

FIRST AMENDMENT TO LEASE
BETWEEN
CITY OF WATSONVILLE
AND
SPECIALIZED HELICOPTERS, INC.

THIS FIRST AMENDMENT TO LEASE (this "First Amendment"), is made and entered into to be effective the first day of November 1, 2022, by and between the CITY OF WATSONVILLE, a municipal corporation, hereafter called "Landlord", and Specialized Helicopters, Inc., a corporation, hereafter called "Tenant".

THE PARTIES AGREE AS FOLLOWS:

1. Section 1 of that certain Lease, dated March 1, 2020 (the "Lease"), by and between Landlord and Tenant, is amended to read as follows:

"1. PREMISES.

Landlord does hereby rent, and Tenant does hereby hire and take from Landlord that certain real property and improvements, commonly known and referred to as the Premises and depicted on Exhibits A, B, and C attached hereto and incorporated herein by this reference:

- A downstairs portion of ten thousand seven hundred and thirty-two (10,732) square feet, more or less, of a building at 150 Aviation Way as outlined in yellow on Exhibit "A."
- An upstairs portion of three thousand one hundred and eighty-seven (3,187) square feet, more or less, of a building at 150 Aviation Way as outlined in yellow on Exhibit "C."
- A downstairs portion of five hundred and sixty-five (565) square feet, more or less, of office space in a building at 150 Aviation Way as outlined in blue on Exhibit "C."
- Effective March 1, 2023, a downstairs portion of two hundred ninety (290) square feet, more or less, of office space in a building at 150 Aviation Way as outlined in red on Exhibit "C."
- Three thousand five hundred seventy (3,570) square feet of ramp space for ingress and egress outlined in orange on Exhibit "A."
- Sixty thousand square feet of parking or tie downs for nine fixed wing or rotary wing aircraft contiguous to the building and outlined in white on Exhibit "B."
- Eleven vehicle parking spaces as described in greater detail below.

- Tenant also has the right of ingress and egress to the building for vehicles solely and exclusively using public and private streets and for fixed wing aircraft solely and exclusively over marked and/or designated Airport taxiways and taxi lanes.

Tenant shall have the exclusive use of parking spaces numbered 1, 22 – 29 inclusive, 40 and 41 for a total of eleven (11) parking spaces. Tenant shall have non-exclusive shared access to Motor Vehicle Accessible Parking spaces lettered A, B, C, and D. Parking space numbering and lettering is marked on the asphalt in the parking spaces and as depicted on Exhibit C, outside the fence southeast of 150 Aviation Way.”

2. Section 3 of the Lease is amended to read as follows:

“3. RENT WHERE PAID.

Notwithstanding any other provision of this Lease, all rents shall be paid by check payable to the City of Watsonville, to the Finance Department by delivering or mailing to Finance Department, City of Watsonville, 250 Main Street, Watsonville, CA 95076.

The agreed monthly rent is Nine Thousand Four Hundred Four (\$9,415.00) per month (approximately \$0.65 per square foot per month for 14,484 square foot of office, hanger, and storage space; approximately \$0.10 per square foot per month for 3,570 square feet of exclusive ingress and egress ramp space; and approximately \$0.0125 per square foot or \$750.00 per month for 60,000 square feet of exclusive ramp space for rotary wing parking and fixed wing tie downs. Tenant and Landlord agree to this rent without regard to whether per square foot rent is more or less than the prescribed amounts above (i.e. a rounding error).

The agreed monthly rent is therefore \$10,522.00. Tenant and Landlord agree to this aggregate rent without regard to whether the area, if measured, is greater or less than as set forth herein. Commencing March 1, 2023, the rent will be increased by \$189.00 per month for an additional two hundred ninety (290) square feet, more or less, of office space at a rental rate of approximately \$10,711.00 per square foot per month.

Rent is due and shall be paid in advance on the 1st day of every month during the term of this Lease, commencing March 1, 2020. Rent not received by the tenth (10th) of the month shall be assessed a ten percent (10%) late payment penalty.

Rent shall be adjusted annually starting July 1, 2021, and each July 1st thereafter using the rate of April to April change in the Consumer Price Index (CPI) for All Urban Consumers San Francisco-Oakland-San Jose, California. In no event will the annual rental increase be more than five percent (5%) due to increases in the CPI.

If on any rental adjustment date there shall not exist a CPI in the same format as recited herein, the parties shall substitute the Consumer Price Index for all Urban Consumers provided such index has been so revised or changed in such a way as to affect the direct comparability of such revised or changed index published by the Bureau of Labor Statistics or similar or successor governmental agency as may then be in existence and most nearly equivalent thereto (i.e.: the Wholesale Price Index) (CPI). If the parties are unable to agree on a successor index if the aforesaid index is no longer reporting, then the parties shall refer the choice of the

successor index to arbitration in accordance with rules of the American Arbitration Association.

UTILITIES AS ADDITIONAL RENT.

Tenant shall pay for all gas, heat, light, power, telephone service, potable water, garbage disposal, telecommunication services, cable, storm and sanitary sewer services, and all other services supplied to the Premises (collectively, "Utilities"), including installation and connection of such services from the main source thereof, including Landlord meters.

Tenant may charge each subtenant for their fair share of the charges incurred by Tenant for Utilities, reasonably apportioned on the basis of square footage occupied by each such subtenant. Tenant may further charge each subtenant an administrative fee not to exceed five percent (5%) of the amount of each subtenant's fair share of Utilities charges.

POSSESSORY INTEREST TAX.

Pursuant to Section 107.6 of the State Revenue and Taxation Code the Landlord hereby gives notice that the property interest to Tenant under this Lease may be subject to property taxation as a possessory interest and the Tenant acknowledges that it shall be subject to payment of property tax if a possessory interest tax is levied on the property interest."

3. Section 14 of the Lease is amended to read as follows:

"14. REPAIR AND MAINTENANCE OF PREMISES.

Landlord shall repair and maintain the exterior of the office and hangar building, including exterior walls and roof, heating and air conditioning, electrical systems (excluding interior lights and fixtures) except if repairs or replacements are necessary thereto because of negligence, neglect or misconduct of the Tenant or if Tenant fails to notify Landlord in writing within three (3) days of the need to repair.

Tenant shall maintain the interior of the hangar and office building, including, but not limited to, interior plumbing fixtures (including responsibilities for sanitary sewer obstructions), interior walls, doors, hardware, alarms, internal lights and fixtures, etc., in as good order, condition and repair as they shall be upon the commencement of the term of this Lease and any extended term. Any addition to the electrical system installed by Tenant shall remain the responsibility of the Tenant. Tenant shall keep drainage ditches and gutters free of debris.

Tenant shall maintain and repair the sixty thousand (60,000) square foot aircraft parking and tie down area, to include ensuring tie down anchors, chains and rope and hooks are functional and that foreign object debris (FOD), vegetation and related hazards are removed."

4. Except as otherwise amended herein, all terms and conditions of the Lease shall remain in full force and effect.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment the day and year first above written.

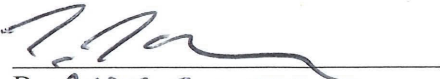
LANDLORD:

City of Watsonville, a
municipal corporation

Rene Mendez, City Manager

TENANT:

Specialized Helicopters, Inc. a
California corporation



By: CARLOS GOLARTE
Title: President

ATTEST:

Irwin I. Ortiz, City Clerk

APPROVED AS TO FORM:

Samantha Zutler, City Attorney



Specialized Helicopters Exhibit "A"



Exhibit B

EXHIBIT "C"

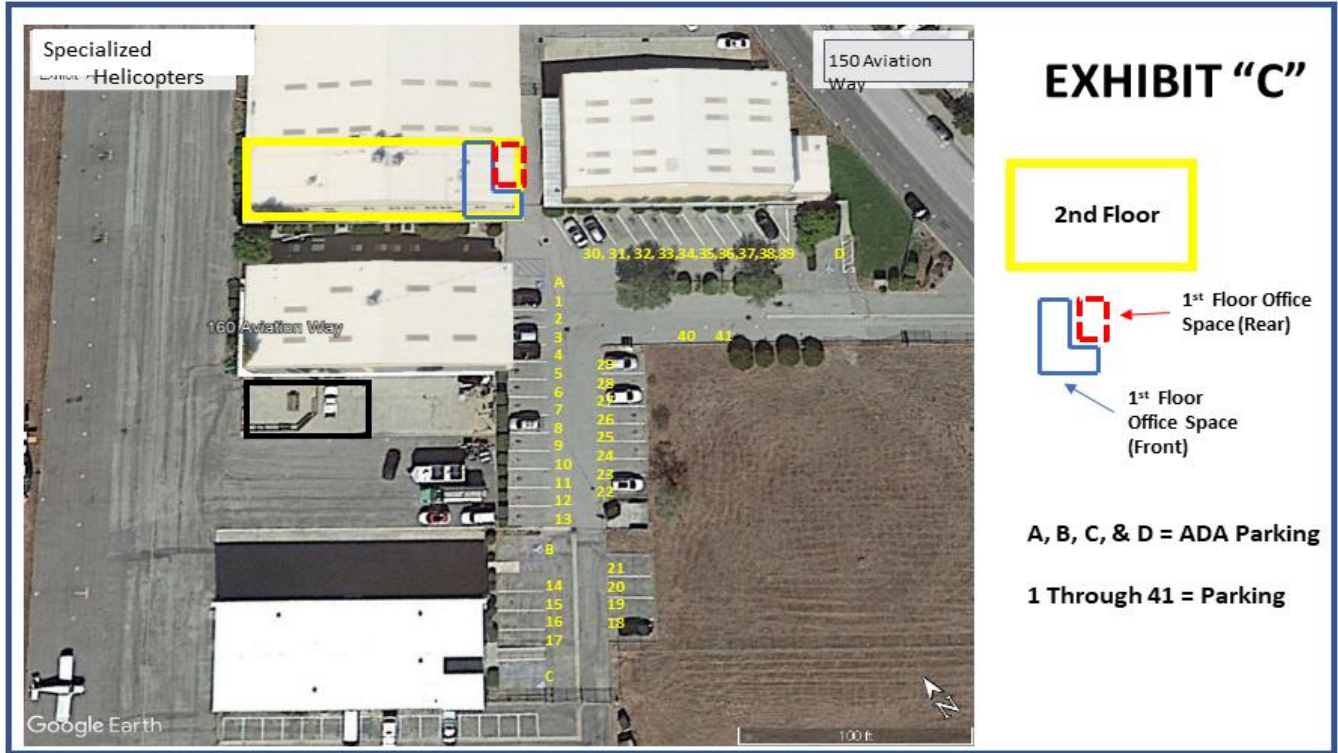


EXHIBIT "C"

2nd Floor

1st Floor Office Space (Rear)

1st Floor Office Space (Front)

A, B, C, & D = ADA Parking

1 Through 41 = Parking