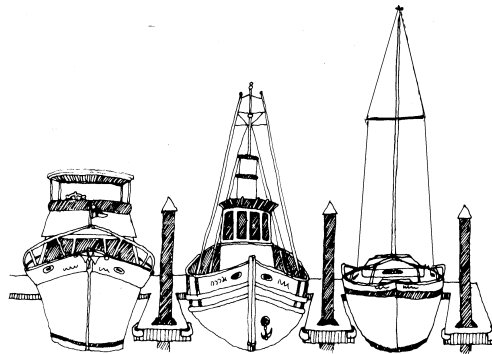


Santa Cruz Port District

**REQUEST FOR PROPOSALS**  
**Commercial Lease – 365B Lake Avenue**  
**Office Space**



**Submit Proposals to:** Santa Cruz Port District  
135 5th Avenue  
Santa Cruz, CA 95062

**Bid Proposals Due by:** 2:00 PM, October 16, 2025

Santa Cruz Port District  
Building Lease – 365 B Lake Avenue  
**Request for Proposals**

**1. Introduction**

The Santa Cruz Port District operates Santa Cruz Harbor, and desires to enter into a lease for the tenancy of an office-based business at 365B Lake Avenue, Santa Cruz, CA, and is seeking proposals from qualified candidates. The existing tenant, Beacon Pointe Advisors, will be bidding for the new lease. The Santa Cruz Port District, an independent special district, is a political subdivision of the State of CA and operates under Sec. 6200 of the CA Harbors and Navigation Code. This lease bid is being conducted under Sec. 72.0 of the CA Harbors and Navigation Code, and Sec. 6066 of the Gov't Code.

The Santa Cruz Harbor is a major attraction to locals and tourists visiting the Santa Cruz area. The harbor serves beach goers, fishermen, tourists and casual visitors.

The existing usable space consists of approximately 1,770 square feet of finished office space and is shown on the drawings included in Exhibit 'A', Premises Diagram. The leasehold area also includes approximately 360 square feet of deck area adjacent to the building which may be used by the tenant for other uses if approved by the Port District. The lease does not include equipment, fixtures or furnishings owned by the current tenant.

Metered parking for customers and deliveries is available within the Santa Cruz Harbor. Limited on-street parking is available subject to regulations established by the County of Santa Cruz.

**2. Scope of Services**

The District, as landlord, currently leases the space for offices. After review of responses to this Request for Proposals, the District will select a tenant to occupy the space for a period of five (5) years beginning December 1, 2025. The selected tenant shall sign a copy of the Sample Lease that forms part of this Proposal Package, and a personal guarantee will be required from each principal of the business.

The initial rent shall be a minimum of \$5,994/month (approximately \$3.39/SF/month, based on 1,770 square feet) with annual increases as shown in the schedule shown in Section 8 (Summary of Lease Terms) in this RFP.

The District desires a high quality establishment with uses compatible to the neighborhood and the Santa Cruz Harbor. The District further requires safety, cleanliness and a service quality commensurate with the atmosphere which the District is seeking to promote throughout the harbor. The District reserves the right to select an operator on criteria that will include but not be limited to rental amount.

Parking for the business is limited to available metered parking within the Santa Cruz Harbor and nearby on-street parking. All other parking will be subject to the terms available to members of the general public, which may involve payment. No other parking benefits will be included in the lease. The District will work with the successful bidder on any changes to parking arrangements that may arise in the future.

### **3. Selection Process Timetable**

This Request for Bid Proposals will be made available to any qualified person choosing to respond. Sealed proposals must be submitted to Holland MacLaurie, Port Director, Santa Cruz Port District, 135 5<sup>th</sup> Avenue, Santa Cruz, CA 95062, no later than 2:00 PM on October 16, 2025.

The District reserves the right to waive any irregularities in any proposal, and to reject any and all proposals. Any proposal submitted must remain open for acceptance by the District for a minimum of sixty (60) days after the deadline for submission of proposals.

The anticipated timetable for the selection process shall be:

- i. Date proposals due: October 16, 2025, no later than 2:00 PM
- iii. Date of approval of selected bidder: October 23, 2025
- iv. Date of award and execution of Lease: November 25, 2025

### **4. Qualification and Evaluation of Bid Proposals**

Bidder must demonstrate minimum qualifications including not less than five (5) years' experience as owner/operator of a business.

Selection of the successful bidder will not be based on cost consideration and the highest rental proposal alone. The District will evaluate proposals on the factors described below in "Bidder Qualifications" below.

The District reserves the right to place responding bidders onto a short-list and conduct interviews only with those placed on that short-list.

Failure to comply with the requirements of this RFP may result in the rejection of a proposal, or the District may decline to consider any such proposal. Bidders may include additional material or information in addition to the required responses to this RFP, but the District reserves the right to make its selection solely on the criteria identified in this RFP.

Proposals will be considered by the Santa Cruz Port Commission within approximately 30 days of bid opening. The lease will be awarded, if awarded, to the highest responsible bidder best suited for operating within the Santa Cruz Harbor.

## 5. Proposer's Information

Bidders shall submit a confidential proposal in the format included in this RFP. Bidders whose proposals are not accepted may request and receive back from the District the original of their submitted information. The successful bidder's information shall be kept in confidence by the District to the widest possible extent allowed by the laws of the State of California.

## 6. Submittals

All costs associated with the preparation of a response to this RFP, and all costs associated with any visits or interviews conducted in connection with this RFP shall be the entire cost and responsibility of the bidder. The District neither offers nor assumes any responsibility for any costs incurred by any party in reviewing this RFP or responding to this RFP.

Proposal packets are available online, or printed for a **non-refundable deposit in the amount of \$15.00 (plus \$10.00 if mailed)** at the Santa Cruz Port District office, 135 5<sup>th</sup> Ave, Santa Cruz, CA 95062, (831) 475-6161.

The minimum response submittal shall consist of:

Two (2) copies of proposals shall be submitted in a sealed envelope bearing on the outside the words "**Response to Proposal for Lease at 365B Lake Avenue – Santa Cruz Harbor**" to Holland MacLaurie, Port Director, Santa Cruz Port District, 135 5<sup>th</sup> Avenue, Santa Cruz, CA 95062, no later than the date and time set forth above in the Selection Process Timetable; and shall contain:

- Information required by this RFP; and
- Completed copies of the Proposer's Information; and
- Detailed responses to each of the items required in the Bid Format set forth above.
- Signed copy of the attached sample lease document

## 7. Proposer's Qualifications

### Criteria for use in selection process:

1. Capacity of the operation (experience in business)
2. Capacity of funding (including amount of rent bid and sufficient cash flow to meet operational costs)
3. Collateral (amount of assets the company and guarantor owns that could be used to pay the lease if the business failed)
4. Character (the integrity and reputation of the tenant/owners)
5. Credit (the credit history of the operator and its owners with banks, vendors, etc.)

**Information the proposer must submit for District's review**

1. As relates to payment to the District.
  - i. Base Rent by Year
  - ii. Capital Improvements by Tenant
  - iii. Financial statements and tax returns
2. Proposed products and services
3. Proposed operating hours by season
4. Credit rating by D&B or other agencies
5. Current or past judgments, lawsuits, bankruptcy or litigation within past ten years relating to business operation
6. Rental payment history
7. Business license payment history
8. Compliance with sales tax returns and payments
9. No violation of previous lease agreements
10. No past indication of conflict with landlords and/or other tenants
11. EEOC compliance
12. Name of Business
13. Assignment of assets to guarantee lease, if applicable
14. Bidders and Guarantor's resume and financial condition through submission of tax forms or CPA prepared financial disclosures
15. If corporation, list of Board of Directors; if other form of business entity, list operating partners or managers
16. Interest in any other business ventures whether sole proprietorship, partnership or corporation
17. Proposed tenant improvements
18. Intended sub-leases, if any

## **8. Summary of Lease Terms**

### **Term**

3 years (December 1, 2025, to November 30, 2028)

### **Lease Option**

Negotiable.

### **Base / Percentage Rent**

Minimum base rent \$5,994/month until March 31, 2026, with annual CPI adjustments thereafter.

### **Approval by CDBW**

The lease is subject to the approval of the State of California Department of State Parks, Division of Boating and Waterways (CDBW).

### **Contact**

Port Director Holland MacLaurie, Santa Cruz Port District, 135 5<sup>th</sup> Ave, Santa Cruz, CA 95062,  
(831) 475-6161

LEASE BETWEEN  
SANTA CRUZ PORT DISTRICT COMMISSION,  
AS LANDLORD  
AND

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AS TENANT  
FOR A BUSINESS LOCATED  
IN SANTA CRUZ HARBOR  
AT 365B LAKE AVENUE, SANTA CRUZ  
DATED: DECEMBER 1, 2025

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List of Exhibits

Exhibit "A" Premises Map and Diagram

Exhibit "B" Guaranty

**SANTA CRUZ PORT DISTRICT  
LEASE**

THIS LEASE is made and entered into effective as of December 1, 2025, ("Effective Date"), by and between the SANTA CRUZ PORT DISTRICT COMMISSION, a political subdivision, 135 5th Avenue, Santa Cruz, California, 95062, hereafter referred to as "Landlord," and \_\_\_\_\_, hereafter referred to as "Tenant."

RECITALS:

A. Landlord is the owner of those certain premises ("Premises") consisting of approximately 1,770 square feet (SF) of improved building space ("Building") at 365B Lake Avenue (the "Building"), on the east side of Santa Cruz Harbor in the City and County of Santa Cruz, State of California. The Building and the Premises are more particularly shown and described in Exhibit A attached hereto and incorporated herein by this reference.

B. Tenant is currently doing business as \_\_\_\_\_ located at 365B Lake Avenue, Santa Cruz, California.

C. The Building has been improved to allow operation of an office-based business in the Premises. The patio/sidewalk/deck areas adjacent to the Building are included in the Premises accessible by the public shall remain open for public access. Use of any exterior areas for outdoor seating, storage, merchandise displays or any other purpose is subject to review and approval by the California Coastal Commission at Tenant's sole expense and is subject to Landlord's approval and written modification of this Lease.

E. Landlord desires to lease the Premises to Tenant for the operation of a financial adviser business therein.

NOW, THEREFORE, in furtherance of the foregoing, and in consideration of the mutual covenants contained herein, Landlord and Tenant hereby agree as follows:

1. Lease of Premises. Landlord hereby leases the Premises to Tenant, and Tenant leases the Premises from Landlord, for the term, at the rental, and upon the other terms and conditions contained herein.

2. Tenant Improvements. Tenant shall purchase at its expense, and install or construct on the Premises, at its sole cost and expense, any equipment, furnishings and improvements required to properly conduct the business. All proposed improvements must be pre-approved, in writing by Landlord, and properly permitted by the City of Santa Cruz prior to construction or installation.

3. Term:

(a) Term. The term of this Lease commences as of December 1, 2025, and shall continue hereunder until midnight on November 30, 2028 (three (3) years), unless sooner terminated as provided herein. The term of this Lease is hereinafter referred to as the "Lease Term" or "Term."

(b) Option to Extend Lease. Provided that Tenant is not in default of any part of this Lease, Tenant shall have two options to extend the term of this Lease. The option terms shall be three (3) years from December 1, 2028, through November 31, 2031, and December 1, 2031, through November 31, 2034. Tenant may exercise the options, by giving Landlord notice of its exercise of the option to extend the Lease Term no earlier than one year prior to expiration of the Term, and no later than six (6) months prior to the expiration of the Term.

4. Title to Improvements. Free and clear title to any and all improvements and fixtures purchased or constructed by Tenant and installed upon the Premises shall upon such termination vest in Landlord without additional cost or expense to Landlord, and Tenant shall execute such additional documents as Landlord may reasonably require effectuating such transfer of title.

5. Rent.

(a) Fixed Minimum Rent ("Base Rent"). Beginning on the Effective Date, Tenant shall pay to Landlord each month a fixed amount of rent ("Fixed Minimum Rent") for the Premises which shall initially be Five Thousand Nine Hundred Ninety Four Dollars (\$5,994) per month.

(b) Adjustments to Base Rent. On April 1 ("Adjustment Date"), and each year thereafter on April 1 for the term of this Lease, the Base Rent in effect for the month immediately preceding the adjustment date shall be adjusted in accordance with the increase in the San Francisco-Oakland-San Jose Consumer Price Index (All Items) for the preceding calendar year. In no event shall the Base Rent be decreased.

(c) Rent Review. Prior to the Second Option being binding on Landlord, Landlord shall review then current Base Rent to determine if Base Rent is equal to fair market rent. If Landlord in its sole and absolute discretion determines that an adjustment is necessary to bring the Base Rent up to fair market rent, Landlord shall within thirty (30) days of Tenant's notice of intent to exercise the Option provide Tenant with written notice of the new Base Rent. If Landlord does not provide such notice, Base Rent for the first year of the extended term pursuant to the Option shall be the same as the prior year, adjusted by the Consumer Price Index as described in 5(b), above, and the exercise of the Option shall be binding. If Landlord provides notice of an increase in Base Rent, Tenant shall have ten (10) days after receipt of written notice to withdraw its exercise of the Option. If Tenant does not provide notice of withdrawal of the exercise of Option within ten (10) days of receiving notice of the new Base Rent, the Option shall be binding on Tenant and the Base Rent shall be adjusted to the amount specified in the notice provided by Landlord.

(e) Payment of Fixed Minimum Rent. The Fixed Minimum Rent shall be payable monthly in advance, without notice, offset, or abatement, by the first day of each calendar month of the Lease Term. All rent and other sums payable by Tenant hereunder shall be paid to Landlord in

currency of the United States of America (or by personal check unless Landlord otherwise notified Tenant) at Landlord's address set forth in Paragraph 23 hereof, or at such other place as Landlord may from time to time designate in writing.

(f) Delinquent Payment. Rent payments received on or after the 21<sup>st</sup> day of the month shall be deemed Delinquent Payments. A delinquency fee in the then current amount as set by the Landlord's Board of Port Commissioners shall be applied to any delinquent payment. In addition, interest in the then current amount as set by the Landlord's Board of Port Commissioners shall be applied on the 1<sup>st</sup> day of each month to the unpaid balance until paid in full.

(g) Personal Guarantee. All amounts due under this Lease and any amendments to this Lease entered into by and between Landlord and Tenant shall be subject to the personal guarantee attached here to as Exhibit B and incorporated herein by this reference.

The term "lease year" means the period during the lease term commencing on April 1 of each year and ending at midnight on March 31 of the next succeeding year. The term "lease month" means the period from the 1<sup>st</sup> day of each calendar month during the lease term through the last day of the calendar month.

## 6. Use.

(a) Permitted Uses. Tenant shall use the Premises solely for the business of conducting therein a financial planning and consulting, or other professional services business, or similar operation. Tenant shall not use, or permit to be used by others under Tenant's control, areas not included in the Premises for any purpose.

(b) Provision of Services. Tenant shall maintain the necessary personnel, facilities and equipment at all times during the Lease Term to conduct a financial planning and consulting or similar business on the Premises.

(c) Continuous Use. Tenant shall continuously and uninterruptedly during the Lease Term during all normal business hours and on such days as a majority of the other businesses in the Santa Cruz Small Craft Harbor are open for business, occupy and use the entire Premises for the purpose of operating a financial planning or consulting operation on the Premises. Tenant shall at all times employ its best business judgment, efforts, and abilities to so operate the business conducted by Tenant on the Premises in a manner calculated to service adequately the public demand for the goods and services included within the business permitted herein.

(d) Refuse Disposal. Tenant shall be entitled to use refuse facilities provided in the harbor parking lots for the disposal of dry refuse generated from Tenant's operations on the Premises, which facilities shall be situated at the location designated from time to time by Landlord. Tenant shall collect, sort and recycle refuse materials in accordance with the City of Santa Cruz Solid Waste and Recycling requirements.

(e) Prices. Tenant shall at all times maintain a complete list or schedule of the prices charged for all goods or services, or combinations thereof, supplied to the public. Said prices shall be fair and reasonable, considering current market conditions.

In the event that the Port Director of the Santa Cruz Port District (the "Port Director") notifies Tenant that any of said prices are not fair and reasonable, Tenant shall have the right to reasonable conference and consultation with the Port Director. After consultation with Tenant, if the Port Director determines that any of said prices are not fair and reasonable, the same shall be modified by Tenant as directed. Tenant may appeal the determination of the Port Director to the Santa Cruz Port District Commission, whose decision shall be final and conclusive. Pending such appeal, the prices fixed by the Port Director shall be the maximum charged by Tenant.

(f) Hazardous Materials.

(i) No goods, merchandise, or materials shall be kept, stored, or sold in such a manner as to create any unusual hazard on the Premises; and no offensive or dangerous trade, business, or occupation shall be conducted thereon, and nothing shall be done on the Premises which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon the Premises or upon adjacent properties or improvements thereon.

(ii) No machinery or apparatus shall be used or operated on the Premises which will in any way injure the Premises, or adjacent properties or improvements thereon.

(iii) Tenant, at its sole cost and expense, shall comply with all Laws (as defined herein) affecting the Premises relating to the storage, placement, use and disposal of Hazardous Materials by Tenant, its agents, employees, invitees or contractors. Tenant shall be solely responsible for and shall defend, indemnify, and hold Landlord and its agents harmless from and against any and all claims, judgments, losses, orders, demands, causes of action, directives from environmental regulatory agencies, costs and liabilities, including without limitation attorneys' fees and costs, arising out of or in connection with the storage, placement, use or disposal of Hazardous Materials on or about the Premises by Tenant, its agents, employees, or contractors.

(iv) If the presence of Hazardous Materials introduced to the Premises by Tenant, its agents, employees, invitees or contractors results in contamination or deterioration of any improvements, water, soil, or other environmental media, then Tenant, at its sole cost and expense, shall promptly take any and all action necessary to investigate and clean up such contamination.

(v) The term "Laws" shall mean any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal or other government agency or authority having jurisdiction over the parties to this Lease or the Premises, or both, in effect either at the date this Lease is fully executed or any time during the Term of this Lease.

(vi) As used herein, the term "Hazardous Materials" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States government. The term "Hazardous Materials" includes,

without limitation, any material or substance which is (A) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 30, (B) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S. C. Section 6901 et seq. (42 U.S.C. Section 6903), or (C) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 9601).

(vii) The obligations of Tenant under subparagraphs 6(e)(i) through 6(e)(vii) shall survive the expiration of the Lease Term.

(viii) Tenant shall indemnify Landlord from any damages suffered by Landlord, including, without limitation, cleanup costs, as a result of the generation, use, storage, transport or release of Hazardous Materials by Tenant in, on or about the Premises or the Property. Prior to bringing or allowing any Hazardous Materials to be brought onto the Premise, Tenant shall notify Landlord as to the identity of said materials and the safeguards to be used in connection therewith. Landlord shall be entitled, in its sole discretion, to refuse to allow Hazardous Materials to be brought onto the Premises. Landlord's consent to the introduction of any hazardous material onto the Premises (i) shall not release Tenant from its duty to indemnify Landlord for any damages resulting from such materials, (ii) shall not be deemed to waive Landlord's right to disapprove of any subsequent introductions of hazardous materials onto the Premises whether of the same or of a different nature than the material to which Landlord consented, and (iii) may be revoked at any time, in Landlord's sole discretion, whereupon Tenant shall remove such materials from the Premises within five days of receipt of Landlord's demand for removal. In all events, if any hazardous materials become located upon the Premises for any reason other than as consented to by Landlord in accordance with the foregoing procedure, Tenant shall immediately notify Landlord as to the same.

(g) Effect on Navigable Waters. Under federal law, no construction, installation, dredging, filling, or other activity which would have an effect on navigation may be conducted in or adjoining navigable waters without a permit therefore first being issued by the Secretary of the Army. The Port Director in his/her sole discretion determines whether any proposed facility of Tenant may be construed to have an effect on navigation. In the event the Port Director so determines, Tenant shall prepare at its expense a permit application for submittal by Landlord in Landlord's name to the Corps of Engineers, United States Army. The permit application shall be prepared in strict conformity with regulations published by the United States Army.

(h) Non-permitted Uses. Tenant shall not permit the Premises to be used for any purpose not described in Paragraph 6(a), or for any unlawful purpose; and Tenant shall not perform, permit, or suffer any act of omission or commission upon or about the Premises which would result in a nuisance or a violation of the laws and ordinances of the United States, State of California, or City of Santa Cruz, as the same may be now or hereafter in force and effect. Without limiting the generality of the foregoing, Tenant specifically agrees not to cause or permit generation of unreasonable levels of noise from any activity on the Premises which might disturb live-a-board slip licensees or residential neighbors of the Port District from 10 p.m. until 6:00 a.m. each day during the Lease Term.

(i) Compliance with Laws. Tenant shall abide by all applicable Laws, rules, codes, regulations, resolutions, ordinances and statutes of Landlord, the City of Santa Cruz, County of Santa

Cruz, California Coastal Commission, State of California, or other governmental body where applicable, respecting the use, operation, maintenance, repair or improvement of the Premises and equipment therein, and shall pay for any and all licenses or permits required in connection with the use, operation, maintenance, repair, or improvement of the Premises. Landlord shall have no responsibility for obtaining any such licenses or permits, and shall have no liability to Tenant (nor shall Tenant have any right to terminate the Lease or receive abatement of rent or other charges) if Tenant, for any reason, is unable to obtain any such permits. Tenant acknowledges that Landlord has made no warranties or representations to Tenant regarding the suitability of the Premises for Tenant's intended use, and Tenant waives all claims against Landlord regarding the suitability of the Premises for Tenant's intended uses.

7. Ownership of Improvements.

(a) Title. All structures, buildings, improvements, additions, and fixtures now existing or hereafter constructed, erected, or installed in or upon the Premises, and all alterations and additions thereto, shall be deemed a part of the Premises and title shall be vested in Landlord, and upon expiration or sooner termination of the Lease Term shall remain upon and be surrendered with the Premises as part thereof.

(b) Liens. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall indemnify and hold Landlord harmless against liability, loss, damage, cost, and all other expenses (including but without limitation, attorneys' fees) arising out of claims of lien for work performed or materials or supplies furnished at the request of Tenant or persons claiming under Tenant.

8. Construction of Improvements.

(a) No Landlord Improvements. Landlord shall not be obligated to install or construct any improvements, additions, or alterations (collectively "improvements") on the Premises during the Lease Term.

(b) Tenant Improvements. All improvements, additions, or alterations Tenant may desire in the future shall be done in accordance with the provisions of this Paragraph 8(b). Tenant shall not construct any improvements to or modify the Premises in any way without the prior written consent of Landlord which shall not be unreasonably withheld. Any improvements to the Premises which are permitted by Landlord shall be installed or constructed by Tenant at Tenant's sole cost and expense; provided that, before commencing the installation or construction of any improvements on the Premises Tenant shall submit to Landlord, for Landlord's approval, final plans, specifications, and a site plan prior to applying for any permits for such improvements. Upon obtaining Landlord's approval, Tenant shall not amend or otherwise change such plans, specifications, or site plan without first obtaining Landlord's approval of such amendment or change. Tenant shall be solely responsible for obtaining all other governmental permits or approvals required for the installation or construction of any such improvements to the Premises, including, but not limited to, Coastal Commission approval, and approval of the City or County of Santa Cruz, and Landlord shall have no liability whatsoever for Tenant's inability or failure to obtain any such permits or approvals, and shall provide same to Landlord prior to commencing any work.

Tenant shall give at least fifteen (15) days' advance notice to Landlord before actually commencing any improvement work on the Premises so that Landlord can post a notice of non-responsibility, if Landlord so chooses. Tenant shall call Landlord to request inspections at regular intervals as determined by Landlord, but in no event less than biweekly. Upon completion of any such improvements, Tenant shall deliver to Landlord a complete set of "as-built" plans respecting such improvements. Tenant shall use licensed and insured contractors. Contractor's insurance shall at a minimum meet the requirements in Section 10.

9. Taxes and Assessments.

(a) Payable by Tenant. Tenant shall pay directly to the taxing authority during each year or partial year during the Term hereof, all real and personal property taxes, general and special assessments, use and possessory taxes, environmental protection charges, and other charges of every kind or description whatsoever, foreseen or unforeseen, levied on or assessed against the Premises, improvements or personal property therein, the leasehold estate or any subleasehold estate permitted by Landlord. Tenant shall pay each installment of such taxes and assessments prior to the date such installment becomes delinquent. The taxes and assessments to be paid by Tenant hereunder shall be prorated at the end of the Lease Term, in order that Tenant will pay only the proportionate part of said taxes and assessments attributable to the period of the Lease Term. Tenant shall pay all supplemental or escape assessment levied or assessed against the Premises.

(b) Substitute Taxes. If at any time during the Lease Term, under the laws of the United States of America, the State of California, or any political subdivision thereof in which the Premises are located, a tax on rent or other charge by whatever name called, is levied, assessed, or imposed against Landlord, or against the rent payable hereunder to Landlord, as a substitute in whole or in part for any of the taxes described in Paragraph 9(a), Tenant, to the extent such substitute tax or other charge relieves Tenant from the payment of taxes provided for herein, shall pay such tax or other charge in the manner provided in this Paragraph 9.

10. Insurance.

(a) Landlord's Insurance. Landlord shall procure and maintain in full force and effect at all times during the Term of this Lease, fire and extended coverage insurance satisfactory to Landlord covering the Premises and all improvements therein in an amount not less than eighty percent (80%) of the actual replacement cost thereof. The insurance provided for in this Paragraph 10(a) shall, in Landlord's sole and absolute discretion, provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils ("special form"), and loss of rents covering Base Rent for a period of up to twelve (12) months, and shall contain an inflation endorsement. Insurance proceeds thereunder shall be payable to Landlord. Landlord shall have no obligation to insure against loss by Tenant to Tenant's leasehold improvements, fixtures, furniture, or other personal property in or about the Premises occurring from any cause whatsoever and Tenant shall have no interest in the proceeds of any insurance carried by Landlord. Landlord shall be entitled to carry any such insurance in the form of a blanket policy covering property in addition to the Premises. Landlord may, at Landlord's sole discretion, bill Tenant for the cost of the above described insurance in an amount proportional to the square footage of the Premises as calculated from Landlord's inventory of insured spaces and the premiums charged by Landlord's insurer for all of the square footage of buildings covered by such insurance policy. The Tenant's share

of such insurance premiums shall be Additional Rent and shall be payable within fifteen (15) days of receipt of an invoice for such Additional Rent. Landlord, in its sole discretion, may allow Tenant to pay such Additional Rent in 12 equal monthly installments or may require Tenant to pay such Additional Rent in one installment.

(b) Tenant's Insurance. During the term of the Lease, Tenant shall maintain, at its sole cost and expense, the following insurance policies:

(i) Property Insurance covering risks of loss normally insured under a "special form" policy, covering Tenant's leasehold improvements, fixtures, equipment, furniture and other personal property in or about the Premises. Landlord shall be a loss payee as its interests shall appear.

(ii) Commercial General Liability Insurance protecting Landlord and Tenant against liability for bodily injury and property damage, including contractual liability coverage and products liability, as well as "personal and advertising injury" liability occasioned by any occurrence in, on, about, or related to the Premises in an amount not less than Two Million Dollars (\$2,000,000) each occurrence and annual aggregate. Such policy shall also include liquor liability coverage. Tenant shall cause Landlord, its employees, elected officials, attorneys, agents and volunteers to be named as an additional insured under such policy.

(iii) Workers' Compensation and Employer's Liability Insurance as required by applicable law against liability arising on account of injuries or death to workers or employees on the Premises or any improvement of Tenant. Such workers' compensation insurance shall be in amounts at least equal to the maximum liability of Tenant, its agents, and contractors under the Workers' Compensation Insurance and Safety Act of the State of California and the Federal Longshore and Harbor Workers' Compensation Act, as applicable. Tenant shall also maintain Employer's Liability insurance with limits no less than One Million Dollars (\$1,000,000). Such insurance shall include a waiver of subrogation in favor of Landlord.

(iv) If Tenant commits permits or causes the conduct of any activity or the bringing or operation of any equipment on or about the Premises creating unusual hazards, Tenant shall promptly, upon notice from Landlord, procure and maintain in force during such activity or operation insurance sufficient to cover the risks represented thereby. Landlord's demand for unusual hazard insurance shall not constitute a waiver of Landlord's right to demand the removal, cessation or abatement of such activity or operation.

(v) Tenant shall procure, at Tenant's own cost and expense other insurance in amounts from time to time reasonably required by Landlord against other insurable risks if at the time they are commonly insured against for premises similarly situated and containing comparable improvements including, but not limited to, Builder's Risk Insurance during construction of any improvements.

(vi) All policies shall be placed with insurers admitted or eligible to do business in the State of California and rated A VIII or better by A.M. Best. All policies shall include endorsements stating that Landlord shall have at least thirty (30) days prior written notice of policy cancellation, or ten (10) days' notice in the event of cancellation for non-payment of premium. Tenant shall furnish Landlord with Certificates of Insurance showing evidence of the required insurance upon execution of this Lease and thereafter upon renewal or replacement of policies.

(c) Waiver of Subrogation. Tenant and Landlord each hereby waives any and all rights of recovery against the other, and against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, where such loss or damage is insured against under any property insurance policy in force at the time of such loss or damage to the extent of the insurance proceeds actually paid in connection therewith. Tenant and Landlord shall, upon obtaining any of the policies of insurance required or desired hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of rights of recovery is contained in this Lease, and shall each use their best efforts to cause the insurer for each such policy to waive in writing any rights of subrogation it may have against the other party.

(d) Submittal of Policies. Tenant agrees to deposit with Landlord, at Landlord's request, a copy of each such policy or policies required hereunder and to keep such insurance in effect and the policy or policies therefore on deposit with Landlord during the entire Term of this Lease.

(e) Review of Coverage. Landlord shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this Lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain (or may obtain at Tenant's expense) insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable, but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required.

(f) Changes in Coverage. Landlord shall give Tenant written notice of changes in the insurance requirement and Tenant shall deposit copies of acceptable insurance policies or Certificates of Insurance with Landlord incorporating such changes within sixty (60) days following receipt of such notice.

(i) The procuring of such required policy or policies of insurance shall not be construed to limit Tenant's liability hereunder or to fulfill the indemnification provisions and requirements of this Lease. Notwithstanding said policy or policies of insurance, Tenant shall be obligated the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Lease or with use or occupancy of the Premises.

(g) Landlord's Remedies. In case of failure on the part of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 10, Landlord may, but is not required to, at its discretion, and in addition to any other remedies it may have upon failure of Tenant to procure or to maintain in effect any insurance which Tenant is required to carry as provided in this Paragraph 10, procure or renew such insurance and pay any and all premiums therefore and all monies so paid by Landlord shall be repaid by Tenant to Landlord upon demand.

## 11. Indemnification.

(a) Tenant's Hold Harmless. Tenant hereby indemnifies Landlord its employees, elected officials, attorney, agents and volunteers against and holds them harmless from any and all claims, damage, cost, liability, or expense, including but not limited to attorneys' fees and costs of suit, resulting from or arising out of Tenant's use of the Premises, Tenant's default in the performance of any obligation of Tenant under this Lease, any act or failure to act of Tenant or any employees, agents, contractors, customers, or other invitees of Tenant occurring in or about the Premises, or construction of any improvements by Tenant in the Premises. Such indemnification specifically includes without

limitation any damage to property or injury or death to any person arising from the use of the Premises by Tenant or from the failure of Tenant to keep the Premises in good condition, order and repair. Tenant expressly agrees to exercise due care in the handling of fuel or any other flammable materials in, on, or around the Premises. Tenant shall maintain on the Premises adequate firefighting equipment, which shall remain under the use, control, maintenance, and repair of Tenant.

(b) Tenant's Waiver of Claims. Tenant hereby waives all claims against Landlord for damage to any property, goods, wares, or merchandise of Tenant stored in, upon, or about the Premises, and for injury to persons in, upon, or about the Premises from any cause whatsoever arising at any time, except as may be caused by the willful misconduct of Landlord. Landlord shall not be liable to Tenant for any damage caused by any person, other than Landlord's personnel, in, upon, or about the Premises, whether a customer of Tenant or otherwise. Tenant expressly waives any claims against Landlord for damage to Tenant's business on the Premises or loss of goodwill or any other damage to Tenant arising from complete or partial closure of the Santa Cruz Harbor at any time and from time to time, whether such closure shall result from inclement weather, excess deposits of sand in the harbor, natural disaster or emergency or any other reason whatsoever. Landlord shall have no obligation or responsibility to prevent any such closures of the Santa Cruz Harbor; provided that, in the event any such closure shall be due to insufficient funding of Landlord, Landlord shall make a good faith effort to keep the Santa Cruz Harbor open during the portion of the year the public makes greatest use of harbor facilities.

(c) Landlord's Hold Harmless. Landlord hereby indemnifies and holds Tenant harmless from and against any and all damage to property or injury or death to any person and occurring in, on or about the "Public Areas" as shown and described on Exhibit "A" hereto, to the extent caused by Landlord's willful misconduct.

## 12. Maintenance and Repairs.

(a) Tenant's Obligations. Subject to Paragraph 15 below relating to damage and destruction, and subject to Landlord's maintenance responsibilities set forth in Paragraph 12(c) below, throughout the Term of this Lease Tenant shall, at Tenant's sole cost and expense, maintain the Premises and every part thereof, and all fixtures, machinery and equipment located in or on the Premises and utilized in the conduct of Tenant's business in first class condition, order and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) municipal, county, state, federal, and other governmental agencies and bodies having or claiming jurisdiction of the Premises and all their respective departments, bureaus, and officials; and (2) all insurance companies insuring all or any part of the Premises or improvements or both. For purposes of this paragraph, the obligation to repair includes the obligation to replace as and when reasonably necessary. Without limiting the foregoing, Tenant at Tenant's sole cost shall maintain in good and safe condition, order and repair, and replace as and when necessary, all improvements made by Tenant to the Premises.

(b) Outside Areas. Tenant acknowledges that the cleanliness and neat and attractive appearance of the interior and exterior of the Building and all other areas of the Premises are a material concern of Landlord. Accordingly, Tenant shall continuously exercise diligence throughout the Lease Term in keeping the Premises and the area included in the Premises, clean, sanitary and attractive condition. Tenant shall arrange for regular and prompt disposal of garbage generated by Tenant's operations on the Premises, and shall not permit garbage or refuse to accumulate in or

around the Premises. Tenant shall not cause or permit odors that Landlord in its reasonable discretion determines are offensive to emanate from the Premises.

(c) Landlord's Obligations. Notwithstanding anything to the contrary contained in this Paragraph 12, and subject to the provisions of Paragraph 15 below relating to damage and destruction, Landlord shall maintain in good condition, order and repair and replace if and when necessary:

- (i) the structural portions of the exterior walls of the Building;
- (ii) the exterior surface of such walls and roof to the mid-way plane between the interior and exterior surfaces of such walls and roof, including exterior paint and texturing and the roof membrane, but excluding any plumbing, electrical or mechanical systems solely serving the Premises, and excluding repair or replacement of window breakage; and
- (iii) the structural portions of the floor of the Building, including any plywood subfloor.

Landlord shall have no obligation to maintain or repair under this Paragraph 12(c) until a reasonable amount of time after receipt by Landlord of notice from Tenant of the need therefore, specifying the nature of the maintenance or repair needed.

13. Utilities. Tenant shall pay promptly as the same become due and payable all bills and costs for water, gas, electricity, telephone, cable, internet, sewer service charges, and any other utilities or services supplied to the Premises via separate meter as apportioned by Landlord. Tenant shall also pay for all costs and connection charges for services and/or utilities it desires expanded or added to those presently available for Tenant's use. Garbage service is included with Base Rent if all refuse and recycling is collected at existing bins in the harbor's parking areas. If additional garbage containers are required, Tenant shall arrange for bins and service from Santa Cruz Municipal Utilities at Tenant's sole cost and expense. Tenant shall use energy-saving fixtures wherever practicable, and shall cooperate in any conservation efforts undertaken by Landlord to reduce costs associated with utilities provided to Tenant at Landlord's expense. Landlord shall not be liable to Tenant for any interruption or failure of any utility or other services to the Premises.

14. Assignment and Subletting.

(a) Permitted Assignments and Subleases. Tenant shall be entitled to sublease or assign its interest in this Lease provided it first obtains Landlord's written consent thereto, which shall not unreasonably be withheld. In this connection, Tenant must demonstrate to Landlord's reasonable satisfaction that the proposed transferee is financially creditworthy, has sufficient experience in running a suitable office-based business, and will operate a business of the type and quality that Landlord determines is consistent with the mix of businesses in the harbor and in a matter that supports the good reputation and image of Port District businesses as determined by Landlord. No assignment or sublease respecting all or any portion of the Premises shall operate to release Tenant or any guarantor of its obligations hereunder, from liability for full performance of Tenant's obligations hereunder subsequent to the date of any assignment or sublease.

(1) Sublease Rents. If at any time during the Term of this Lease Tenant subleases any portion of the Premises for any amount in excess of the Base Rent applicable at that time, Tenant shall pay to Landlord not less than 50% of the amount in excess of the Base Rent

applicable at that time. Sublease Rents shall be due and payable monthly in advance in accordance with Section 5 (e) of this Lease and shall be subject to delinquent fees in accordance with Section 5 (f).

(2) Sublease Assignments and Subleases. No sublessee or assignee may sublease or assign any interest in the Lease without first obtaining Landlord's written consent thereto.

(b) Encumbrances. Tenant shall not encumber all or any portion of Tenant's interest in the Premises or in this Lease.

(c) Corporation or Partnership. The assignment, pledge for security purposes, or other transfer during the Lease Term of any class of voting stock or other controlling interest in said corporation (whether in a single transaction or a series of transfers) which in the aggregate exceeds fifty percent (50%) of such class of stock or other controlling interest shall be deemed to be an assignment within the meaning of this Lease. If Tenant becomes a partnership, and Landlord consents thereto, the assignment, pledge, for security purposes, or other transfer during the Lease term of any interest in the partnership of a general or limited partner thereof, shall be deemed an assignment within the meaning of this Lease.

15. Damage or Destruction.

(a) Partial Damage-Insured. Subject to the provisions of Paragraphs 15(b) and 15(c), if the Premises or any improvements therein are damaged, such damage involves damage to the Building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the Building), such damage was caused by an act or casualty covered under an insurance policy provided for in Paragraph 10, and the proceeds of such insurance received by Landlord are sufficient to repair the damage (or in the event any lender shall require such insurance proceeds to be applied to pay any sums owed under its loan), Landlord shall at Landlord's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect.

(b) Partial Damage-Under or Uninsured. Subject to the provisions of Paragraphs 15(a) and 15(d), if at any time during the term hereof the Premises or any improvements are damaged, such damage involves damage to the Building to the extent of less than eighty percent (80%) of the then replacement value thereof (excluding excavations and foundations of the Building), and the insurance proceeds received by Landlord are not sufficient to repair such damage, or such damage was caused by an act or casualty not covered under an insurance policy, Landlord may at Landlord's option either (a) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (b) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right, within ten (10) days after receipt of such notice, to agree in writing on a basis satisfactory to Landlord to pay for the entire cost of repairing such damage less only the amount of insurance proceeds, if any, received by Landlord, in which event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such ten (10) day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

(c) Total Destruction. If at any time during the term hereof either the Premises or the improvements contained therein are damaged from any cause, whether or not covered by the insurance provided for in Paragraph 10, and such damage involves damage to the Building to the extent of eighty percent (80%) or more of the replacement value thereof (excluding excavations and foundations of the Building), including any total destruction required by any authorized public authority, this Lease shall at the option of Landlord terminate as of the date of such total destruction. Landlord shall exercise its right to terminate this Lease by delivery of notice to Tenant within thirty (30) days after the date that Tenant notifies Landlord of the occurrence of such damage. In the event Landlord does not elect to terminate this Lease, Landlord shall at Landlord's expense repair such damage as soon as reasonably possible, and this Lease shall continue in full force and effect.

(d) Damage Near End of Term. If the Premises or the improvements therein are destroyed or damaged in whole or part during the last two (2) years of the term of this Lease, Landlord may at Landlord's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

(e) Abatement of Rent. Notwithstanding anything to the contrary contained elsewhere in this Lease, if the Premises are partially damaged and Landlord repairs or restores them pursuant to the provisions of this agreement Paragraph 15, the Base Rent payable hereunder for the period commencing on the occurrence of such damage and ending upon completion of such repair or restoration shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired during the period of repair; provided that, nothing herein shall be construed to preclude Landlord from being entitled to collect the full amount of any rental loss insurance proceeds if such rental loss insurance is then carried with respect to the Premises. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration.

(f) Waiver. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4), and any similar or successor statutes relating to termination of leases when the thing leased is substantially or entirely destroyed, and agrees that such event shall be governed by the terms of this Lease.

(g) Tenant's Property. Landlord's obligation to rebuild or restore shall not include restoration of Tenant's equipment, merchandise, or any improvements, alterations or additions made by Tenant to the Premises.

(h) Notice of Damage. Tenant shall notify Landlord within five days after the occurrence thereof of any damage to all or any portion of the Premises. In no event shall Landlord have any obligation to repair or restore the Premises pursuant to this Paragraph 15 until a reasonable period of time after Landlord's receipt of notice from Tenant of the nature and scope of any damage to the Premises, and a reasonable period of time to collect insurance proceeds arising from such damage (unless such damage is clearly not covered by insurance then in effect covering the Premises).

(i) Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, or of the replacement cost, shall be conclusive for purposes of this Paragraph 15.

16. Eminent Domain.

(a) Termination. In the event the whole or any part of the Premises is condemned in the lawful exercise of the power of eminent domain by any public entity, then this Lease shall terminate as to the part condemned on the date possession of that part is taken.

(b) Partial Taking Renders Economically Unfeasible. If only a part of the Premises is condemned, but such taking makes it economically unfeasible for Tenant to use the remainder of the Premises for the purposes contemplated by this Lease, then Tenant may, at its option, terminate this Lease as of the date possession of the condemned part is taken by giving written notice to Landlord of its intention within thirty (30) days following the date said possession is taken.

(c) Partial Taking with Business Continued. If only part of the Premises is condemned and this Lease is not terminated as set forth above, then this Lease shall, as to the condemned portion of the Premises, terminate as of the date possession of such portion is taken. The Base Rent shall thereupon be reduced in the same proportion that the area of the Premises taken bears to the initial total area of the Premises. The Base Rent, as so reduced, shall continue to be subject to adjustment in accordance with Paragraph 5 hereof.

(d) Repairs. Tenant shall, at its sole cost and expense and in a prompt and expeditious manner, make all necessary repairs or alterations to the remainder of the Premises so as to make them reasonably suitable for Tenant's continued occupancy for those uses and purposes contemplated by this Lease.

(e) Compensation. All compensation awarded or paid upon the total or partial taking of the fee title to the Premises or part of the Premises, or for the taking of all or any portion of the Premises, shall belong to Landlord. The Building and other improvements made by Landlord on the Premises at Landlord's expense shall belong to Landlord. Landlord shall not be entitled to any compensation paid to Tenant for costs incurred by Tenant in removing its furniture, equipment, and trade fixtures from the condemned Premises. Nor shall Landlord be entitled to any compensation paid to Tenant in the proceedings or action for such taking with respect to removal or relocation costs, or anticipated or lost profits (excluding the value of this Lease to Tenant) or damages to any personal property or detriment to the business of Tenant, or any special damages to Tenant (excluding the value of this Lease to Tenant).

17. Tenant Default. Tenant shall be deemed in default under this Lease upon occurrence of any of the following:

(a) Tenant fails to pay a monetary sum when due under this Lease (provided that Tenant shall not be deemed in default if Tenant pays such sum within 10 days after notice from Landlord that such sum is overdue; and provided further that, Tenant shall not be entitled to any such 10 day grace period or notice and shall be deemed in default immediately upon failure to so pay when due if Landlord has already delivered two notices of overdue payments within the immediately preceding 12 month period;

(b) Tenant fails to perform any of its other obligations under this Lease; provided that, if such failure is of the nature that it may be cured, Tenant shall not be deemed in default if Tenant cures such failure within 20 days after notice from Landlord of such failure;

(c) Tenant's interest in the Premises or the Lease, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this Lease), including, without limitation, the filing of an action by or against Tenant, or by any member of Tenant if Tenant is a partnership or joint venture, under any insolvency or bankruptcy laws, or if Tenant makes a general assignment for the benefit of its creditors, or;

(d) Tenant vacates, abandons, or surrenders the Premises during the lease term.

(e) Tenant fails to comply with or obtain any necessary permit or license. Tenant shall not be deemed in default if Tenant cures such failure within 20 days after notice from Landlord of such failure

(f) In the event of a default by Tenant under this Lease, Landlord may pursue such remedies as it may have for such default under law or in equity, including but not limited to the remedies set forth below.

(i) Repossession. Landlord may repossess the Premises and remove all persons and property therefrom. If Landlord repossesses the Premises because of a breach of this Lease, this Lease shall terminate and Landlord may recover from Tenant:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest at ten percent (10%) per annum or the maximum allowed by law whichever is less;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided including interest at ten percent (10%) per annum or the maximum allowed by law whichever is less;

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, computed by discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%); and

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

(ii) No Repossession. If Landlord does not repossess the Premises, then this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession and Landlord may enforce all of its rights and remedies under this Lease, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 17, the following do not constitute a termination of Tenant's right to possession:

(1) Acts of maintenance or preservation by Landlord or efforts by Landlord to relet the Premises; or

(2) The appointment of a receiver by Landlord to protect Landlord's interest under this Lease.

18. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, agreements, or conditions of this Lease, or for the recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party, as a part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered. "Prevailing party" within the meaning of this paragraph shall include, without limitation, a party who brings an action against the other party after the other party's breach or default, if such action is settled or dismissed upon the payment by the other party of the sums allegedly due or performance of the covenants allegedly breached or the plaintiff obtains substantially the relief sought by it in the action.

19. Removal of Property. Tenant hereby irrevocably appoints Landlord as agent and attorney in fact of Tenant, to enter upon the Premises, in the event of a default by Tenant hereunder, and to remove any and all furniture and personal property whatsoever situated upon the Premises, and to place such property in storage for the account of and at the expense of Tenant. In the event that Tenant shall not pay the cost of storing any such property after the property has been stored for a period of 90 days or more, Landlord may sell any or all of such property, at public or private sale, in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant for the payment of any part of such charge or the removal of any such property, and shall apply the proceeds of such sale first to the costs and expenses of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs of or charges for storing any such property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

20. Subordination.

(a) Subordination of Lease. This Lease, at Landlord's option, shall be subordinate to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon all or any portion of the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee or trustee shall elect to have this Lease prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof.

(b) Execution of Documents. Tenant agrees to execute any documents required to effectuate such subordination or to make this Lease prior to the lien of any mortgage or deed of trust, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead, to do so.

21. Landlord's Right to Reenter.

(a) Peaceable Surrender. Tenant agrees to yield and peaceably deliver possession of the Premises to Landlord on the date of termination of this Lease, regardless of the reason for such termination. Upon giving written notice of termination to Tenant, Landlord shall have the right to reenter and take possession of the Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the Lease and reentry of any Premises by Landlord shall in no way alter or diminish any obligation of Tenant under the Lease terms and shall not constitute an acceptance or surrender.

(b) Waiver of Redemption and Stipulated Damages. Tenant waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Premises for any reason or in the event Landlord reenters and takes possession of the Premises in a lawful manner.

Tenant agrees that should the manner or method employed by Landlord in reentering or taking possession of the Premises give Tenant a cause of action for damages in forcible entry and detainer, the total amount of damages to which Tenant shall be entitled in any such action shall be One Dollar (\$1.00). Tenant agrees that this clause may be filed or raised in any such action, and that when filed or raised in any such action, it shall be a stipulation of Tenant fixing the total damages to which Tenant is entitled in such an action.

22. Reservations to Landlord. The Premises are accepted by Tenant subject to any and all existing easements and encumbrances. Landlord reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, stormwater sewer, pipelines, manholes, and connections; water and gas conduits; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon, through, across, and along any part of the Premises, and to enter the Premises for any and all such purposes. Landlord also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, and along any and all portions of the Premises. No right reserved by Landlord in this clause shall be so exercised as to interfere unreasonably with Tenant's operations hereunder.

Landlord agrees that rights granted to third parties by reason of this clause shall contain provisions that the surface of the land shall be restored as early as practicable to its original condition upon the completion of any construction. Landlord further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the premises by Tenant, the monthly Base Rent shall be reduced on a temporary basis in proportion to the temporary interference with Tenant's use of the Premises.

23. Notices. All notices, statements, demands, requests, approvals or consents given hereunder by either party to the other party shall be in writing and shall be sufficiently given and served upon the other party if served personally or if sent by first class mail of the United States Postal Service, certified, return receipt requested, postage prepaid, and addressed to the parties as follows:

Landlord: SANTA CRUZ PORT DISTRICT  
Attention: Port Director  
135 5<sup>TH</sup> Avenue  
Santa Cruz, CA 95062

Tenant: \_\_\_\_\_  
Attention: \_\_\_\_\_  
365B Lake Avenue  
Santa Cruz, CA 95062

or to such other address as any party may have furnished to the others as a place for the service of notice. Notices sent by mail shall be deemed served on the date actually received, as indicated on the return receipt.

24. No Commission. Landlord and Tenant each agree that Landlord and Tenant, respectively, have not had any dealings with any realtor, broker, or agent in connection with the execution of this Lease. Tenant shall pay the commission or compensation payable to any agent or broker employed by Tenant in connection with the execution of this Lease.

25. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. Landlord's acceptance of partial payments of rent or any other sum due hereunder shall not be deemed a waiver of its right to recover the full amount of such payment and shall not be deemed an accord and satisfaction whether or not the amount due is disputed by the parties.

26. Holding Over. Any holding over after the expiration of the Term with the consent of Landlord shall be construed to be a tenancy from month to month on the same terms and conditions specified herein so far as applicable other than Base Rent which shall be increased to 150% of the current Base Rent.

27. Parking. Tenant acknowledges that all parking areas and all other common areas within the Santa Cruz Small Craft Harbor shall remain under the operation and control of Landlord. The manner in which such areas and facilities are operated and maintained shall be at the sole discretion of Landlord, and the use of such areas and facilities shall be subject to such rules and regulations as Landlord shall make from time to time. Landlord shall have the right to regulate access and parking and to install parking meters in such parking areas.

28. Non-Discrimination. Tenant agrees in the conduct of Tenant's business not to discriminate against any person or class of persons by reason of sex, race, creed, national origin, age,

or physical condition. Tenant shall make its accommodations and services available to all persons on equal and reasonable terms.

29. Entry by Landlord. Landlord and its agents shall be entitled to enter into and upon the Premises at all reasonable times, upon reasonable notice (except in the case of an emergency, in which event no notice shall be required), for purposes of inspecting or making repairs, alterations or additions to all or any portion thereof, or any other part of the Building, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, and during the 180 day period prior to the expiration of this Lease, to place upon the Premises any usual or ordinary "for rent" signs and exhibit the Premises to prospective tenants at reasonable hours, all without any abatement of rent and without liability to Tenant for any injury or inconvenience to or interference with Tenant's business, quiet enjoyment of the Premises, or any other loss occasioned thereby.

30. Estoppel Certificates; Financial Statements.

(a) Estoppel Certificates. Within fifteen (15) days after request therefor by Landlord, Holder, or any prospective mortgagee or owner, Tenant agrees as directed in such reasonable request to execute an Estoppel Certificate in recordable form, binding upon Tenant, certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that this Lease as modified is in full force and effect); (ii) the dates on which rent Fixed Minimum Rent, Sublease Rent and Percentage Rent have been paid; (iii) that Tenant is in the possession of the Premises if that is the case; (iv) that Landlord is not in default under this Lease, or, if Tenant believes Landlord is in default, the nature thereof in detail; (v) that Tenant has no offsets or defenses to the performance of its obligations under this Lease (or if Tenant believes there are any offsets or defenses, a full and complete explanation thereof); (vi) that Tenant has accepted the Premises and the condition thereof and of all improvements thereto and has no claims against Landlord or any other party with respect thereto; (vii) that if an assignment of rents or leases has been served upon the Tenant by a Holder, Tenant will acknowledge receipt thereof and agree to be bound by the provisions thereof, (viii) that Tenant will give to the Holder copies of all notices required or permitted to be given by Tenant to Landlord; and (ix) to any other information reasonably requested. Tenant's failure to deliver such certificate within such time will be conclusive upon Tenant (A) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (B) that there are no uncured defaults in Landlord's performance, and (B) that not more than one month's rent has been paid in advance. Without limiting the foregoing, if Tenant fails to deliver any such certificate within such fifteen (15) day period, Landlord may deliver to Tenant an additional request for such certificate and the failure of Tenant to deliver such certificate within five days after delivery of such additional request shall be an Event of Default.

31. General.

(a) Entire Agreement. This Lease, together with all Exhibits attached hereto which are incorporated herein by this reference, contains all of the terms, covenants, and conditions agreed to by Landlord and Tenant relating to the Premises and the subject matter hereof, and supersedes all promises and agreements, written or oral, by either party to the other relating in any way to the Premises which are not expressly set forth herein. Tenant is not relying on any representations or warranties made by Landlord, and acknowledges that Landlord has not made any representations or warranties to Tenant, except as may expressly be set forth herein. This Lease cannot and shall not be

amended orally or in any manner other than by an agreement in writing signed by both Landlord and Tenant or their respective successors in interest.

(b) Covenants and Conditions. Each term and each provision of this Lease performable by Tenant shall be construed to be both a covenant and a condition, all of which conditions shall be for the sole benefit of Landlord.

(c) Binding on Successors. The covenants and conditions hereof, subject to the provisions as to subletting and assignment, shall apply to and bind the heirs, successors, executors, administrators, subtenants, and assigns to the parties.

(d) Joint and Several Liability. All persons who have signed this Lease shall be jointly and severally liable hereunder.

(e) Gender. When the context of this Lease requires, the masculine gender includes the feminine, a corporation, or a partnership, and the singular number includes the plural.

(f) Captions. The captions of the numbered and lettered paragraphs of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

(g) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California and venue shall be Santa Cruz County.

(h) Time of Essence. Time is of the essence as to all of the provisions of this Lease with respect to which time of performance is a factor.

(i) Partial Invalidity. If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

(j) Relationship. Tenant shall not be an agent of Landlord for any purpose, and nothing in this Lease shall be deemed to create a partnership relationship between Tenant and Landlord.

(k) Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that s/he is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the board of directors of said corporation or in accordance with the bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of a resolution of the board of directors of said corporation authorizing or ratifying the execution of this Lease.

(l) No Recordation. Tenant shall not record either this Lease or a short form memorandum of this Lease.

(m) Calendar Days. All references herein to "days" shall mean calendar days unless otherwise stated.

22. Approval by California Department of Boating and Waterways. This Lease will not become effective until it is reviewed and approved by the State of California Department of Boating and Waterways, as provided by the California Harbors and Navigation Code Section 72.0.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

**LANDLORD:**

SANTA CRUZ PORT DISTRICT COMMISSION,  
a political subdivision

ATTEST:

\_\_\_\_\_  
Holland MacLaurie  
Port Director  
Santa Cruz Port District

By: \_\_\_\_\_

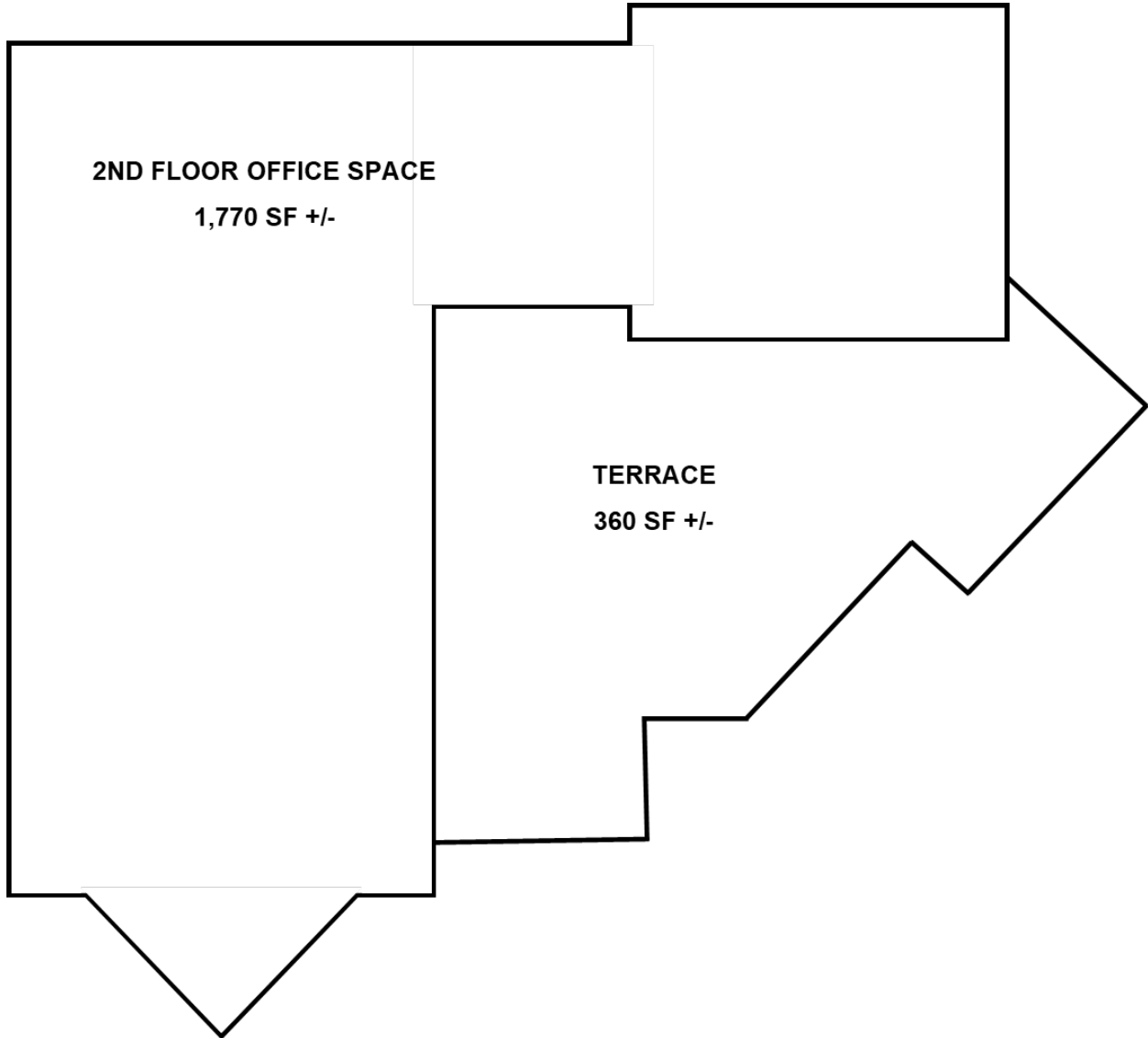
**TENANT:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Its:

**EXHIBIT 'A'**  
**PREMISES MAP AND DIAGRAM**



**EXHIBIT "B"**  
**GUARANTY**

This Guaranty of Lease ("Guaranty") dated for reference purposes only December 1, 2025, is executed by \_\_\_\_\_ ("Guarantor") in favor of Santa Cruz Port District, a California special district ("Landlord").

RECITALS

WHEREAS, Landlord and \_\_\_\_\_ ("Tenant") have entered into a Lease dated for reference purposes only December 1, 2025, ("Lease") whereby Landlord agreed to lease to Tenant and Tenant agreed to lease from Landlord the premises located at 365B Lake Avenue, Santa Cruz, California ("Premises"); and

WHEREAS, as a condition of said Lease, Landlord has required that Guarantor execute and deliver to Landlord this Guaranty.

NOW, THEREFORE, in consideration of Landlord entering into the Lease of the Premises to Tenant, Guarantor covenants and agrees as follows:

Guarantor absolutely and unconditionally guarantees to Landlord the timely payment of all amounts that Tenant may at any time owe under the Lease. Guarantor further guarantees to Landlord the full, faithful, and timely performance by Tenant of the Lease. If Tenant shall default at any time in the payment of any rent or any other sums, costs, or charges, or in the performance of any covenant or obligation under the Lease, then Guarantor, at Guarantor's expense, shall on demand by Landlord, fully and promptly pay all rent, sums, costs, and charges to be paid and perform all other covenants and obligations to be performed by Tenant pursuant to the Lease. In addition, Guarantor shall on demand by Landlord pay to Landlord all sums due to Landlord, including, without limitation, all interest on past due obligations of Tenant, costs advanced by Landlord, damages, and all expenses (including, without limitation, court costs and reasonable attorneys' fees) that may arise in consequence of Tenant's default.

All sums due and payable pursuant to this Guaranty shall be payable upon demand.

The obligations of Guarantor under this Guaranty are independent of the obligations of Tenant. A separate action may, at Landlord's option, be brought and prosecuted against Guarantor, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any action, and Guarantor may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with, or based upon the Lease. Guarantor waives any right to: (a) Require Landlord to proceed against Tenant or any other person or entity or pursue any other remedy in Landlord's power; (b) complain of delay in the enforcement of Landlord's rights under the Lease; and (c) require Landlord to proceed against or exhaust any security held from Tenant or Guarantor. Guarantor waives all demands upon and notices to Tenant and to Guarantor, including without limitation, demands for performance, notices of nonperformance, notices of nonpayment, and notices of acceptance of this Guaranty.

This Guaranty shall remain in full force notwithstanding the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief, act, or statute, whether now existing or later amended or enacted, or the disaffirmation of the Lease in any action or otherwise.

This Guaranty shall be binding upon Guarantor and Guarantor's heirs, administrators, personal and legal representatives, successors, and assigns, and shall inure to the benefit of Landlord and Landlord's successors and assigns. Landlord may, without notice, assign this Guaranty, the Lease, or the rents and other sums payable under the Lease, in whole or in part.

In addition to the amounts guaranteed pursuant to the above paragraphs, Guarantor agrees to pay reasonable attorneys' fees and all other costs and expenses incurred by Landlord in enforcing this Guaranty or in any action or proceeding arising out or relating to this Guaranty.

Nothing herein shall in any way modify any of the terms and provisions of the Lease.

Date: \_\_\_\_\_, 2025 \_\_\_\_\_