



325 Soquel Avenue  
Santa Cruz, CA 95062

**BOARD OF DIRECTORS**  
**Regular Meeting**  
**March 26, 2018**  
**5:30 P.M.**  
Offices of the Corporation

## **A G E N D A**

1. Roll Call

Keith Gudger (Chair), James Fisher, Joe Hall, Mathilde Rand, Adam Wade, Tom Manheim, Larry Laurent, Maitreya Maziarz, Janis O'Driscoll, Judy Owen

[quorum is six]

2. Oral Communications

Any person may address the Board during its Oral Communications period. All Oral Communications must be directed to an item not listed on today's Consent or Regular Agenda, and must be within the jurisdiction of the Board.

3. Consideration of Late Additions to the Agenda; additions and deletions to Consent and Regular Agendas.

### **CONSENT AGENDA**

4. Approve Minutes \*  
Regular Board Meeting Minutes of February 26, 2018
5. Accept Finance Committee Minutes of March 19, 2018 \*
6. Approve Recommendation of Finance Committee to Accept the February 2018 Financial Reports \*

### **REGULAR AGENDA**

7. Oral Report of Executive Director \*  
  
Written Report Attached
8. Consider Changes to Satellite Lease \*  
  
Changes to Master Lease To Be Incorporated In Our Sublease
9. Consider Approval of Security System Expense Reimbursement

“Landlord installed a new security system prior to occupancy for which Landlord has incurred recurring monthly payments. Tenant agrees to pay a pro-rata share of these payments.”

Requested total amount is 70.23% of approximately \$25,000 which will be about \$17557.50, paid over 48 months.

10. Oral Report from Volunteer Advisory Committee

Committee Chair Report

11. Oral Report of Board Chair

12. Board Member / Staff Requests for Specific Items to Appear on next Meeting Agenda

13. Announcements.

14. Adjournment.

**Any person may address the Board during its Public Comment period. Each presentation will be limited to three minutes and individuals may speak only once during Public Comment. A maximum of five minutes will be set aside for this period at this meeting. If the period runs beyond five minutes, the Board may, at its discretion, allow time at the end of the meeting for additional public comment. All comments must be directed to an item NOT listed on today's agenda and must be within the subject matter jurisdiction of the Board. Preference will be given to individuals who did not speak at the previous Board meeting. All speakers must address the entire Board and will not be permitted to engage in dialogue. Speakers are requested to sign the sheet designated for that purpose so that their names may accurately be reflected in the minutes of the meeting. Regular Agenda Items: Members of the public may speak on any item on the agenda. Each presentation will be limited to three minutes. The maximum time devoted to public input on any item will be determined by the Chair.**

**\* Material Included in Board Packet**



325 Soquel Avenue  
Santa Cruz, CA 95062

**EXECUTIVE COMMITTEE**  
**Regular Meeting**  
**March 26, 2018**  
**5:30 P.M.**  
Offices of the Corporation

## **A G E N D A**

### 1. Roll Call

Keith Gudger (Chair), James Fisher, Joe Hall, Mathilde Rand, Lou Tuosto, Adam Wade, Tom Manheim, Larry Laurent, Maitreya Maziarz, Janis O'Driscoll, Judy Owen

[quorum is three]

**ALL ITEMS AS SET FORTH ON THE AGENDA OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS NOTICED CONCURRENTLY.**

**IF A QUORUM OF THE FULL BOARD IS NOT PRESENT AT THE REGULAR BOARD MEETING, THE MEETING WILL BE ADJOURNED TO THE EXECUTIVE COMMITTEE MEETING. IF A QUORUM OF THE EXECUTIVE COMMITTEE (3) IS PRESENT, THE EXECUTIVE COMMITTEE WILL MEET TO TAKE ACTION ON THE ITEMS IN THE AGENDA.**

**Any person may address the Board during its Public Comment period. Each presentation will be limited to three minutes and individuals may speak only once during Public Comment. A maximum of five minutes will be set aside for this period at this meeting. If the period runs beyond five minutes, the Board may, at its discretion, allow time at the end of the meeting for additional public comment. All comments must be directed to an item NOT listed on today's agenda and must be within the subject matter jurisdiction of the Board. Preference will be given to individuals who did not speak at the previous Board meeting. All speakers must address the entire Board and will not be permitted to engage in dialogue. Speakers are requested to sign the sheet designated for that purpose so that their names may accurately be reflected in the minutes of the meeting. Regular Agenda Items: Members of the public may speak on any item on the agenda. Each presentation will be limited to three minutes. The maximum time devoted to public input on any item will be determined by the Chair.**



325 Soquel Avenue  
Santa Cruz, CA 95062

**BOARD OF  
DIRECTORS  
Regular Meeting  
February 26, 2018**

## **MINUTES**

**5:30 P.M.**  
**Offices of the Corporation**

1. Roll Call

Present: Keith Gudger (Chair), Larry Laurent, Mathilde Rand, Janis O'Driscoll, Adam Wade, James Fisher, Tom Manheim, Joe Hall

Absent: Judy Owen, Maitreya Maziarz

2. Oral Communications

None

3. Consideration of Late Additions to the Agenda; additions and deletions to Consent and Regular Agendas.

None.

### **CONSENT AGENDA**

4. Approve Minutes \*

Regular Board Meeting Minutes of January 22, 2017

5. Accept Finance Committee Meeting Minutes of February 22, 2018

6. Accept Fund Development Committee Minutes of February 22, 2018\*

7. Approve Recommendation of Finance Committee to Accept the January 2018 Financial Reports

Director Manheim stated that there was good discussion and the Satellite office is in the black this year. Anticipated revenues are good for budget, Director Hall agreed with the cash flow.

Motion to approve Director Rand, Second Director Fisher. Approved Unanimously

### **REGULAR AGENDA**

8. Written Report of the Executive Director

Given. Closed Captioning equipment is working better with Comcast for live broadcast except that it is duplicating. Renewing contracts with the City and County of Santa Cruz. Director Hall asked if the equipment rental was from the outreach and Executive Director Reed responded that it was from people working in the co-working space.

9. Consider Approving Bid for Leveling and Resurfacing Studio Floor \*  
Board Approval needed for \$11,000 bid.

Chair Gudger reported that they looked for a long time to find contractor other than the 2017 bid that was too expensive. There is a need to level the floor for the cameras and the green screen.

Motion to approve the \$11,000 contract Director Manheim, Second Director O'Driscoll. Friendly amendment by Director Hall to include 10% contingency for a total of \$12,100. Approved unanimously.

10. Oral Report from Volunteer Advisory Committee Chair

Director Rand reported that there was a VAC meeting to learn how to use Facebook to get involvement and streaming media. There is a need for more testimonials. Getting a new computer system for reserving studio. Will be a time saving for the Volunteer Coordinator. Had a Green Screen workshop and probably repeat. Still are doing PSAs.

11. Oral Report of Board Chair

Chair Gudger reported that orientation for non-profits to train them to cover their events occurred last Friday. Focused on things that they can do today. Ended up helping non-profits write PSAs. Used smartphone and trimmed and uploaded. Director Rand stated that there was great feedback and approximately 15 people attended. Most stayed the entire time. Chair Gudger stated that it was a surprising event for non-profit networking. Chair Gudger reported that they had met with Tina Schull of the City of Santa Cruz to discuss the contract. Aptos high has had training in the studio. Executive Director commented that CTV has not received any content yet.

12. Board Member / Staff Requests for Specific Items to Appear on next Meeting Agenda  
None

13. Announcements

Chair Gudger thanked the volunteers working the meeting.

14. Adjournment

Motion Director Rand, Second Director Wade. Approved unanimously, 6:11 pm.

Approved: \_\_\_\_\_  
Board Chair

Attest: \_\_\_\_\_  
Board Secretary



325 Soquel Avenue  
Santa Cruz, CA 95062

**BOARD OF DIRECTORS**  
**Finance Committee Meeting**  
**March 19, 2018**  
**10:30 A.M.**  
Offices of the Corporation

## **MINUTES**

1. Attendance  
Present: Keith Gudger, Maitreya Maziarz, Tom Manheim, Becca Reed, Mel Sweet  
Absent: Joe Hall
2. Oral Communications  
None.
3. Consideration of Late Additions to the Agenda; additions and deletions to the Regular Agenda.  
None.

## **REGULAR AGENDA**

4. Consider Approval of February 2018 Financial Reports

Maitreya asked about item 1150 in the balance sheet, accounts receivable. Mel said they are government accounts that are billed but not yet paid. About \$1800 of it is from Comcast commercial work and needs to be written off. Mel will do it at the end of the fiscal year. Keith asked about item 2100, accounts payable. \$11,000 is for the floor. The rest is from audit accrual plus left over payments from construction remodel.

Tom moved to accept, Maitreya 2nd. Approved.

5. Discussion of Potential Changes to Sub-lease

Becca described potential changes to the Satellite sub-lease. The actual sublease will be in the full Board packet. Tom pointed out that it will need to be 2 separate agenda items. Tom suggested our payment contingent on Satellite's changing the lease with the landlord.

6. Discussion of Potential Equipment Lease

Becca has an opportunity to lease equipment to a non-profit. A lot of the equipment is specialty furniture. Tom was concerned that this might not support our mission directly enough.

7. Adjournment.

Meeting adjourned at 11:11 AM.

Community Television of Santa Cruz County  
 Operating Profit Loss Budget Performance  
 February  
 2018

	Annual Budget 2017-18	February 2018	February Year to Date	% of Annual Budget	Amount Remaining
<b>4300 · OPERATING REVENUE</b>					
4101 · County BOS Meetings	21,000.00	1,472.50	18,910.00	90%	2,090.00
4103 · City of Capitola Gov. Meetings	10,000.00	748.00	4,547.50	45%	5,452.50
4104 · SCMTD Meetings	1,600.00	340.00	1,732.00	108%	-132.00
4106 · City of Santa Cruz Gov. Mtg.	33,000.00	2,712.50	22,105.50	67%	10,894.50
4108 · SCCRTC Meetings	2,400.00	340.00	1,668.50	70%	731.50
4109 · SCWD Government Meetings	4,800.00	238.00	3,495.00	73%	1,305.00
4110 · Memberships	7,500.00	0.00	0.00	0%	7,500.00
4120 · Facility & Equipment Use	150,000.00	10,186.62	83,637.42	56%	66,362.58
4121 - SLVWD Meetings	7,600.00	170.00	3,380.00	44%	4,220.00
4122 - PVUSD	6,100.00	476.00	3,446.50	57%	2,653.50
4130 · Classes	6,000.00	0.00	712.81	12%	5,287.19
4165 · Donations	500.00	25.00	600.00	120%	-100.00
4180 · Interest Earned	300.00	82.04	636.54	212%	-336.54
4185 · Misc. Income	0.00	0.00	142.00		-142.00
4190 · Gain/Loss on Sale of Assets	0.00	0.00	-44.00		44.00
4200 · Production Services	8,000.00	1,750.00	3,340.00	42%	4,660.00
<b>Total 4300 · OPERATING REVENUE</b>	<b>258,800.00</b>	<b>18,540.66</b>	<b>148,309.77</b>	<b>57%</b>	<b>110,490.23</b>
<b>TOTAL INCOME</b>	<b>258,800.00</b>	<b>18,540.66</b>	<b>148,309.77</b>	<b>57%</b>	<b>110,490.23</b>
<b>6000 · OPERATING EXPENSES</b>					
6100 · Advertising	12,000.00	0.00	0.00	0%	12,000.00
6300 · Bank Charges	1,600.00	180.84	1,901.35	119%	-301.35
6600 · Dues & Subscriptions	1,500.00	70.00	874.16	58%	625.84
7100 · Office Supplies	700.00	15.74	510.25	73%	189.75
7200 · Postage/Freight	500.00	0.00	190.45	38%	309.55
7205 · Printing	1,000.00	0.00	78.44	8%	921.56
7401 · Facility Supplies	3,000.00	225.65	1,062.45	35%	1,937.55
7640 · Licenses/Fees/Misc. Taxes	1,000.00	0.00	20.00	2%	980.00
7700 · Telephone/Telecommunications/Internet	9,000.00	1,408.23	3,461.13	38%	5,538.87
<b>Total 6000 - Operating Expenses</b>	<b>30,300.00</b>	<b>1,900.46</b>	<b>8,098.23</b>	<b>27%</b>	<b>22,201.77</b>
<b>6800 · Contracted Services</b>					
6900 · Contract Services-Audit Services	14,500.00	163.25	1,189.50	8%	13,310.50
7001 · Contract Services-Production Support	3,000.00	0.00	0.00	0%	1,810.50
7007 · Contract Services-CMAP	33,000.00	2,880.00	24,890.00	75%	8,110.00
7010 · Contract Services-Consulting	10,000.00	73.00	73.00	1%	9,927.00
7110 · Contract Services-Legal	6,000.00	0.00	2,009.30	33%	3,990.70
7910 · Contract Services-Equipment Technicians	6,000.00	0.00	0.00	0%	6,000.00
<b>Total 6800 · Contracted Services</b>	<b>72,500.00</b>	<b>3,116.25</b>	<b>28,161.80</b>	<b>39%</b>	<b>44,338.20</b>
<b>7000 · Staff Development &amp; Fundraising</b>					
7405 · Training/conferences	2,000.00	299.99	1,347.46	67%	652.54
7800 · Travel/Meals	1,538.00	0.00	0.00	0%	1,538.00
8600 · Special Events Expense	3,000.00	0.00	0.00	0%	3,000.00
<b>Total 7000 · Staff Development &amp; Fundraising</b>	<b>6,538.00</b>	<b>299.99</b>	<b>1,347.46</b>	<b>21%</b>	<b>5,190.54</b>



Community Television of Santa Cruz County  
 Operating Profit Loss Budget Performance  
 February  
 2018

	Annual Budget 2017-18	February 2018	February Year to Date	% of Annual Budget	Amount Remaining
<b>7500 · Operating Salaries &amp; Benefits</b>					
7530 · Salaries - Coworking Community Coordinator	33,000.00	2,390.08	21,681.45	66%	11,318.55
7535 · Salaries - Accountant	15,450.00	966.40	8,008.05	52%	7,441.95
7542 · Salaries - Media Services Coordinator	48,500.00	3,776.96	31,899.04	66%	16,600.96
7585 · Salaries - Government Technicians	13,000.00	1,521.60	11,481.98	88%	1,518.02
7589 · Salaries - Extra Help Trainers, Technicians	10,000.00	387.48	1,843.05	18%	8,156.95
7621 · Payroll Taxes	11,000.00	1,186.63	7,851.22	71%	3,148.78
7635 · Workers Comp	2,012.00	233.75	507.01	25%	1,504.99
7630 · Health/Dental/Vision	12,000.00	959.86	7,401.58	62%	4,598.42
7632 · Severance/Vacation Payouts	4,500.00	0.00	720.00	16%	3,780.00
<b>Total 7500 · Operating Salaries &amp; Benefits</b>	<b>149,462.00</b>	<b>11,422.76</b>	<b>91,393.38</b>	<b>61%</b>	<b>58,068.62</b>
<b>TOTAL EXPENSES</b>	<b>258,800.00</b>	<b>16,739.46</b>	<b>129,000.87</b>	<b>50%</b>	<b>129,799.13</b>
<b>NET INCOME/LOSS</b>	<b>0.00</b>	<b>1,801.20</b>	<b>19,308.90</b>	<b>7.5%</b>	

Community Television of Santa Cruz County  
 Capital Profit Loss Budget Performance  
 February  
 2018

	Annual Budget 2017-18	February 2018	February Year to Date	% of Annual Budget	Amount Remaining
<b>4000 · CAPITAL REVENUE</b>					
4100 · County PEG Fees	500,000.00	0.00	250,000.00	50%	250,000.00
4106 · County PEG Fees	100,000.00	0.00	100,000.00	100%	0.00
<b>TOTAL INCOME</b>	<b>600,000.00</b>	<b>0.00</b>	<b>350,000.00</b>	<b>58%</b>	<b>250,000.00</b>
<b>5000 · CAPITAL EXPENDITURES</b>					
<b>5100 · Facility</b>					
7400 · Facility Lease	192,000.00	16,162.16	116,759.70	61%	75,240.30
6701 · Facility/Equip. Insurance	9,294.00	924.68	7,836.18	84%	1,457.82
7058 · Leasehold Improvements/Capital	0.00	12,470.00	16,112.00		-16,112.00
7300 · Facilities & Equipment Rental	1,000.00	86.58	305.32	31%	694.68
<b>Total 5100 · Facility</b>	<b>202,294.00</b>	<b>29,643.42</b>	<b>141,013.20</b>	<b>70%</b>	<b>61,280.80</b>
<b>5200 · Equipment</b>					
6650 · Interest on Leased Equip	0.00	43.60	427.16		-427.16
7215 · Copy Machine Lease	5,000.00	171.09	4,038.28	81%	961.72
7051 · Equipment Repair	10,000.00	0.00	0.00	0%	10,000.00
7056 · Equipment - Depreciated	367,046.00	5,990.35	128,450.85	35%	350,439.07
7057 · Equipment - Non Depreciated	15,000.00	1,365.79	16,606.93	111%	-1,606.93
<b>Total 5200 · Equipment</b>	<b>397,046.00</b>	<b>7,570.83</b>	<b>149,523.22</b>	<b>38%</b>	<b>247,522.78</b>
<b>5300 · Media Licensing</b>					
7059 · Music Library	660.00	55.00	440.00	67%	220.00
<b>Total 5300 · Media Licensing</b>	<b>660.00</b>	<b>55.00</b>	<b>440.00</b>	<b>67%</b>	<b>220.00</b>
<b>Total 5000 · CAPITAL EXPENDITURES</b>	<b>600,000.00</b>	<b>37,269.25</b>	<b>290,976.42</b>	<b>48%</b>	<b>309,023.58</b>
<b>NET INCOME/LOSS</b>	<b>0.00</b>	<b>-37,269.25</b>	<b>59,023.58</b>		

# Community Television of Santa Cruz County

## STATEMENT OF FINANCIAL POSITION

As of February 28, 2018

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1010 Checking-SCCCU	5,788.86
1015 PayPal Checking-SCCCU	3,685.69
1020 Savings-SCCCU	36,549.07
1021 Petty Cash Fund	243.20
1070 CD 12 month Cert SCCC	48,136.94
1075 Checking - Lighthouse Bank	693,367.12
1080 Savings - Lighthouse Bank	502.54
1099 Cash Box	0.00
<b>Total Bank Accounts</b>	<b>\$788,273.42</b>
Accounts Receivable	
1114 Temp A/R	0.00
1115 Accounts Receivable	11,058.50
1116 Grants Receivable	0.00
<b>Total Accounts Receivable</b>	<b>\$11,058.50</b>
Other Current Assets	
1117 A/R - Temp. Restricted	0.00
1125 County Reserve Acct. Restricted	0.00
1200 Prepaid Insurance	
1201 Health	0.00
1202 Accident	83.66
1203 Crime Coverage	0.00
1206 Workers Comp Deposit	1,448.34
1209 Liability / D&O (SLIP)	0.00
1210 Property Liability (SPIP)	3,364.36
<b>Total 1200 Prepaid Insurance</b>	<b>4,896.36</b>
1260 Prepaid Expenses	19,749.98
1300 PFG Common Stock	4,931.00
1400 Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$29,577.34</b>
<b>Total Current Assets</b>	<b>\$828,909.26</b>
Fixed Assets	
1600 Production Equipment	697,722.98
1700 Accum Depr-Production Equipment	-493,235.15
<b>Total 1600 Production Equipment</b>	<b>204,487.83</b>
1620 Office Furniture/Equipment	95,916.41
1720 Accum Depr-Furniture/Equipment	-83,663.58
<b>Total 1620 Office Furniture/Equipment</b>	<b>12,252.83</b>
1625 Leasehold Improvement	183,560.92
1725 Accum Depr-Leasehold Improv.	-114,773.76
<b>Total 1625 Leasehold Improvement</b>	<b>68,787.16</b>

	TOTAL
1670 Broadcasting Equipment	28,933.89
<b>Total Fixed Assets</b>	<b>\$314,461.71</b>
<b>TOTAL ASSETS</b>	<b>\$1,143,370.97</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	33,449.89
<b>Total Accounts Payable</b>	<b>\$33,449.89</b>
Other Current Liabilities	
2110 Sales Tax Payable	0.00
2111 Sales Tax (Manual entry)	0.00
2140 Accrued Vacation	2,531.20
24000 Payroll Liabilities	1,034.98
CA PIT / SDI	87.93
CA SUI / ETT	229.41
Federal Taxes (941/944)	1,774.31
<b>Total 24000 Payroll Liabilities</b>	<b>3,126.63</b>
Board of Equalization Payable	0.00
Direct Deposit Payable	0.00
<b>Total Other Current Liabilities</b>	<b>\$5,657.83</b>
<b>Total Current Liabilities</b>	<b>\$39,107.72</b>
Long-Term Liabilities	
2400 Business Equipment Loan 33736	11,374.99
<b>Total Long-Term Liabilities</b>	<b>\$11,374.99</b>
<b>Total Liabilities</b>	<b>\$50,482.71</b>
Equity	
3000 Opening Bal Equity	0.00
3015 Net Assets-Temp Restricted	0.00
3900 Retained Earnings	560,703.29
3905 Retained Earnings - Capital Reserves	453,852.31
Net Revenue	78,332.66
<b>Total Equity</b>	<b>\$1,092,888.26</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,143,370.97</b>

## 1. Administration

- Financial

### Coworking

- The Coworking center is on track to be in profit for March at the time of this writing.
- Paid Services
  - Closed Captioning:
    - o Live Telecast:
      - Victor Hermann and his team have found what they believe to be the last technical hurdle in our captioning project. Part of our system for cable casting involves a piece of equipment called the Elemental. The software on the item has not been updated in several years and is not compatible with captioning. Victor is working the Elemental company to bring the equipment up to date.
      - If all goes according to plan, he will have done the update by Monday the 26<sup>th</sup> and we will be passing live captions.
    - o Captioning Online:
      - We have moved our on-demand service to Youtube. YouTube offers a much better player and viewer interface.
      - We will be posting all meetings there beginning in January 2018.
      - Meetings previous the January, 2018 can still be viewed on CTV's website.
      - To see this year's meetings, visit Youtube and search for CTV Santa Cruz County.
      - We are only captioning The Board of Supervisors meetings while we are in this Beta Phase.
      - Currently, Board of Supervisors meetings for all of January are posted with perfected captions on our CTV Santa Cruz County. channel. Meetings for February are also there with raw (imperfect) captions. They will be perfected soon.
      - Once we have perfected our service, we will begin to caption other government meetings.
  - Government Meeting Services
    - o CTV will provide coverage for 15 meetings in March
  - Documentation Services

- o Victor's team covered a special meeting of the SC mid county ground water agency

## 2. Equipment / Facilities:

### Building

- We had the Studio floor refinished. It is now smooth and flat.
- We continue to work with to improve the look and feel of the coworking space.
  - o We removed the cubicles and the chandelier.
  - o We recessed the electrical outlets into the main floor
  - o Our mural will be going up this month.
  - o We are also working to improve the kitchen. Designs are in process for a free-standing peninsula that will provide more counter space and seating so to accommodate our members and Armada's staff in a comfortable, organized, inviting space.
  - o We are also researching patio furniture the area near the front door.

## 3. Communications

### **Advertising**

- I got a broad strokes proposal from Google's, partner agency in Aptos, utilizing a grant for Google advertising.
- I'm hoping to meet them in person next week to fine tune the plan.
- Our coworking center was the Runner Up in The Good Times' "Best of" edition. We will place an ad in the Good Times thanking our customers.

## 4. Equipment Grant

- The students at Aptos High have several documentaries they are ready to upload to CTV.
- Watsonville High School has been practicing and will start to shoot games and sporting events soon.
- Digital Nest is preparing a report on the content created by their members.
- The Grant Committee has updated the grant documents.
- The new documents are on the website

## Second Amendment to Lease

TAV Enterprises, LLC (“Landlord”) and Satellite Telework Centers, Inc. (“Tenant”), the parties to the Lease dated May 4, 2015, as previously amended (“Lease”) of the “Premises,” as defined in the Lease, comprising 6,353 square feet of the property at 325 Soquel Avenue, Santa Cruz, CA, amend the Lease as follows:

1. The Lease defined Tenant’s responsibility for Operating Expenses as 70.23%, based on its pro-rata share of the total rentable square footage of the property.
2. The expenses comprising the facility Operating Expenses are defined in Paragraph 4.2. Tenant acknowledges and agrees that per Section 4.2.a.(vi) water, sewer and garbage services and associated expenses are provided by Santa Cruz Municipal Utilities (SCMU) on a single invoice which cannot be “metered” separately for each tenant; and that the monthly bill fro PG&E is for electricity and natural gas for the entire facility on one invoice, for which it is cost prohibitive to separately meter.
3. At commencement, Landlord estimated Tenant’s Share of the Operating Expenses at \$2,477.67 per month, per Paragraph 4.2(d). Because there was only a single tenant in the building prior to commencement of the lease, and the SCMU and PG&E expenses ultimately are a sole and exclusive responsibility of the tenant(s), the Landlord did not include projected expenses for SCMU or PG&E in the original NNN estimation supplied to Tenant. SCMU and PG&E will be included in the NNN estimations going forward.

**Attached hereto**, pursuant to Paragraph 4.2(d), is Landlord’s reasonably detailed statement showing the actual Operating Expenses for the preceding year (accounting for the adjusted Operating Expense start dated in the First Amendment), including the Tenant’s respective pro-rata share of the associated expenses.

Landlord installed a new security system prior to occupancy for which Landlord has incurred recurring monthly payments. Tenant agrees to pay a pro-rata share of these payments.

4. The parties agree that, in the future, if Landlord wants Tenant(s) to reimburse Landlord for capital expenditures that will cost \$5,000.00 or more, Landlord will give notice of same to Tentant(s) in writing. Tenant(s) shall have 15 days thereafter to agree to pay its pro-rata share of the capital expenditure. Any such agreement to pay shall be in writing. If Tenant(s) does not agree to pay its pro-rata share of the capital expenditure, such non-agreement shall be in writing and Landlord may make the capital expenditure at its own cost and without contribution by Tenant(s). If Tenant(s) does agree to pay its pro-rata share of the capital expenditure, then it shall pay its pro-rata share on a monthly basis as follows:

<b>Capital Expenditure</b>	<b>No. of Months Capital Expenditure is Amortized</b>
\$5,000.00 - \$9,999.99	24
\$10,000.00 - \$14,999.99	36
\$15,000.00 - \$19,999.99	48
\$20,000.00 - \$24,999.99	60
\$25,000.00 and Above	Negotiated

Any obligation of Tenant(s) to pay a pro-rata share of a capital expenditure ceases upon termination of the Lease, even if the full amortization period has not run. If Tenant(s) does not respond within the 15 day period it will be deemed that Tenant(s) does **not** agree to the pay its pro-rata share of the capital expenditure, in which case the Landlord may make the capital expenditure at its own cost and without contribution by Tenant(s).

5. Pursuant to Paragraph 4.2(d), Landlord acknowledges that Tenant has paid to Landlord all amounts due for which Tenant's payments during the past year were less than Tenant's actual Share.
6. Landlord estimates Tenant's share of Operating Expenses at \$4,659.26 per month, which equates to \$0.7333 per rentable square foot for 2018.
7. Landlord and Tenant acknowledge that the Lease lacks clarity as to parking arrangements. Section 1.2(b) states, "Parking: pro-rata unreserved and no reserved vehicle parking spaces...". Section 2.6 Vehicle Parking, states, "So long as Lessee is not in default, and subject to the Rules and Regulations **attached hereto**, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b)." Landlord and Tenant wish to clarify that there are 32 parking spaces not designated as handicapped accessible. Tenant's undesignated share of the parking spaces is 22 spaces. All parking spaces on the property shall be unreserved. Landlord will not modify Tenant's right to use its pro-rata share of parking on the Property, nor will Landlord designate any parking spaces for any tenant's exclusive use. Landlord and Tenant acknowledge that Tenant's right to use its pro-rata share of parking spaces is exclusive of handicapped parking spaces and no handicapped spaced will be counted towards any Tenant share.
8. Except as expressly set forth in this Amendment, all terms and conditions of the Lease, as amended, remain in full force and effect, and all terms and conditions of the Lease are incorporated herein as though set forth at length. This Amendment modifies the Lease and any prior amendments. In the event of any conflict or



discrepancy between the Lease, as amended, and the provisions of this Amendment, then the provisions of this Amendment shall control.

9. Any notice, agreement, non-agreement or other communication that must be in writing, shall be by (1) certified mail, return receipt requested, or (2) email supported by evidence of its transmission.
10. Notice shall be made to:

TAV ENTERPRISES, LLC 325 Soquel Avenue Santa Cruz, CA 95062  jeff@thearmadagroup.com	SATELLITE TELEWORK CENTER, INC. 6265 Highway 9 Felton, CA 95018  bsprenger@thesatelliteinc.com
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11. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted or delivered by fax or by scanning and emailing shall be deemed binding just as if an original signed copy had been received from the signing party.
12. Each party to the Amendment has been advised and represented by the party's counsel in regard to the agreements reflected hereby.

Dated: March \_\_\_\_\_, 2018

\_\_\_\_\_  
Tenant SATELLITE TELEWORK  
CENTERS, INC.,  
By Its Authorized Officer

Dated: March \_\_\_\_\_, 2018

\_\_\_\_\_  
Landlord TAV ENTERPRISES, LLC  
By Its Authorized Manager