenant after termination, Landlord can enforce those rights against Guarantors without giving previous notice to Tenant or Guarantors, or without making any demand on any of them.

Guarantors waive any right to require Landlord to; (1) proceed against Tenant; (2) proceed against or exhaust any security that Landlord holds from Tenant; or (3) pursue any other remedy in Landlord's power whatsoever. Guarantors waive any defense by reason of any disability or other defense of Tenant, or by reason of the cessation from any cause whatsoever of the liability of Tenant. Until all Tenant's obligations to Landlord have been discharged in full, Guarantors; (1) shall have no right of subrogation against Tenant; (2) waive any right to enforce any remedy which Landlord now has, or hereafter may have, against

Tenant, and; (3) waive any right to participate in any security now or hereafter held by Landlord. Guarantors waive all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty, and waive all notices of the existence, creation or incurring of new or additional obligations.

This Guaranty shall not be affected by Landlord's failure or delay to enforce any of its rights against Tenant.

Any indebtedness of Tenant now or hereafter held by Guarantors is hereby subordinated to the indebtedness of Tenant to Landlord; and such indebtedness of Tenant to Guarantors if Landlord so requests shall be collected, enforced and received by Guarantors as trustees for Landlord and be paid over to Landlord on account of the indebtedness of Tenant to Landlord but without reducing or affecting in any manner the liability of Guarantors under the other provisions of this Guaranty.

If Landlord disposes of Landlord's interest in the Lease, "Landlord" as used in this Guaranty shall also mean Landlord's successor. Guarantors' obligations under this Guaranty shall be binding on Guarantors' successors.

Guarantors agree to pay all reasonable attorneys' fees and all other costs or expenses which may be incurred by Landlord in the enforcement of this Guaranty.

IN WITNESS WHEREOF the undersigned have executed this Guaranty on the day and year hereafter written.

Dated: 9/25, 2003

Dated: 9/25, 2003




Sebastian Bordonaro

Perry Miller

EXHIBIT "C"

STANDARD NONDISCRIMINATION AND AIRPORT DEVELOPMENT
PROVISIONS FOR LEASES

1. Lessee for himself/herself/itself and all heirs, personal representatives, successors in interest, and assigns, as a part of the consideration for the lease to which these Standard Nondiscrimination And Airport Development Provisions For Leases are attached or made a part (hereinafter, the "Lease"), does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in the Lease (the "Premises") for a purpose for which a United States Department of Transportation ("DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. Lessee for himself/herself/itself and all personal representatives, successors in interest, and assigns, as a part of the consideration for the Lease, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, and (3) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. Lessee for himself/herself/itself and all personal representatives, successors in interest, and assigns, as a part of the consideration for the Lease, does hereby covenant

- and agree as a covenant running with the land that in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.
4. Lessee shall furnish all accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.
 5. Non-compliance with Provision 4 above shall constitute a material breach of the Lease and in the event of such non-compliance Lessor shall have the right to terminate the Lease and the estate thereby created without liability therefore or at the election of Lessor or the United States either or both said governments shall have the right to judicially enforce these provisions.
 6. Lessee agrees that Lessee shall insert the above five provisions in any sublease, lease agreement or other contract by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Premises.
 7. Lessee assures that Lessee will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that Lessee will require that Lessee's covered suborganizations provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effect.
 8. Lessor reserves the right to further develop or improve the landing area of the Monterey Peninsula Airport (the "Airport")

as Lessor sees fit, regardless of the desires or view of Lessee and without interference or hindrance.

9. Lessor reserves the right, but shall not be obligated to Lessee 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 Lessee in this regard.
10. The Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States, relative to the development, operation or maintenance of the Airport.
11. There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation of the Airport.
12. Lessee 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 premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.
13. Lessee by accepting the Lease expressly agrees for himself/herself/itself and all successors and assigns that Lessee will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the Premises above the mean sea level elevation * feet, except as specifically shown on construction plans approved in writing by Lessor following any applicable Federal Aviation Administration review. In the event the aforesaid covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.
14. Lessee by accepting the Lease expressly agrees for himself/herself/itself and all successors and assigns that Lessee will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Monterey Peninsula Airport or otherwise constitute a

hazard. In the event the aforesaid covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

15. 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 Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).
16. The Lease and all the provisions thereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

* as required by federal aviation regulations

AGENDA ITEM: K
DATE: January 14, 2015

TO: Monterey Peninsula Airport District Board of Directors
FROM: Thomas E. Greer, General Manager
DATE: January 6, 2015
SUBJ: Monthly Report

1. I met with Joseph Pickering, Mead and Hunt, along with Director Leffel and, Charlie Hayes prior to the December Board meeting to discuss Mr. Pickering's presentation to be presented at the Board the following day. Mr. Pickering gave a very thorough industry update, covered current airline trends and reviewed the Monterey air service market area. A copy of his presentation is available on file.
2. I had several conference calls with Kent Myers regarding creating a "destination marketing" program to present to the MCCVB and other hospitality partners. We also met with Tim Ryan, Pebble Beach Company to get their support for the concept. PB is very supportive and wants to explore the participation of other entities.
3. I had a follow up call with Joseph Pickering to coordinate the transition due to the retirement of Charlie Hayes.
4. I met with Linda Frankel, ADK Consulting, to give her an overview of the airport and a tour of the airport terminal. Due to time constraints, I had to give her an airport tour using the large aerial photograph of the airport.
5. Attended the Staff Christmas/Holiday party at the Hyatt where a large number of staff and their families attended. A good time was had by all.
6. I attended the Annual Board Dinner at Fandango's restaurant. All Board Members and spouses/guests also attended as well as SDGM Charlie Hayes and his wife. It was a very enjoyable occasion.
7. Several meetings and discussions were had regarding the RSA project. Specifics will be given at the board meeting during the project update.
8. I attended both the Marketing/Air Service and Finance committee meetings. Reports will be presented during the regular board meeting.
9. An enjoyable Christmas and New Year holiday was enjoyed.

10. As a reminder, I will not be in attendance at this meeting as I will be attending the AAAE Aviation Issues conference. There will be no cost to the District, other than my time, as I won this trip in a raffle at the Past Chairs Advisory Group luncheon last year. During my absence, Deputy General Manager, Mark Bautista will be acting GM, until his departure after the Board Meeting, at which time, Finance Manager/Controller, Jerry Merritt will be Acting GM until my return on January 19th.

TO: Thomas E. Greer, General Manager
FROM: Operations Manager Griggs
DATE: January 7, 2015
SUBJ: Operations Report

The following is a summary of significant activity in the Operations Department for December 2014.

1. Coordinated two nighttime closures of Runway 10R/28L for RSA related activity.
2. Continued airfield familiarization training with Kimley-Horn Associates and GraniteRock prior to the Schedule 3 construction phase later this month.
3. Attached is the Noise Comment Report.
4. Attached is the Operating and Expense Report for the Taxi Open-Entry System.
5. Attached is the Commercial Flight Cancellations & Delay Report. In the month of December there were a total of 182 delays and 71 cancellations.
6. Attached is the Commercial Flight Schedule for January 2015.
7. Below is the summary of scheduled activity for January 2015:

Alaska Air/Horizon

- No changes from December
- Continuing to operate one daily departure to San Diego
- Scheduled to operate a total of 62 flights (Arrivals and Departures)

Allegiant Air

- No changes from December
- Continuing to operate two weekly departures on Sundays and Thursdays.
- Scheduled to operate a total of 18 flights (Arrivals and Departures)

American Eagle/SkyWest

- No changes from December
- Will continue to operate two daily departures.
- Scheduled to operate a total of 124 flights (Arrivals and Departures)

United/SkyWest

- Will resume four daily SFO departures effective Jan. 6th. Continuing to operate three daily departures to LAX.
- Scheduled to operate a total of 434 flights (Arrivals and Departures)

US Airways/SkyWest

- No major changes from December.
- Continuing to operate three daily departures, two on Tuesdays, Wednesdays & Saturdays.
- The CRJ900 continues to operate daily.
- Scheduled to operate a total of 158 flights (Arrivals and Departures)

Cumulatively speaking the airlines have scheduled 111 fewer flights (796 vs. 907) as compared to last December. This is primarily due to the United Express service elimination of the Denver flight and seasonal reduction from three to two daily LAX flights flown by American Eagle.

MRY AIRPORT NOISE COMMENT LOG DECEMBER 2014

Name	Location (Address)	Incident Date	Incident Time	Aircraft ID	</> of Flight	Comments	By	Action Taken	Notes
1	CONA	12/10/2014	12:30 - 1:15pm	SE	North Pattern	Making eight touch n' goes, turning before reaching HWY 1 and unsafely rocking back and forth	KG	ATCT advised the caller's unsafe judgement was incorrect.	Mr. Watson has called regularly to complain about aircraft foregoing the noise abatement procedure and insists they are to be followed as written.
2	Pacific Grove	12/11/2014	1:15pm	MD-80	Arrival to RWY 10R	Mr. Turffs complained about the Allegiant MD-80 inbound to MRY which added thrust to maintain necessary decent altitude requirements causing an increase of noise. Also, that is completely unsafe to fly in 40mph gusts.	KG	Mr. Turffs requested a confirmation of his e-mail only.	Weather conditions at 1pm indicated winds of 13 knots with gusts 15-20 knots.
3	CONA	12/21/2014	12:40pm	SE Cessna	North Pattern	Cessna keeps flying over my house	KG	Flight Training occurred during the time frame described. Informed recipient that noise procedures are voluntary.	
4									
0	**NONE**								
0	**NONE**								

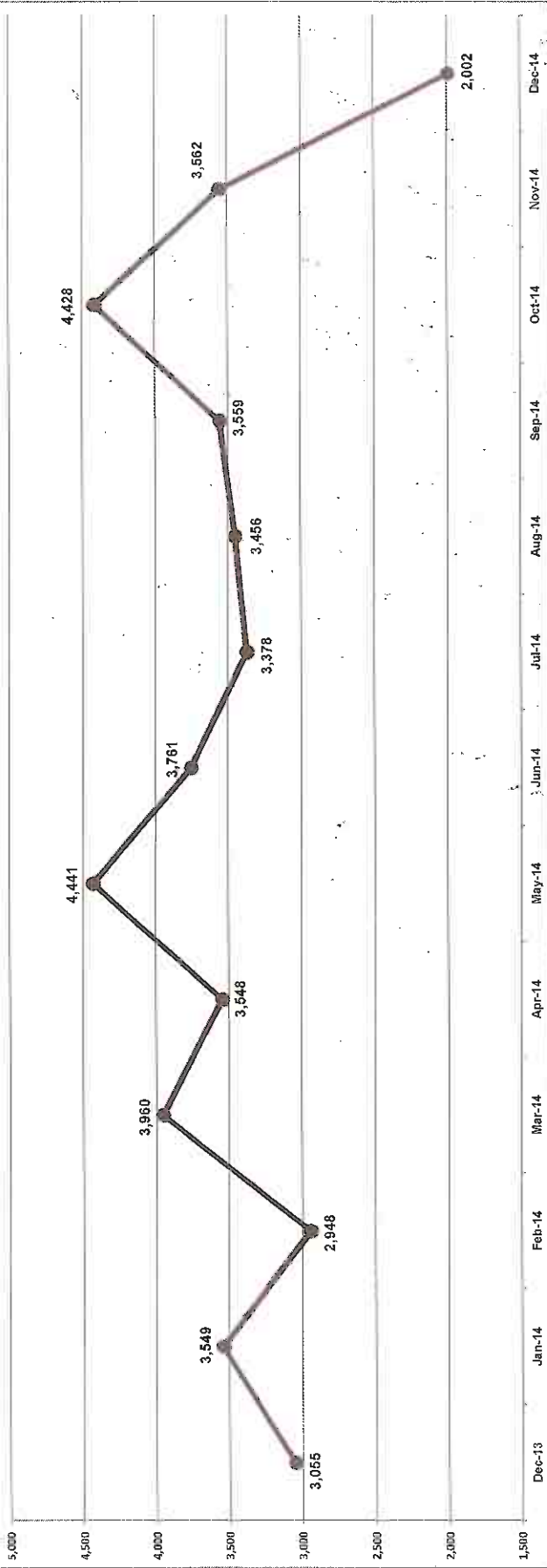
AIR OPERATIONS ORIGINATING FROM ANOTHER AIRPORT AIR OPERATIONS OF UNKNOWN ORIGIN MONTHLY TOTALS and COMPARISONS

	Dec-14	Dec-13	% Change
Number of Complaints:	3	1	200%
Number of Operations:	3,458	3,921	-12%
Annual Total	73	37	97%
Other Airport	0	0	UNKNOWN ORIGINS

13-MONTH ROLLING COMPARISON

MONTHLY TOTAL TRIPS	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
	3,055	3,549	2,948	3,548	4,441	3,761	3,378	3,378	3,456	3,559	4,428	3,562	2,002

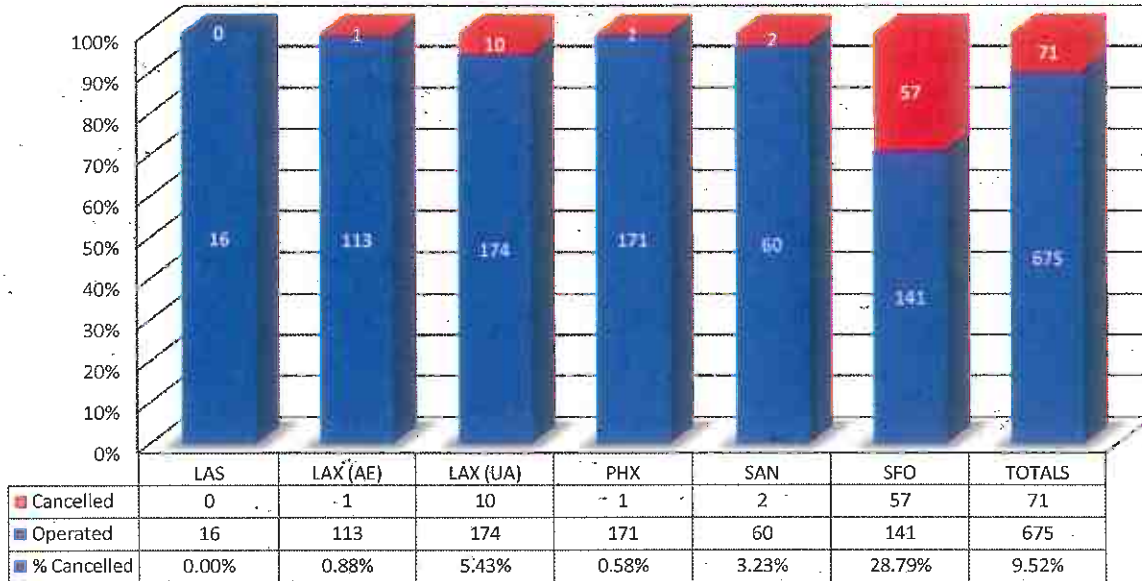
MONTHLY TOTAL TRIPS



	DEC-13	JAN-14	FEB-14	MAR-14	APR-14	MAY-14	JUN-14	JUL-14	AUG-14	SEP-14	OCT-14	NOV-14	DEC-14
NUMBER OF TRIPS	3,055	3,549	2,948	3,548	4,441	3,761	3,378	3,378	3,456	3,559	4,428	3,562	2,002
NUMBER OF CABS	134	135	135	137	138	142	106	113	114	114	117	119	122
TAXI TRIP FEES	\$ 9,165	\$ 10,647	\$ 8,844	\$ 11,880	\$ 10,644	\$ 13,323	\$ 11,283	\$ 10,134	\$ 10,368	\$ 10,677	\$ 13,284	\$ 10,686	\$ 6,006
TAXI MEDALLION FEES ¹	\$ 2,479	\$ 2,604	\$ 2,479	\$ 2,729	\$ 2,542	\$ 2,867	\$ 2,208	\$ 3,958	\$ 2,458	\$ 2,458	\$ 3,646	\$ 2,583	\$ 2,833
TAXI - TOTAL REVENUE	\$ 11,644	\$ 13,251	\$ 11,323	\$ 14,609	\$ 13,186	\$ 15,965	\$ 13,950	\$ 12,942	\$ 14,326	\$ 13,135	\$ 16,930	\$ 13,269	\$ 8,839
CURB MGMT CONTRACT	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327	\$ 10,327
EQUIPMENT DEPRECIATION	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600
SOFTWARE LICENSE / HOSTING	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175
EXPENDABLE SUPPLIES	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102
TAXI - TOTAL EXPENSE	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102	\$ 14,102
OPERATING INCOME / (LOSS)	\$ (2,458)	\$ (851)	\$ (2,779)	\$ 507	\$ (916)	\$ 1,763	\$ (152)	\$ (2,330)	\$ (346)	\$ (1,537)	\$ 2,258	\$ (1,403)	\$ (5,833)
CUMULATIVE (13-MONTH) OPERATING INCOME / (LOSS)													\$ (14,076)

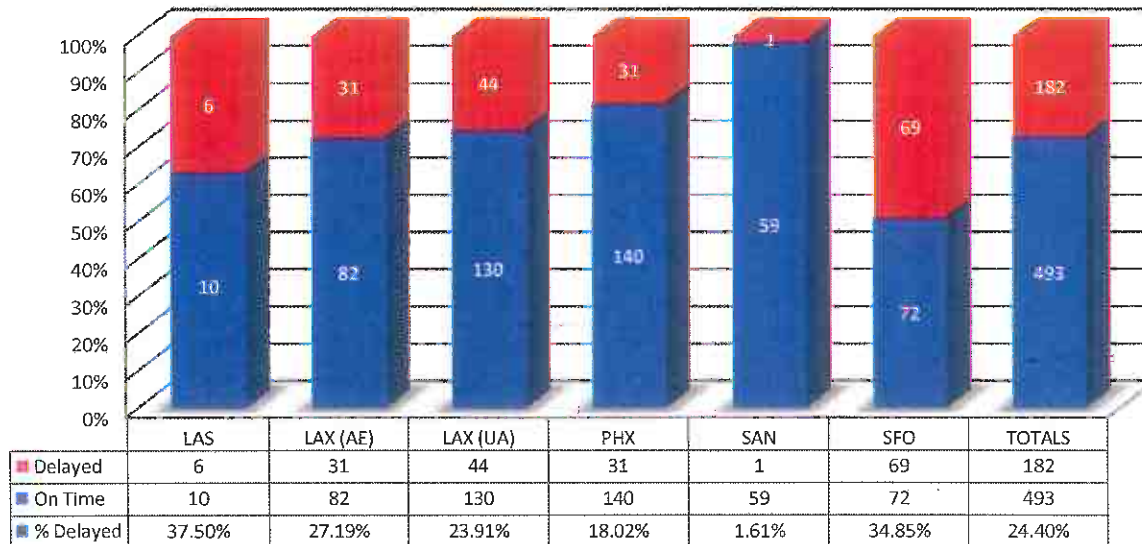
December 2014

December Commercial Flights Operated vs. Cancelled





















TOTAL CANCELED FLIGHTS: 71

December Commercial Flights On Time vs. Delayed



TOTAL DELAYED FLIGHTS: 182

Monterey Regional Airport January 2015 Flight Schedule

ARRIVALS					DEPARTURES						
	FROM	AIRLINE	FLIGHT	TIME	SCHD	TO	AIRLINE	FLIGHT	TIME	SCHD	
CRJ200 (50)	LAX		5415	10:22 AM 9:47 AM	JAN 1-5 JAN 6-31	SFO		6346	6:00 AM 6:30 AM	JAN 1-5 JAN 6-31	EMB (27)
EMB (27)	SFO		5503/6346	10:54 AM	DAILY	PHX		6573/2744	6:15 AM	DAILY	CRJ200 (50)
CRJ900 (76)	PHX		5532	11:50 AM	DAILY	LAX		5316	7:15 AM 6:00 AM	JAN 1-5 JAN 6-31	CRJ200 (50)
EMB (27)	SFO		5654	2:17 PM	DAILY	LAX		2616/2610	7:40 AM	DAILY	CRJ200 (50)
CRJ200 (50)	PHX		2696	3:35 PM	DAILY EXC WE & SA	SAN		2437	8:00 AM	DAILY	Q400 (76)
EMB (27)	SFO		5652/6359	4:57 PM	JAN 6-31 ONLY	LAX		5439	10:52 AM 10:18 AM	JAN 1-5 JAN 6-31	CRJ200 (50)
CRJ200 (50)	LAX		2589	5:25 PM	DAILY	SFO		5160	11:25 AM	DAILY	EMB (27)
CRJ200 (50)	LAX		5347	5:35 PM	DAILY	PHX		5455	12:20 PM	DAILY	CRJ900 (76)
MD80 (166)	LAS		540	7:22 PM 4:07 PM 10:52 AM 2:54 PM 2:34 PM	1/1 1/4 1/8, 1/15, 1/22, 1/29 1/11 1/18 & 1/25	SFO		6359	2:40 PM	DAILY	EMB (27)
Q400 (76)	SAN		2436	7:45 PM 8:57 PM	DAILY EXC MO/TH MO & TH	PHX		6562	4:05 PM	DAILY EXC TU, WE & SA	CRJ200 (50)
CRJ200 (50)	PHX		6614	9:54 PM	DAILY EXC TU	SFO		5609	5:22 PM	JAN 6-31 ONLY	EMB (27)
CRJ200 (50)	LAX		2595	10:00 PM	DAILY	LAX		2589	5:50 PM	DAILY	CRJ200 (50)
CRJ200 (50)	LAX		5420	9:09 PM	DAILY	LAX		5391	6:10 PM	DAILY	CRJ200 (50)
EMB (27)	SFO		6376	11:20 PM	DAILY	LAS		541	8:07 PM 4:52 PM 11:37 AM 3:39 PM 3:19 PM	1/1 1/4 1/8, 1/15, 1/22, 1/29 1/11 1/18 & 1/25	MD80 (166)

*Flight Schedule is general information and, subject to change. Schedules are updated monthly and can change daily. Please contact your airline for further information.

AGENDA ITEM: K
DATE: January 14, 2015

TO: Thomas E. Greer, General Manager
FROM: Mark Bautista, Deputy General Manager, Planning & Development
DATE: December 31, 2014
SUBJ: Planning & Development Monthly Project Report

Attached is the current monthly Project Report for the Planning and Development Department. Highlights for December 2014 include:

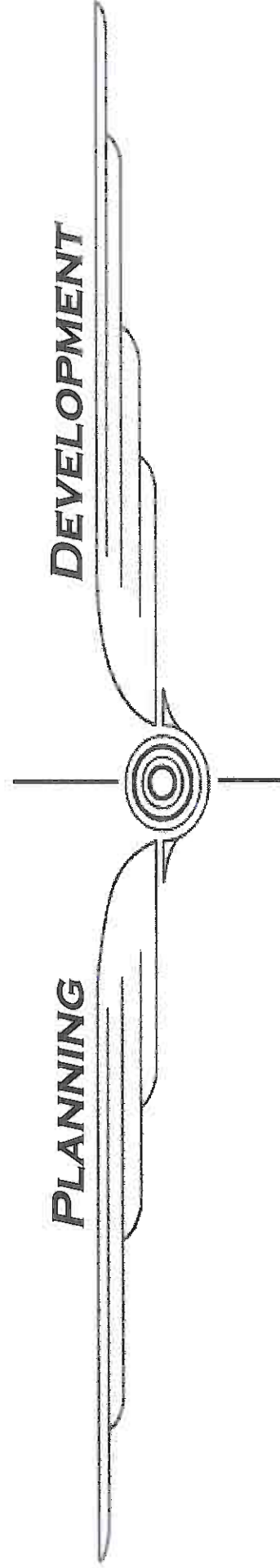
- Work directed toward implementation of the Runway Safety Area (RSA) Project accomplished during the reporting period, including:
 - Coordinate with ESCO for delivery dates of EMAS blocks for the RSA project.
 - Facilitated a meeting between ESCO and GRC to discuss installation procedures for the EMAS beds.
 - Monitored GRC SWPPP and rain activities.
 - Coordinated with GRC and Tarp's management regarding the removal of the K-rail on the East end of Tarp's entrance.
 - Continued construction of soil nail walls for the vehicle service road near the east end of Rwy 10R/28L when weather permitted.
 - Prepared notices for tenants and aviation users on the flight approach procedures that will be available during the EMAS installation and updated the project web site on the Internet.
 - Coordinated with Operations on communication to the aviation users regarding the 60-day EMAS installation parameters.

- Work directed toward the Airport Master Plan (AMP), including:
 - On-going consultant work on refining alternatives to meet the needs identified in the draft Demand/Capacity Analysis and Facility Requirement chapters provided to the PAC and BOD members, and published on the project web site.
 - On-going work on the economic impact analysis portion of the AMP.
 - Maintenance of the project web site on the Internet.
 - Preparation of review materials for the BOD and PAC regarding the draft Appendix B and Environmental Overview for the AMP.

- Review of the results of the Request for Proposals (RFP) for analysis of future use of the five (5) wells on the Airport formerly used by the Corps. Of Engineers. Interviews will be held in January 2015. The grant agreement for the funding of the analysis between the Monterey Peninsula Water Management District (MPWMD) and MPAD will be presented to the BOD at the same time as the consultant contract (anticipated to be the February 2015 meeting).

Staff will make a presentation at the Board Meeting on any items that arise subsequent to the publishing of the Agenda.

Monthly Capital Project Report
January 2015



Monterey Peninsula Airport District

PROJECT#	FUNDING		BUDGETING				EXPENDITURES			STATUS			
	AIP #	PFC	Prior FY Budget	FY 2015 Budget	Post FY Budget	Total Project Budget	Spent in Prior Fiscal Years	FY 2015 Expenditures to Date	12/31/2014	% Physical Complete	Project Name	Current Status	4 Week Look Ahead
ACTIVE FEDERALLY FUNDED PROJECTS:													
1	2012-01 and 2014-01	10-15-C-00-MRY 11-17-C-00-MRY 13-18-C-00-MRY	\$31,371,402	\$29,223,954	\$15,638,832	\$46,461,506	\$6,847,008	\$12,877,882	\$19,724,889	40%	RSA Runway 10R/28L - Construction; Phase 1 and 2	Construction of the retaining walls remains underway. Schedule I and II are ending.	Construction of Schedule III is scheduled to get underway beginning January 19, 2015.
2	2013-02	13-18-C-00-MRY	\$690,000	\$632,008	\$162,236	\$1,094,980	\$402,727	\$243,393	\$646,119	75%	Airport Master Plan	All current working papers have been distributed to BOD; and available at MPAD website home page link (see Airport Master Plan Website). FAA has approved forecasts reviewed with the BOD.	The next PAC meeting, and Public Workshop are scheduled for March, 10, 2015.
3	2015-03	Unk.	\$0	\$1,094,980	\$0	\$1,094,980	\$0	\$0	\$0	0%	Airport Infield Reconstruction Design	Funding anticipated to be available only during last quarter of FY 15.	No action anticipated.
ACTIVE DISTRICT FUNDED PROJECTS:													
4	2015-01	N/A	\$0	\$42,000	\$0	\$42,000	\$4,000	\$0	\$6,698	100%	ARFF Station Remodel Improvements	Construction complete.	Certificate of Occupancy has been provided.
5	N/A	N/A	\$14,148	\$17,045	\$10,307	\$99,000	\$85,436	\$0	\$85,436	95%	FWSS Mitigation Land Restoration	Preparation and planting is complete at fire off-airport site. Signage delineating status as habitat area has been installed.	Monitoring will continue through FY 2015, and into FY 2016.

AGENDA ITEM: K

DATE: January 14, 2015

TO: Thomas E. Greer, General Manager
FROM: Jennifer Hickerson
DATE: January 2, 2015
SUBJ: Air Service Development Report

The Air Carrier Service/Marketing/Community Relations Committee (Committee) met January 6th. The agenda for the meeting is included at the end of this report.

Air Carrier Update:

The airline flight schedules, presented at the December meeting, with small changes:

- AS - One 76-seat Q400 turboprop daily to SAN arriving MRY. Beginning this month, Alaska will arrive at 8:57 on Monday and Thursday. The other days will remain the same at 7:45 PM, departing the next day at 8:00 AM.
- G4 (Allegiant) – MD-83 to LAS on Sundays and Thursdays.
- AA/US – Two CRJ flights daily to LAX and one on Saturday. AA is scheduled to resume three daily flights (two on Saturdays) on Feb 12th.
- US/AA – PHX service continues three times a day with the exception of Tuesdays, Wednesdays and Saturdays. On Wednesdays and Saturdays, the mid-afternoon arrival will not operate. On Tuesdays, Wednesdays and Saturdays the mid-afternoon departure will not operate. And on Tuesdays, the evening arrival will not operate.
- US SFO - SFO four times a day, with the fourth SFO flight being reinstated beginning January 6th. Note several other schedule adjustments on January 6th.
- UA LAX – SkyWest flies three daily flights for UA, flown on a “prorate” basis.

Air Service Planning/Reports

- Destination Marketing: Kent Myers (Air Planners LLC) using the Go-To-Meeting format presented to Tim Ryan, Pebble Beach Company on December 15th. The meeting was held in the Board Room with Tom, Charlie and Jennifer joining in. Tim is extremely supportive of the program and willing to help with our efforts.
- SkyWest Airlines will phase out all EMB-120s in 2015: Between February 1st and May 5th, it will replace all EMB120 turboprops (27 seats) serving CA airports with 50 seat CRJ200s. Future flight schedules to reflect these changes in 2015 have not been published.

Marketing, Advertising & Promotions

Advertising

- TV – We were on the college plays-offs and will be on college championship game on January 12th. We will also be on KSBW news promoting wintertime/early spring travel.
- Movie Theaters: ends January 8th.
- Billboard: On Hwy 101, 2 miles north of Prunedale.
- CVB In-Terminal promotions: The CVB installed their final branding sign in the secured area. A photo is attached.
- Baggage Claim Video: The new ad to replace the “Where’s My Bag” video on our TV at baggage claim will be running by the end of this week.

Public Relations:

- Weekly e-Newsletter: Below are the featured cities during the past five weeks:

Dec 2	US Airways	Phoenix
Dec 11	United/American	Los Angeles
Dec 16	Alaska	San Diego
Dec 23	Allegiant	Las Vegas
Dec 30	US Airways	Phoenix
- Social Media/Facebook: “Total Likes” continue to grow – **12,060** as of January 5, 2015.

Customer Service:

- Customer Comment Cards – see December responses attached.

Next Committee Meeting:

February 3, 2015 at 9:00 a.m.

**SPECIAL MEETING
AIR CARRIER SERVICE – MARKETING - COMMUNITY RELATIONS COMMITTEE
OF THE BOARD OF DIRECTORS
MONTEREY PENINSULA AIRPORT DISTRICT**

January 6, 2015 – 9:00 AM

**Board Room - Terminal Building
Monterey Peninsula Airport**

(Unless you are a public safety official, please turn off your cell phone or place it on vibrate mode during the meeting. Thank you for your compliance.)

A. CALL TO ORDER

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

C. PUBLIC COMMENTS

(Any person may address the Committee at this time. Presentations should not exceed three (3) minutes, should be directed to an item **NOT** on today's agenda, and should be within the jurisdiction of the Monterey Peninsula Airport District Board. Though not required, the Monterey Peninsula Airport District Board appreciates your cooperation in completing a speaker request form available on the staff table. Please give the completed form to the Monterey Peninsula Airport District Secretary. Comments concerning matters set forth on this agenda will be heard at the time the matter is considered.)

D. REGULAR AGENDA – ACTION ITEMS

- | | | |
|------------|----|---|
| Review | 1. | Marketing, Advertising & Promotions |
| Review | 2. | Air Service |
| Review | 3. | Community Alliance for Promotion of Inbound Flights |
| Review | 4. | Public Relations |
| Review | 5. | Customer Service Ideas, Feedback & Reports |
| Review | 6. | Instrument Landing System Status |
| Discussion | 7. | Schedule next meeting |

E. ADJOURNMENT

AGENDA DEADLINE

This is the final Agenda that has been posted on the bulletin board outside the District Offices in the Terminal Building at the Monterey Peninsula Airport no less than 72 hours prior to the meeting.



TO: Tom Greer, General Manager, Monterey Peninsula Airport District
 FROM: Jerry Merritt, District Auditor/Controller
 SUBJ: Financial Summary for November 2014 & FYTD (FY 2015)

BACKGROUND. The Financial Summary for November 2014 (the fifth period of Fiscal Year 2015) is summarized by the following documents:

- **Graphic Comparisons – Actual Operating Revenue & Actual Operating Expense**
- **Airport District Operating Statistics & Financial Performance**
- **Sources / Uses of Cash**
- **Capital Expenditures**

SUMMARY. In November, operating revenue was above plan by \$30,281 (5%). Commercial aeronautical fees, TCP permits, rental car concessions, parking, GA landing fees, fuel flowage fees, non-aviation rents and other operating revenue were above plan; taxi permits & trip fees, hangar rents and interest income were below plan for November. When reviewed on the FYTD basis, operating revenue was above plan by \$68,829 (2%). Partially due to phasing and partially due to increased offsets, operating expense was below plan by \$42,312 (-5%); below plan by \$165,304 (-5%) FYTD. Net income for November was 51% above plan; FYTD net income was 982% above plan. The net change in cash position (for November) was a negative \$117,473; net change in cash position FYTD was a positive \$103,033.

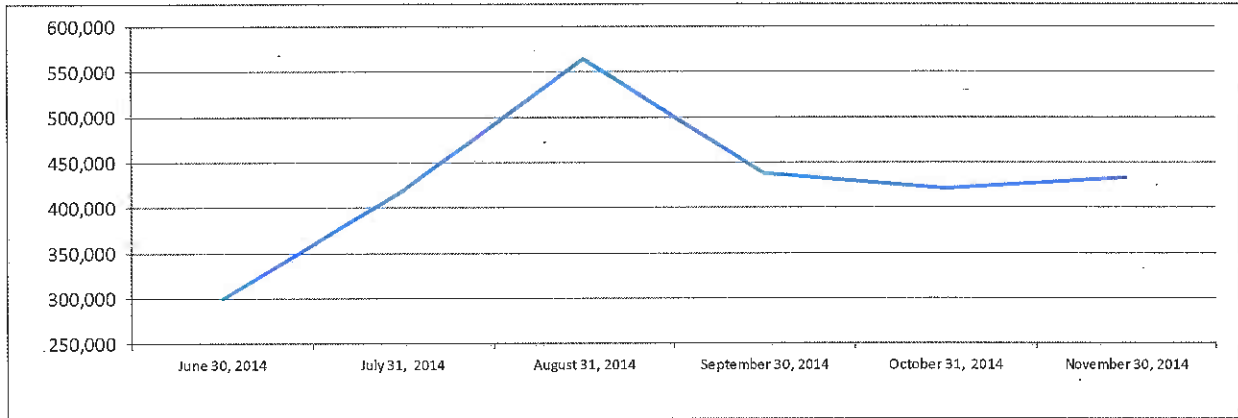
OPERATING REVENUE							
NOVEMBER 2014 ACTUAL	NOVEMBER 2014 PLAN	VARIANCE		FISCAL YTD 2015 ACTUAL	FISCAL YTD 2015 PLAN	VARIANCE	
		\$	%			\$	%
\$ 665,051	\$ 634,770	\$ 30,281	5%	\$ 3,544,233	\$ 3,475,404	\$ 68,829	2%

OPERATING EXPENSE							
NOVEMBER 2014 ACTUAL	NOVEMBER 2014 PLAN	VARIANCE		FISCAL YTD 2015 ACTUAL	FISCAL YTD 2015 PLAN	VARIANCE	
		\$	%			\$	%
\$ 734,916	\$ 777,228	\$ 42,312	-5%	\$ 3,286,248	\$ 3,451,552	\$ 165,304	-5%

OPERATING INCOME / (LOSS)							
NOVEMBER 2014 ACTUAL	NOVEMBER 2014 PLAN	VARIANCE		FISCAL YTD 2015 ACTUAL	FISCAL YTD 2015 PLAN	VARIANCE	
		\$	%			\$	%
\$ (69,865)	\$ (142,458)	\$ 72,593	51%	\$ 257,985	\$ 23,852	\$ 234,133	982%

ACCOUNTS RECEIVABLE. The accounts receivable balance on November 30, 2014, was \$432,676. This balance is 2.6% higher than the balance on October 31, 2014, and 43.9% higher than the balance on June 30, 2014. Of the accounts receivable balance, \$58,307 or 13.5% was over 60 days old. Chart 1 depicts the accounts receivable balances by month.

Chart 1



Under normal circumstances, the balance of accounts receivable at month-end will align with the dynamic (variable) operating revenue in that month, such as landing fees, fuel flowage fees, concession-based revenues, passenger facility charges (PFC). Typically, accounts receivable balances will span a range from \$300,000 to \$550,000, depending on the District's business cycle. We have a cyclic high in August; a cyclic low in January. Compared to October, November operating revenue decreased 7.3%; compared to September, November operating revenue decreased 5.0%. Chart 2 graphically presents the monthly comparison of operating revenues to accounts receivable.

Chart 2

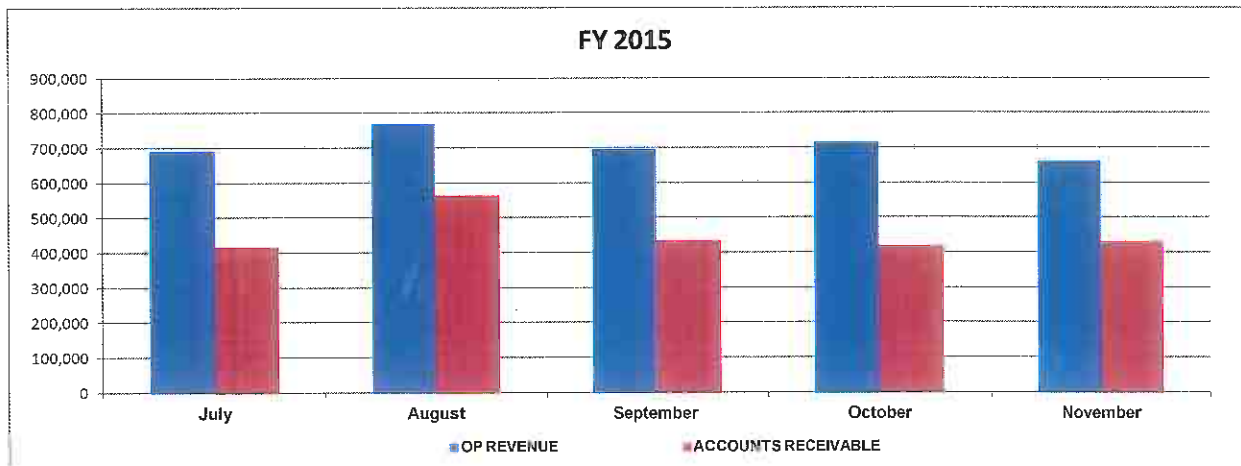
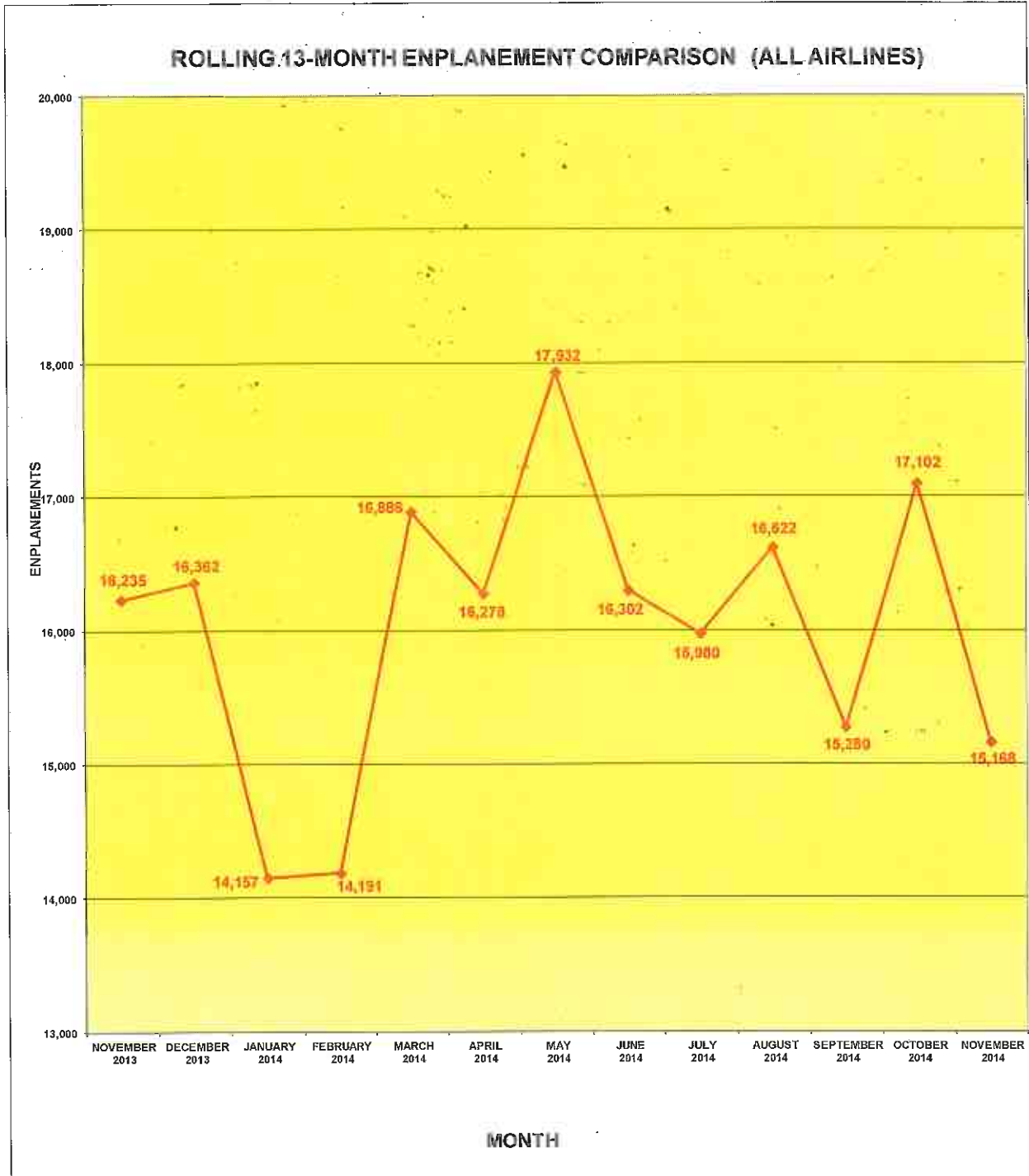
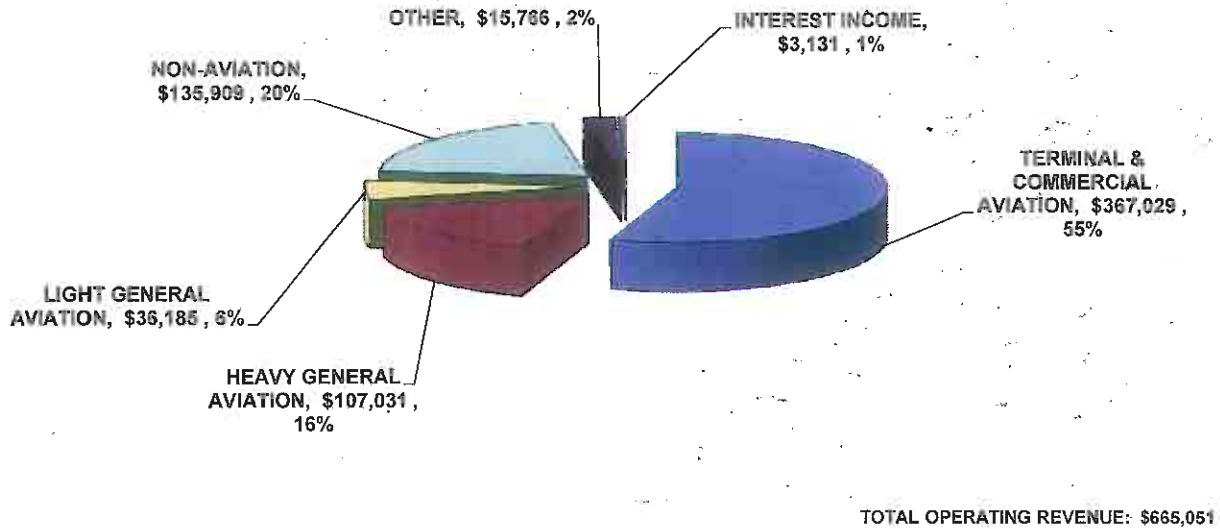


Chart 3 presents a rolling 13-month display of total enplanements which mimics the business cycle of the District. When compared to October 2014, November 2014 enplanements decreased 11.3%. When compared to November 2013, November 2014 enplanements decreased 6.6%.

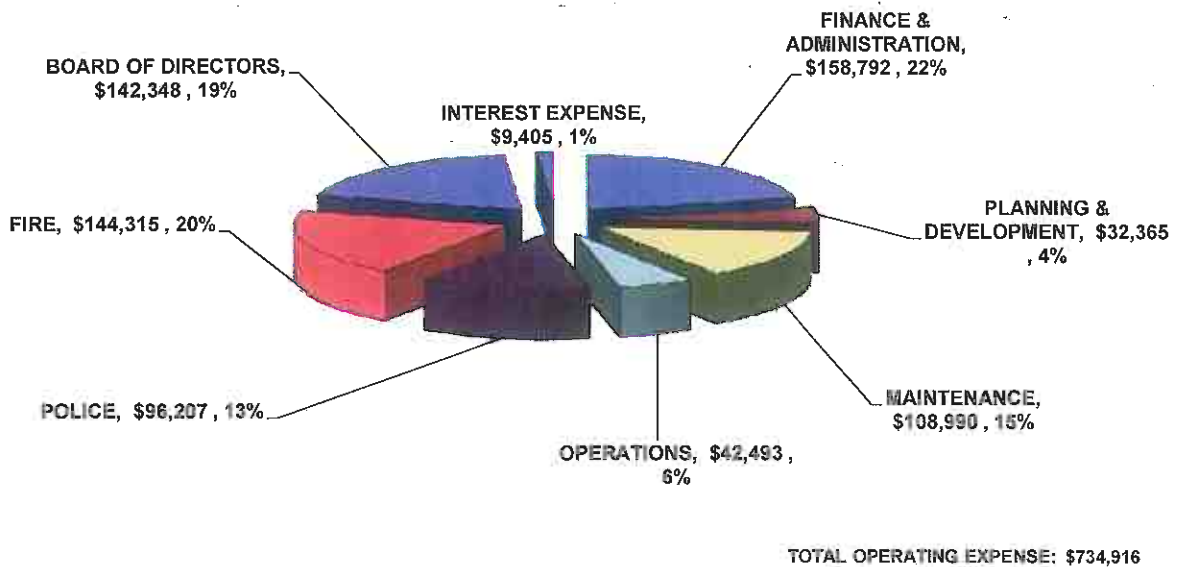
Chart 3



NOVEMBER 2014 OPERATING REVENUE

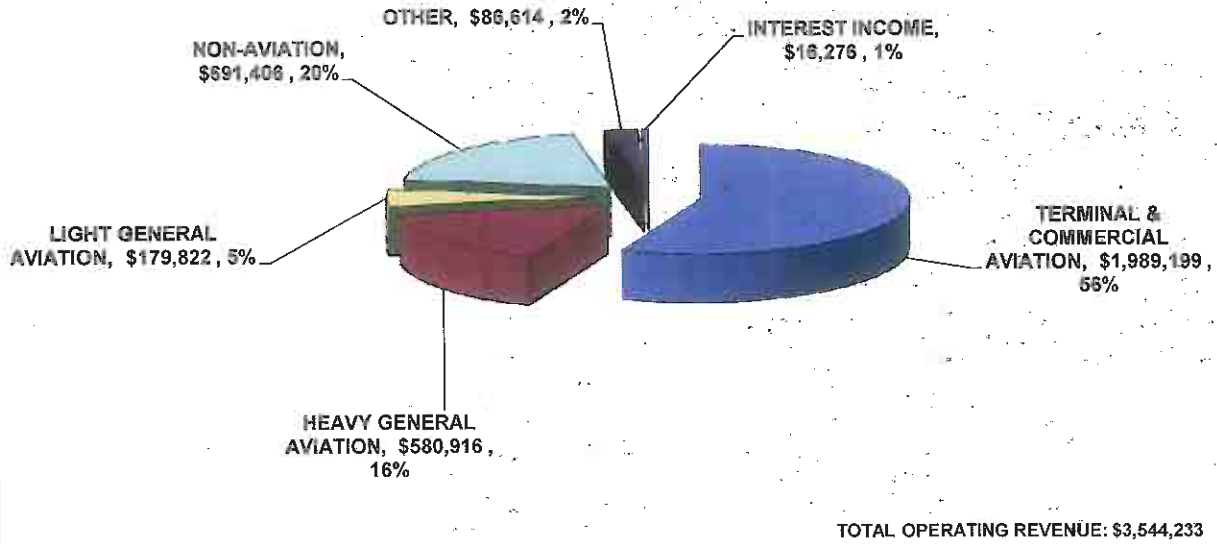


NOVEMBER 2014 OPERATING EXPENSE

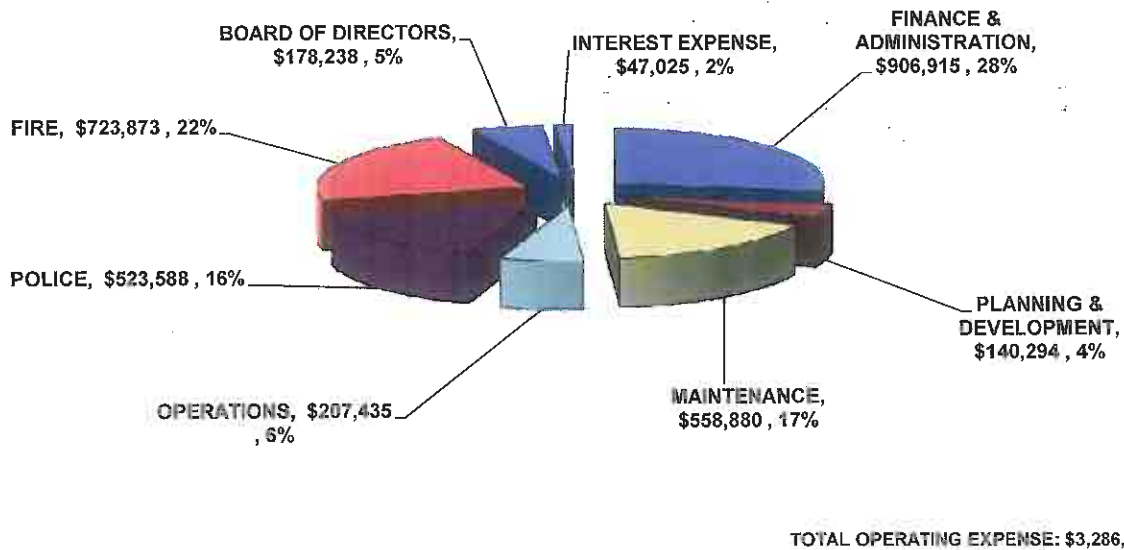


Monterey Peninsula Airport District

FY 2015 (July 14 - November 14) YTD OPERATING REVENUE



FY 2015 (July 14 - November 14) YTD OPERATING EXPENSE



AIRPORT DISTRICT OPERATING AND FINANCIAL PERFORMANCE SUMMARY

November 30, 2014

OPERATING STATISTICS	NOVEMBER 14	NOVEMBER 13	YTD FY 15	YTD FY 14
AIRPORT ACTIVITY				
Air Carrier Landings ¹	378	425	2,046	2,393
Passengers (emp/dep)	31,815	-	162,675	176,270
Total Cargo (in pounds)	89,214	-	449,672	408,715
AIRCRAFT OPERATIONS				
Commercial	1,163	1,134	6,256	6,626
General Aviation	3,091	2,871	15,250	15,261
Military	186	181	830	767
TOTAL AIRCRAFT OPERATIONS	4,420	4,186	22,336	22,654
VEHICLE EXIT COUNT				
Upper Short Term (1) Lot	1,924	2,013	10,583	10,691
Long Term (2) Lot	2,097	2,166	10,829	10,499
Lower Short Term (3) Lot	6,160	6,843	33,139	38,230
TOTAL VEHICLE EXIT COUNT	10,181	11,022	54,551	59,420

¹Cancelled Flights: November = 25 (0 - Alaska / 0 - Allegiant / 0 - American Eagle / 2 - US Airways / 23 - United Express); FYTD = 182 (2 - Alaska / 0 - Allegiant / 17 - American Eagle / 12 - US Airways / 151 - United Express)

FINANCIAL INFORMATION	NOVEMBER 14 ACTUAL	NOVEMBER 14 BUDGET	NOVEMBER 13 ACTUAL	YTD FY 15 ACTUAL	YTD FY 15 BUDGET	YTD FY 14 ACTUAL
BGT OPERATING REVENUE						
TERMINAL						
CA Landing, Apron & RON Fees	55,717	53,881	55,013	295,097	275,541	293,230
Rents	142,256	141,355	136,366	709,348	705,899	684,421
TCP Operator Permits	1,050	750	1,089	4,250	3,830	4,486
Taxi Operator Permits & Trip Fees	13,289	13,614	14,066	71,128	73,104	75,541
Concessions	9,882	10,008	10,012	80,897	81,616	61,635
Rental Car	75,167	68,799	68,410	507,509	512,602	508,910
Parking	69,667	67,593	61,260	340,871	348,745	316,440
HEAVY GENERAL AVIATION						
GA Landing Fees	26,822	18,532	18,080	153,321	128,170	125,043
FBO Rent	54,925	54,898	53,394	274,625	274,490	266,970
Fuel Fees	25,184	20,096	18,537	152,970	138,544	127,811
LIGHT GENERAL AVIATION						
NON AVIATION	36,185	34,131	39,043	179,822	190,555	194,764
OTHER OPERATING REVENUE	135,909	130,854	102,602	691,406	675,408	599,464
INTEREST INCOME	15,765	12,965	12,849	86,614	70,620	71,477
TOTAL BGT OPERATING REVENUE	665,051	634,770	594,966	3,544,233	3,475,404	3,352,938
BGT OPERATING EXPENSE						
Finance & Administration	156,792	160,781	181,389	906,915	909,266	895,763
Planning & Development	32,365	37,955	33,143	140,284	206,577	206,370
Maintenance & Custodial Services	108,990	129,340	113,110	556,880	597,990	528,640
Airport Operations	42,493	42,377	42,922	207,435	221,218	207,797
Police Department	96,207	111,318	99,306	523,588	555,828	495,727
Fire Department	144,315	149,558	136,247	723,873	735,415	649,829
Board of Directors	142,348	142,484	7,056	178,238	178,233	45,888
Interest Expense	9,405	9,405	10,366	47,025	47,025	51,828
TOTAL BGT OPERATING EXPENSE	734,916	777,228	623,578	3,286,248	3,451,552	3,061,944
BGT OPERATING INCOME / (LOSS)	(69,865)	(142,458)	(28,612)	257,985	23,852	271,094
DISTRICT CAPITAL EXPENDITURES	25,368	-	59,164	43,744	72,000	241,998
DEBT SERVICE - PRINCIPAL ONLY	22,667	-	20,667	113,333	-	103,333

MONTEREY PENINSULA AIRPORT DISTRICT

	FY 2015 NOVEMBER 2014 ACTUAL	FY 2015 YEAR-TO-DATE ACTUAL
SOURCES AND USES OF CASH -- OPERATIONS		
SOURCES OF CASH		
CASH RECEIVED - OPERATING REVENUE	\$ 661,920	\$ 3,527,958
CASH RECEIVED - INTEREST INCOME	3,131	16,276
CASH RECEIVED	<u>\$ 665,051</u>	<u>\$ 3,544,233</u>
USES OF CASH -- OPERATIONS		
CASH DISBURSED - OPERATING EXPENSE ¹	\$ 725,086	\$ 3,237,098
CASH DISBURSED - DEBT SERVICE (BOND INTEREST EXPENSE) ²	9,405	47,025
CASH DISBURSED - DEBT SERVICE (PRINCIPAL REDUCTION) ²	22,667	113,333
CASH DISBURSED	<u>\$ 757,158</u>	<u>\$ 3,397,456</u>
CHANGE IN CASH POSITION FROM OPERATIONS & DEBT SERVICE	<u>\$ (92,107)</u>	<u>\$ 146,777</u>
USES OF CASH -- CAPITAL PROGRAM		
CASH DISBURSED - DISTRICT CAPITAL PROJECTS ³	\$ 25,366	\$ 43,744
CASH DISBURSED	<u>\$25,366</u>	<u>\$43,744</u>
CHANGE IN CASH POSITION FROM CAPITAL PROGRAM	<u>\$ (25,366)</u>	<u>\$ (43,744)</u>
CHANGE IN CASH POSITION FROM OPERATIONS, CAPITAL & DEBT SERVICE	<u>\$ (117,473)</u>	<u>\$ 103,033</u>

¹Net of non-cash operating expense (OPEB)

²Moved to Restricted Account/Disbursement will occur in December 2014 & June 2015

³District-funded capital plan for FY15

AGENDA ITEM: K
DATE: January 14, 2015

TO: Thomas E. Greer, General Manager
FROM: Police Chief Jeff Hoyne
DATE: January 7, 2015
SUBJECT: Police Activity Report for December 2014

The following is a summary of significant activity in the Police Department during the month of December 2014:

Highlights

- MRY PD responded to 144 door and gate alarms.
- Officers worked a total of **32.5 hours of overtime in December.**
- MRY PD Officers conducted **over 150 business and area checks** over the course of the month of December.
- MRY PD concluded its traffic enforcement program regarding rental car company employees and citizens speeding on airport roadways, with special emphasis on the high pedestrian traffic areas near the terminal. A mix of numerous educational stops and enforcement stops were conducted from on October through December. Input from the original complainants indicate a positive impact on driving habits in the area. MRY PD will continue to monitor the area.
- MRY PD and MRY Operations assisted TSA with a new duress alarm system installed in the checkpoint area.
- MRY PD officers responded to ten outside agency assists in December which consisted of the following:
 - 5 Cal Star air-ambulance assistance calls
 - 12/7 Assisted Del Rey Oaks on a DUI arrest
 - 12/7 Assisted LASD's newly elected Sheriff through screening
 - 12/12 Assisted Del Rey Oaks officers on a large fight at the Moose Lodge. Officers were subjected to numerous verbal taunts regarding the NYPD and Ferguson cases.
 - 12/17 Assisted Del Rey Oaks on a felony warrant arrest
 - 12/29 Assisted Del Rey Oaks on a reported domestic violence incident at Safeway

Training

- All MRY PD officers completed monthly Lexipol Daily Training Bulletins.
- All MRY PD Officers completed Post online training on first responders and terrorism.

Calls for Service

1. 12/1 @ 2330 officers assisted with a diverted flight out of San Jose.
2. 12/5 @ 1540 Officers responded to a report of a passenger with brass knuckles at the TSA checkpoint. Case report completed. Knuckles seized for destruction.
3. 12/9 @ 1132 Officers responded to American Airlines ticketing to deal with an irate passenger upset about missing a flight. No enforcement action necessary.
4. 12/22 Officers responded to a bathroom in the non-secure portion of the terminal on a report of a syringe with suspected heroin and other paraphernalia in a bathroom stall. Paraphernalia and syringe booked for destruction.
5. 12/30 Officers responded to a series of vehicle break-ins in the northeast area leaseholds. Report completed and follow up continuing. Extra patrols and targeted patrols initiated in the area.



MONTEREY FIRE DEPARTMENT

Report to Airport Board of Directors

December 2014

1. Incident Responses

Engine assigned to Fire Station 6 (Airport) responded to a total of 31 incidents during the month as follows (see attached for breakdown of types of incidents):

- MPAD property – 5
- City of Monterey – 26
- Auto / Mutual Aid – 0

Engine assigned to Fire Station 6 (Airport) responded to a total of 348 incidents during 2014 as follows (see attached for breakdown of types of incidents):

- MPAD property – 79
- City of Monterey – 215
- Auto / Mutual Aid – 54

2. Training

Personnel completed 68 hours of Airport related training during the month.

Personnel completed 1900 hours of Airport related training during 2014.

Currently the following numbers of personnel are qualified in the ARFF training program:

- Awareness (familiar with operations at the Airport): 71
- Operational (qualified to work at Airport, but no live fire training): 31
- Technician (fully qualified to be the designated ARFF fire engineer): 13

3. Other

- After one year of the contractual relationship between the City of Monterey and the Monterey Peninsula Airport District, things are going well. A high level of cooperation among all personnel from both agencies has made working through any challenges very easy. Monterey Fire appreciates the relationship.

Monterey Fire Department

Incident Type Report (Summary)

Alarm Date Between (12/01/2014) And
(12/31/2014) and Station = "6"

Incident Type	Count	Pct of Incidents	Total Est Loss	Pct of Losses
3 Rescue & Emergency Medical Service Incident				
311 Medical assist, assist EMS crew	1	3.23%	\$0	0.00%
321 EMS call, excluding vehicle accident with injuries	13	41.94%	\$0	0.00%
324 Motor Vehicle Accident with no injuries	5	16.13%	\$0	0.00%
	<u>19</u>	<u>61.29%</u>	<u>\$0</u>	<u>0.00%</u>
4 Hazardous Condition (No Fire)				
440 Electrical wiring/equipment problem, Other	1	3.23%	\$0	0.00%
444 Power line down	1	3.23%	\$0	0.00%
	<u>2</u>	<u>6.45%</u>	<u>\$0</u>	<u>0.00%</u>
6 Good Intent Call				
611 Dispatched & cancelled en route	1	3.23%	\$0	0.00%
622 No Incident found on arrival at dispatch address	1	3.23%	\$0	0.00%
	<u>2</u>	<u>6.45%</u>	<u>\$0</u>	<u>0.00%</u>
7 False Alarm & False Call				
733 Smoke detector activation due to malfunction	2	6.45%	\$0	0.00%
735 Alarm system sounded due to malfunction	5	16.13%	\$0	0.00%
745 Alarm system activation, no fire - unintentional	1	3.23%	\$0	0.00%
	<u>8</u>	<u>25.81%</u>	<u>\$0</u>	<u>0.00%</u>
Total Incident Count:	31		Total Est Loss:	\$0

Monterey Fire Department

Incident Type Report (Summary)

Alarm Date Between (01/01/2014) And
(12/31/2014) and Station = "6"

Incident Type	Count	Pct of Incidents	Total Est Loss	Pct of Losses
1 Fire				
100 Fire, Other	1	0.29%	\$1,001	0.06%
111 Building fire	3	0.86%	\$1,601,620	99.49%
113 Cooking fire, confined to container	2	0.57%	\$2,000	0.12%
117 Commercial Compactor fire, confined to rubbish	1	0.29%	\$0	0.00%
131 Passenger vehicle fire	1	0.29%	\$5,000	0.31%
140 Natural vegetation fire, Other	1	0.29%	\$0	0.00%
142 Brush or brush-and-grass mixture fire	4	1.15%	\$100	0.00%
151 Outside rubbish, trash or waste fire	1	0.29%	\$0	0.00%
154 Dumpster or other outside trash receptacle fire	1	0.29%	\$0	0.00%
	15	4.31%	\$1,609,721	99.99%
3 Rescue & Emergency Medical Service Incident				
311 Medical assist, assist EMS crew	8	2.30%	\$0	0.00%
3111 Medical Call No Aid Given	15	4.31%	\$0	0.00%
321 EMS call, excluding vehicle accident with injury	36	39.08%	\$0	0.00%
322 Motor vehicle accident with injuries	6	1.72%	\$0	0.00%
323 Motor vehicle/pedestrian accident (MV Ped)	1	0.29%	\$0	0.00%
324 Motor Vehicle Accident with no injuries	19	5.46%	\$0	0.00%
341 Search for person on land	1	0.29%	\$0	0.00%
353 Removal of victim(s) from stalled elevator	2	0.57%	\$0	0.00%
	188	54.02%	\$0	0.00%
4 Hazardous Condition (No Fire)				
411 Gasoline or other flammable liquid spill	6	1.72%	\$0	0.00%
412 Gas leak (natural gas or LPG)	1	0.29%	\$0	0.00%
413 Oil or other combustible liquid spill	2	0.57%	\$0	0.00%
422 Chemical spill or leak	2	0.57%	\$0	0.00%
440 Electrical wiring/equipment problem, Other	1	0.29%	\$0	0.00%
444 Power Line down	1	0.29%	\$0	0.00%
445 Arcing, shorted electrical equipment	1	0.29%	\$0	0.00%
451 Biological hazard, confirmed or suspected	2	0.57%	\$0	0.00%
460 Accident, potential accident, Other	1	0.29%	\$0	0.00%
462 Aircraft standby	9	2.59%	\$0	0.00%
463 Vehicle accident, general cleanup	3	0.86%	\$0	0.00%
	29	8.33%	\$0	0.00%
5 Service Call				
500 Service Call, other	1	0.29%	\$0	0.00%

Monterey Fire Department

Incident Type Report (Summary)

Alarm Date Between {01/01/2014} And
{12/31/2014} and Station = "6"

Incident Type	Count	Pct of Incidents	Total Est. Loss	Pct of Losses
5 Service Call				
511 Lock-out	4	1.15%	\$0	0.00%
520 Water problem, Other	1	0.29%	\$0	0.00%
522 Water or steam leak	5	1.44%	\$0	0.00%
531 Smoke or odor removal	1	0.29%	\$0	0.00%
550 Public service assistance, Other	3	0.86%	\$0	0.00%
551 Assist police or other governmental agency	6	1.72%	\$0	0.00%
553 Public service	2	0.57%	\$0	0.00%
554 Assist invalid	4	1.15%	\$0	0.00%
555 Defective elevator, no occupants	2	0.57%	\$0	0.00%
571 Cover assignment, standby, moveup	3	0.86%	\$0	0.00%
	<u>32</u>	<u>9.20%</u>	<u>\$0</u>	<u>0.00%</u>
6 Good Intent Call				
611 Dispatched & cancelled en route	22	6.32%	\$0	0.00%
6111 Medical Call No Aid Given	3	0.86%	\$0	0.00%
6112 No Monterey Unit Responded	1	0.29%	\$0	0.00%
622 No Incident found on arrival at dispatch address	0	2.87%	\$0	0.00%
651 Smoke scare, odor of smoke	2	0.57%	\$0	0.00%
661 EMS call, party transported by non-fire agency	1	0.29%	\$0	0.00%
672 Biological hazard investigation	1	0.29%	\$0	0.00%
	<u>40</u>	<u>11.49%</u>	<u>\$0</u>	<u>0.00%</u>
7 False Alarm & False Call				
700 False alarm or false call, Other	4	1.15%	\$0	0.00%
733 Smoke detector activation due to malfunction	5	1.44%	\$0	0.00%
734 Heat detector activation due to malfunction	1	0.29%	\$0	0.00%
735 Alarm system sounded due to malfunction	7	2.01%	\$0	0.00%
740 Unintentional transmission of alarm, Other	4	1.15%	\$0	0.00%
741 Sprinkler activation, no fire - unintentional	2	0.57%	\$0	0.00%
743 Smoke detector activation, no fire - unintentional	1	1.15%	\$0	0.00%
744 Detector activation, no fire - unintentional	6	1.72%	\$0	0.00%
745 Alarm system activation, no fire - unintentional	11	3.16%	\$0	0.00%
	<u>44</u>	<u>12.64%</u>	<u>\$0</u>	<u>0.00%</u>

Total Incident Count: 348

Total Est Loss:

\$1,609,721

AGENDA ITEM: L a. 2.
DATE: January 14, 2015

TO: Board of Directors, Monterey Peninsula Airport District
FROM: Tom Greer, General Manager (on behalf of the Finance Committee)
SUBJ: Committee Report for Finance Committee Meeting

BACKGROUND. Since the last regular board meeting, the Finance Committee held one meeting. The agenda is presented below. Comments and notes are recorded separately (at the end of the agenda).

**SPECIAL MEETING OF THE FINANCE COMMITTEE
BOARD OF DIRECTORS
MONTEREY PENINSULA AIRPORT DISTRICT**

January 7, 2015 1:30 PM

**Boardroom, Terminal Building
Monterey Regional Airport**

(Unless you are a public safety official, please turn off your cell phone or place it on vibrate mode during the meeting.)

A. CALL TO ORDER

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

C. PUBLIC COMMENTS

(Any person may address the Monterey Peninsula Airport District Finance Committee at this time. Presentations should not exceed three (3) minutes, should be directed to an item **NOT** on today's agenda, and should be within the jurisdiction of the Monterey Peninsula Airport District Board. Though not required, the Monterey Peninsula Airport District Board appreciates your cooperation in completing a speaker request form available on the staff table. Please give the completed form to the Monterey Peninsula Airport District Secretary. Comments concerning matters set forth on this agenda will be heard at the time the matter is considered.)

D. REGULAR AGENDA – ACTION ITEMS

- | | | |
|------------|----|---|
| Review | 1. | November 2014 & FYTD (FY 2015) Financial Statements |
| Review | 2. | Accounts Receivable Aged Invoice Report |
| Review | 3. | Cash Position Update |
| Discussion | 4. | Update District Investment Policy |
| Review | 5. | Finance & Accounting Issues Update |
| Discussion | 6. | Future Agenda Items/Finance Committee Schedule |

E. ADJOURNMENT

AGENDA DEADLINE

This is the final Agenda that has been posted on the bulletin board outside the District Offices in the Terminal Building at the Monterey Peninsula Airport no less than 24 hours prior to the meeting.

Notes/comments from 01/07/2015 Finance Committee Meeting:

- Meeting called to order by Chair Miller at 1:34 p.m.
- Meeting attended by board members Carl Miller and Bill Sabo, and staff members Tom Greer, Chris Morello, Tonja Posey, Brenda Smith, and Jerry Merritt were present initially; Mark Bautista joined the meeting later.
- There were no communications or public comments; however, Mr. Ron Brenaman was in attendance (arrived at 2:15 pm)
- November 2014 & FYTD (FY 2015) Financial Statements
 - ✓ Operating revenue was 5% (\$30,281) above plan for November,
 - Below plan were:
 - Taxi Permits & Trip Fees,
 - Hangar (Light GA) Rents, and
 - Interest Income.
 - On or above plan were:
 - all other categories of operating revenue
 - Staff presented metrics relating to operating revenue for each period in FY15 (and each period in FY14 for reference and comparison), such as:
 - Enplanements,
 - Taxi Permits & Trip Fee Revenue,
 - Rental Car Concession Revenue,
 - Parking Concession Revenue, and
 - Terminal Concession Revenue.
 - ✓ FYTD Operating Revenue was 2% (\$68,829) above plan
 - ✓ November operating expense was 5% (\$42,312) below plan
 - Staff answered questions regarding several expense lines in several departments asked by Director Sabo
 - FC was again reminded that the District may be at risk regarding election expense
 - ✓ FYTD Operating Expense was 5% (\$165,304) below plan
 - ✓ Operating income was 51% (\$72,593) above plan for November
 - ✓ Operating income FYTD was 982% (\$234,133) above plan
 - FC was reminded that the above plan operating income will erode as we progress through the fiscal year
- Accounts Receivable Aged Invoice Report
 - ✓ Reviewed the distribution of aged receivables for the month of November,
 - ✓ Reviewed the aged A/R detail as of 12/31/2014, and

- ✓ Reviewed the specifics of the A/R on several tenants including Forza Motors (Non-Aviation Facilities), OK Aviation (Light G/A Space) and Tope (Outside Storage)
- Cash Position Update
 - ✓ Cash position changed \$117,473 negatively for November, positive \$103,033 FYTD, and a
 - ✓ Separate presentation/document was not included.
- Update District Investment Policy
 - ✓ Handed out copies of the California Government Code sections relevant to public entity investments,
 - ✓ Handed out copies of the County of Monterey's Investment Policy and the City of Monterey's Investment Policy,
 - ✓ Informed the committee that staff had requested the District General Counsel review relevant code sections and render a written opinion on investment latitude,
 - ✓ Mr. Ron Brenaman, Financial Advisor, Royal Alliance, spoke briefly to the committee regarding:
 - his service to the District and his role as a financial advisor,
 - the general and current economic situation and outlook, and
 - possible actions/directions that could yield additional investment income.
 - ✓ FC will move slowly regarding any changes in the District's investment policy/strategy and over the next few months (and future FC meetings) will:
 - receive District General Counsel's opinion,
 - work with Mr. Brenaman concerning options, and
 - assemble/edit/create an investment policy to recommend to the board of directors.
- Finance & Accounting Issues Update
 - ✓ A fleet (as in vehicle fleet) management policy draft will be prepared by staff and presented at the next FC meeting,
 - ✓ Questions/issues that will be addressed (at the next FC meeting) after research are:
 - Is it possible to put a sub-meter on the restaurant's (Golden Tee's) water line and there-by invoice that tenant for water used?
 - What, if any, is the lost revenue from allowing the restaurant (Golden Tee) to validate parking?
 - ✓ The FC directed staff to prepare and present to the full board (at the next board meeting on January 14) a FY 2015 revenue/expense/income forecast.
- Future Agenda Items/Finance Committee Schedule
 - ✓ The committee scheduled its next meeting on Wednesday, February 4, at 1:30 p.m.
- Meeting adjourned by Director Miller at 3:58 p.m.

RESOLUTION NO. 1635

A RESOLUTION AMENDING RESOLUTION NO. 1622 A RESOLUTION AUTHORIZING AND APPROVING THE FISCAL YEAR 2015 SALARY SCHEDULE LISTING POSITION AND SALARY RANGES AND PAY STEPS AS ATTACHED

WHEREAS, beginning January 1, 2015 the Senior Deputy General Manager position is vacant. The General Manager is not filing this position and therefore it is removed from the FY 2015 Salary Schedule. The Marketing and Public Relations Coordinator is a new position and in accordance with the district's enabling act the Salary Schedule, listing Salary Ranges and Pay Steps, must be approved and adopted by resolution; and

WHEREAS, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT: That the compensation of all employees of the Monterey Peninsula Airport District as set forth and prescribed in the 2015 Salary Schedule, Listing Salary Ranges and Pay Steps effective January 1, 2015, is hereby approved and adopted. A copy of said schedule is attached hereto and made a part of by reference as though the same were set forth in full herein.

AND BE IT FURTHER RESOLVED: That there be filed in the office of said District, said Salary and Pay Step Schedule in accordance with and designated "Monterey Peninsula Airport District Fiscal Year 2015 Salary Schedule" listing salary ranges and pay steps.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT: This 14th day of January, 2015 by the following roll call vote:

AYES:	DIRECTORS:
NOES:	DIRECTORS:
ABSTAIN:	DIRECTORS:
ABSENT:	DIRECTORS:

Signed this 14th day of January, 2015

William Sabo, Chair

ATTEST

Tonja Posey
District Secretary

MONTEREY PENINSULA AIRPORT DISTRICT
RESOLUTION NO. 1635 FISCAL YEAR 2015 SALARY SCHEDULE
 Amending Resolution No. 1622 FY2015 Salary Schedule

EFFECTIVE: JANUARY 1, 2015

	PAY STEPS: ANNUAL, MONTHLY & HOURLY			FULL-TIME & PART-TIME						
	STEP	1	2	3	4	5	6	7		
GENERAL MANAGER	ANNUAL	144,288	150,060	156,060	162,324	168,816	175,572	182,580		
	PER MONTH	12,024	12,505	13,005	13,527	14,068	14,631	15,215		
	PER HOUR	69.37	72.14	75.03	78.04	81.16	84.41	87.78		
DEPUTY GENERAL MANAGER - PLANNING & DEVELOPMENT	ANNUAL	107,320	112,068	116,664	121,224	125,772	130,368	134,928		
	PER MONTH	8,960	9,339	9,722	10,102	10,481	10,864	11,244		
	PER HOUR	51.69	53.88	56.09	58.28	60.47	62.68	64.87		
ACCOUNTING MANAGER / CONTROLLER	ANNUAL	84,408	88,152	91,896	95,652	99,396	103,140	106,908		
	PER MONTH	7,034	7,346	7,658	7,971	8,283	8,595	8,909		
	PER HOUR	40.58	42.38	44.18	45.99	47.79	49.59	51.40		
HUMAN RESOURCES / RISK MANAGER	ANNUAL	72,456	75,804	79,140	82,500	85,860	89,220	92,532		
	PER MONTH	6,038	6,317	6,595	6,875	7,155	7,435	7,711		
	PER HOUR	34.83	36.44	38.05	39.66	41.28	42.89	44.49		
OPERATIONS MANAGER	ANNUAL	60,000	62,424	65,280	68,172	71,088	73,932	79,428		
	PER MONTH	5,000	5,202	5,440	5,681	5,924	6,161	6,619		
	PER HOUR	28.85	30.01	31.38	32.78	34.18	35.54	38.19		
PLANNING MANAGER / GRANTS ADMINISTRATOR	ANNUAL	54,540	61,212	65,280	68,172	71,088	73,932	79,428		
	PER MONTH	4,545	5,101	5,440	5,681	5,924	6,161	6,619		
	PER HOUR	26.22	29.43	31.38	32.78	34.18	35.54	38.19		
PLANNING MANAGER / ENVIRONMENTAL	ANNUAL	54,540	61,212	65,280	68,172	71,088	73,932	79,428		
	PER MONTH	4,545	5,101	5,440	5,681	5,924	6,161	6,619		
	PER HOUR	26.22	29.43	31.38	32.78	34.18	35.54	38.19		
STAFF ACCOUNTANT	ANNUAL	55,752	60,600	65,280	68,172	71,088	73,932	79,428		
	PER MONTH	4,646	5,050	5,440	5,681	5,924	6,161	6,619		
	PER HOUR	26.80	29.13	31.38	32.78	34.18	35.54	38.19		
OPERATIONS OFFICER	ANNUAL	51,252	54,072	56,952	59,808	62,616	65,496	68,316		
	PER MONTH	4,271	4,506	4,746	4,984	5,218	5,458	5,693		
	PER HOUR	24.64	26.00	27.38	28.75	30.10	31.49	32.84		
MARKETING / PUBLIC RELATIONS COORDINATOR	ANNUAL	51,252	54,072	56,952	59,808	62,616	65,496	68,316		
	PER MONTH	4,271	4,506	4,746	4,984	5,218	5,458	5,693		
	PER HOUR	24.64	26.00	27.38	28.75	30.10	31.49	32.84		
ACCOUNTING SPECIALIST	ANNUAL	47,436	50,040	52,800	55,704	58,764	61,992	65,412		
	PER MONTH	3,953	4,170	4,400	4,642	4,897	5,166	5,451		
	PER HOUR	22.81	24.06	25.38	26.78	28.25	29.80	31.45		
EXECUTIVE ASSISTANT	ANNUAL	46,824	49,392	52,104	54,960	57,996	61,176	64,548		
	PER MONTH	3,902	4,116	4,342	4,580	4,833	5,098	5,379		
	PER HOUR	22.51	23.75	25.05	26.42	27.88	29.41	31.03		
OFFICE TECHNICIAN	ANNUAL	40,572	42,804	45,156	47,628	50,256	53,028	55,932		
	PER MONTH	3,381	3,567	3,763	3,969	4,188	4,419	4,661		
	PER HOUR	19.51	20.58	21.71	22.90	24.16	25.49	26.89		
ADMINISTRATIVE ASSISTANT	ANNUAL	35,448	37,404	39,468	41,628	43,920	46,332	48,876		
	PER MONTH	2,954	3,117	3,289	3,469	3,660	3,861	4,073		
	PER HOUR	17.04	17.98	18.98	20.01	21.12	22.28	23.50		
CONFIDENTIAL ASSISTANT	ANNUAL	30,300	32,460	35,700	38,952	43,284	47,592	51,936		
	PER MONTH	2,525	2,705	2,975	3,246	3,607	3,966	4,328		
	PER HOUR	14.57	15.61	17.16	18.73	20.81	22.88	24.97		
MAINTENANCE SUPERVISOR	ANNUAL	68,940	72,348	75,732	79,092	82,500	85,872	89,328		
	PER MONTH	5,745	6,029	6,311	6,591	6,875	7,156	7,444		
	PER HOUR	33.14	34.78	36.41	38.03	39.66	41.28	42.95		

**MONTEREY PENINSULA AIRPORT DISTRICT
RESOLUTION NO. 1635 FISCAL YEAR 2015 SALARY SCHEDULE
Amending Resolution No. 1622 FY2015 Salary Schedule**

EFFECTIVE: JANUARY 1, 2015

	PAY STEPS: ANNUAL, MONTHLY & HOURLY			FULL-TIME & PART-TIME				
	STEP	1	2	3	4	5	6	7
MAINTENANCE LEAD WORKER	ANNUAL	45,684	47,880	50,100	52,332	54,576	56,868	59,064
	PER MONTH	3,807	3,990	4,175	4,361	4,548	4,739	4,922
	PER HOUR	21.96	23.02	24.09	25.16	26.24	27.34	28.40
MAINTENANCE WORKER	ANNUAL	36,084	37,884	39,780	41,760	43,848	46,044	48,348
	PER MONTH	3,007	3,157	3,315	3,480	3,654	3,837	4,029
	PER HOUR	17.35	18.21	19.13	20.08	21.08	22.14	23.24
CUSTODIAN	ANNUAL	34,368	35,844	37,284	38,736	40,176	41,616	43,056
	PER MONTH	2,864	2,987	3,107	3,228	3,348	3,468	3,588
	PER HOUR	16.52	17.23	17.93	18.62	19.32	20.01	20.70
POLICE CHIEF	ANNUAL	95,040	97,896	100,824	103,848	106,968	110,172	113,484
	PER MONTH	7,920	8,158	8,402	8,654	8,914	9,181	9,457
	PER HOUR	45.69	47.07	48.47	49.93	51.43	52.97	54.56
POLICE LIEUTENANT	ANNUAL	93,672	95,604	96,372	97,728	99,096	100,440	101,796
	PER MONTH	7,806	7,967	8,031	8,144	8,258	8,370	8,483
	PER HOUR	45.03	45.96	46.33	46.98	47.64	48.29	48.94
POLICE SERGEANT	ANNUAL	87,096	87,852	88,656	89,436	90,216	91,008	91,752
	PER MONTH	7,258	7,321	7,388	7,453	7,518	7,584	7,646
	PER HOUR	41.87	42.24	42.62	43.00	43.37	43.75	44.11
POLICE OFFICER	ANNUAL	69,588	72,048	74,448	76,860	79,320	81,744	84,180
	PER MONTH	5,799	6,004	6,204	6,405	6,610	6,812	7,015
	PER HOUR	33.46	34.64	35.79	36.95	38.13	39.30	40.47

HOURLY WAGE FOR PART-TIME OR TEMPORARY LAW ENFORCEMENT OFFICERS (NO BENEFITS)							
STEP	1	2	3	4	5	6	7
POLICE OFFICER	30.11	31.18	32.21	33.26	34.32	35.37	36.42

NOTE 1: INDICATED SALARY RATES DO NOT INCLUDE EDUCATIONAL INCENTIVE FOR REPRESENTED POLICE (POA) POSITIONS.
EDUCATIONAL INCENTIVE IS: 30 college units = 2.5%, AA degree = 5%, BA/BS = 7%

NOTE 2: INDICATED SALARY RATES DO NOT INCLUDE UNIFORM ALLOWANCE FOR REPRESENTED (POA) POLICE POSITIONS.
UNIFORM ALLOWANCE: Full-Time (POA) members: \$70.00 per month, Part-Time (Unrepresented): \$10.00 per pay cycle (only if individual works)

NOTE 3: INDICATED SALARY RATES DO NOT INCLUDE FIELD TRAINING PAY FOR REPRESENTED (POA) POLICE POSITIONS.
FIELD TRAINING PAY: \$25.00 per month to designated full-time police officers, police sergeants & police lieutenants.

NOTE 4: INDICATED SALARY RATES DO NOT INCLUDE LONGEVITY PAY.
LONGEVITY PAY IS: 15 Years of Service = 2%, 20 Years of Service = 3%, 25 Years of Service = 4%

NOTE 5: INDICATED SALARY RATES DO NOT INCLUDE PAGER/IMMEDIATE RESPONSE PAY FOR MAINTENANCE/CUSTODIAL POSITIONS.
PAGER PAY: \$200 per week to the individual responsible for pager/immediate response.

NOTE 6: INDICATED SALARY RATES DO NOT INCLUDE COMPENSATION FOR THE BOARD OF DIRECTORS.
DIRECTOR COMPENSATION: \$100 per meeting/day of service; not to exceed \$400 per month.