

CITY OF HOLLISTER
AIRPORT USE AGREEMENT

This airport use agreement (“Agreement”) is made and entered into this 24th day of October 2025 (“Effective Date”), by and between the City of Hollister, a California municipal corporation, acting by and through its Airport Director (“City”), and ALEF Aeronautics Inc (“User”), located at 980 South Amphlett Blvd, San Mateo, California (individually referred to as a “Party” and collectively referred to as the “Parties”).

RECITALS

This Agreement incorporates and is based upon the following representations and understandings:

WHEREAS, City is the owner and operator of the Hollister Municipal Airport, located in the County of San Benito, State of California (the “Airport”), with the power to grant rights and privileges, including the power to grant Airport use and access, pursuant to the provisions of City Municipal Code Chapter 13.28, among other federal, state, and local laws, rules, and regulations;

WHEREAS, the Airport is a federally obligated nonprimary public-use general aviation airport included in the National Plan of Integrated Airport Systems (“NPIAS”);

WHEREAS, the Airport currently accommodates Unmanned Aircraft System (“UAS”) operations;

WHEREAS, the User desires to conduct vertical takeoff and short flight testing at the Airport for the purpose of proving and demonstrating operations of their 100% electric flying car (“the Aircraft”);

WHEREAS, the User employs pilots certified under Part 107 of Title 14 of the Code of Federal Regulations and maintains appropriate insurance coverage for such operations; and

WHEREAS, the Parties desire to enter into this Agreement to establish the terms and conditions under which the User may conduct their operations at the Airport, beginning with the trial period to evaluate operational compatibility.

NOW, THEREFORE, and in consideration of the mutual terms and conditions hereinafter set forth, the City and User hereby agree to the following:

AGREEMENT

I. Trial Period and Term of Agreement

This Agreement shall commence with a one (1) month trial period to evaluate noise levels, foreign object debris (FOD) and other operational considerations. Following the successful completion of the trial period, the Agreement shall continue on a month-to-month basis unless terminated by either Party or pursuant to the term and conditions hereinafter and shall continue

in full force and effect as hereinafter provided for a period of three hundred sixty-five (365) day(s) thereby terminating on October 24, 2026, unless terminated sooner as provided herein.

II. Permitted Operations

User is hereby granted permission to operate and engage in the following activities at the Airport: conducting flight testing and related operations of the Aircraft (“Operations”). User is authorized to conduct Operations up to two (2) days per week, not exceeding eight (8) hours per day, for a maximum of sixteen (16) hours per week. User shall provide the Airport Director and Hollister Jet Center (“HJC”) forty-eight (48) hours’ notice of planned Operations by email to hollisterairport@hollister.ca.gov and hollisterjetcenter@gmail.com. Such operations shall be approved by both the Airport Director or Airport staff and HJC via email response. City and Airport shall not be liable for any delays, interruptions, or cancellations of Operations due to weather, airport operations, emergencies, or other circumstances beyond its reasonable control.

III. Facilities

User is hereby granted permission to use those facilities and areas of the Airport, as are more fully described in **Exhibit A** and **Exhibit B**, attached hereto and made a part hereof (the “Facilities”), for their Operations. The User’s access is strictly confined to the designated Facilities and necessary ingress and egress routes. Access to any other areas of the Airport is expressly prohibited without prior written authorization from the Airport Director.

IV. Operational Requirements

Operational requirements include, but are not limited to, the following key provisions in this Section IV and are more fully described in **Exhibit B**. In the event of any conflict between the provisions in this Section IV and **Exhibit B**, the provisions in this Section shall prevail.

A. Personnel Requirements.

- i. Prior to conducting Operations, User shall provide to the Airport Director a current list of names and contact information, including cell phone numbers, for principal persons who are responsible for the conduct of the Operations and who should be contacted in the event of an emergency (“Responsible Personnel”).
- ii. User shall notify Airport Director any time there is a change in or addition to Responsible Personnel.
- iii. Minimum personnel required to conduct Operations as further described in **Exhibit B** shall include 3 persons: Pilot/Driver, Visual Observer and Operator of the ground control station.
- iv. User shall employ appropriately licensed pilot(s), as determined by the Federal Aviation Administration (“FAA”) regulations, to conduct their Operations. User shall provide such documentation to the Airport and keep such information updated and current.

- v. Personnel and attendees of demonstrations shall wear safety vests at all times while on the aircraft ramps, i.e. Locations 1 and 2 as described in **Exhibit B**.
- vi. User shall be responsible to control attendees of demonstration operations keeping them within the defined Facilities in a manner as to not interfere with aircraft and other users of the aircraft parking ramps.

B. Equipment Requirements.

- i. User's vehicles, including the Aircraft if equipped, driven in the Airport and Facilities, i.e. inside the Airport Operations Area fence, shall use emergency flashers at all times. Should it be necessary, only for the purpose of retrieving the Aircraft from a runway or taxiway, such vehicle shall be flagged and/or utilize a flashing amber beacon while on a runway or taxiway.
- ii. User shall be limited to three (3) vehicles and the Aircraft in the Airport and Facilities for Operations - a van/ground control station and connected trailer, a support vehicle and a vehicle for the transport of attendees for Operations. All other vehicles shall be parked outside of the Airport Operations Area fence, i.e. outside of the Airport and Facilities.
- iii. User and all vehicles, including the Aircraft, shall exit the Airport and Facilities at the conclusion of each use/day. Leaving equipment in the Airport and Facilities is expressly prohibited without prior written authorization from the Airport Director.

C. Safety Procedures.

- i. User shall check in with HJC prior to entering into the Airport and Facilities. HJC may escort the User to the Facilities – Location 1 and Location 2.
- ii. While in the Airport and Facilities, User shall have an aviation band radio and monitor the Airport Common Traffic Advisory Frequency (“CTAF”), 123.0000, for situational awareness and for making appropriate notifications while conducting Operations as described in **Exhibit B**.
- iii. City shall maintain the Facilities to Airport standards, and at all times free of any structures, vehicles (except for Aircraft and other permitted vehicles), trash, or other foreign object debris (“FOD”). Prior to and after conducting any Operations, the User must examine the condition of the Facilities and aircraft ramps, to determine if it is in a safe condition to use for Operations. Any unsafe condition or presence of FOD should be immediately reported to the Airport Director and/or Airport personnel.
- iv. In the event of damage resulting from User's Operations or other activities, User must pay for and cooperate with the Airport to repair all

damage to the Airport, Facilities, or other Airport aircraft in a timely manner.

- v. User shall adhere to any applicable FAA regulations and conduct all Operations in accordance with the City of Hollister Municipal Code Chapter 13.24 “Hollister Municipal Airport Use and Operations Regulations”.
- vi. User shall not allow any equipment associated with their Operations to conflict with aircraft on the runways, taxiways, or ramps at any time.
- vii. Radio equipment and use requirements shall be consistent with FAA regulations. User is responsible to ensure that radio frequency(s) are at all times free from interference and cannot be used during Operations by anyone other than the User.
- viii. No persons shall possess or consume any alcoholic beverage or illegal drug in or around any areas when Operations are taking place. No person employed by or providing services to User shall possess, consume, and/or have in his or her system any alcoholic beverage or illegal drug in or around any areas where Operations are taking place. In addition, Responsible Personnel shall not possess or have in his or her systems any legal drug that impairs or could impair their ability to operate an aircraft (including on the runway, taxiways, and the designated ramp area, in or around any associated vehicles, or anywhere on the Airport).
- ix. Operational-related notifications of a non-emergency nature should be made to the Airport administrative staff, either in person or by telephone at (831) 636-4365 and to HJC, either in person or by telephone at (831) 637-9100. For occasions when the Airport administrative staff may not be available and the matter requires immediate attention, the Airport Director may be contacted at (831) 902-7433.
- i. User in entering into this Agreement acknowledges that it has received and shall abide by the rules and regulations set forth in the City of Hollister Municipal Code Chapter 13.24 “Hollister Municipal Airport Use and Operations Regulations,” and shall conduct its activities in accordance with applicable federal and state statutory and decisional laws, City of Hollister ordinances, rules and regulations, and the requirements of any other duly authorized government agency (“Airport Rules and Regulations”).

V. Prohibitions

User is expressly prohibited from engaging in the following activities or conduct. Any violation of these prohibitions will result in immediate termination of this Agreement.

- A. Prohibitions and Restrictions on Access. User is specifically prohibited from granting any access to the Airport or the Facilities to any parties other than Responsible Personnel. This restriction also includes User taking reasonable precautions acceptable to City to prevent the accidental access to the Airport by any other parties.
- B. No Assignment. Use of the Facilities is personal to the User and the rights, privileges, duties, and obligations of the User under this Agreement shall not be assigned, transferred, subcontracted, or delegated in whole or in part. Any assignment, transfer, subcontract, or delegation, whether voluntary or involuntary, by operation of law or otherwise, is void and shall terminate this Agreement.
- C. Operational Area Restrictions. Operations are strictly limited to the Facilities specified in **Exhibit B**. There may be no storage of equipment or materials, including the Aircraft, on the Facilities or Airport property without prior written authorization from the Airport Director. No modification is permitted to the designated Facilities unless directed in writing by the Airport Director.

VI. Airport User Fees

- A. Fees. User agrees to pay one hundred fifty dollars (\$150.00) per use of the Facilities. Payment shall be made payable to the Hollister Jet Center, the Airport Fixed Based Operator ("FBO") and delivered or mailed to the following address on the first day of the month following the month for which payment is due.

Hollister Jet Center
Re: Hollister Municipal Airport Access Fee
200 Skylane Drive
Hollister, CA 95023

Note: HJC, the FBO, manages aircraft fueling and use of the aircraft parking ramps, and coordinates with tenants and pilots. HJC will keep \$50.00 per use and pass through \$100.00 per use to the City on a monthly basis.

- B. Penalty for Late Payment. In the event any payments remain unpaid for ten (10) days, a late fee of ten percent (10%) shall be charged by the Hollister Jet Center, which late penalty shall be passed through to the City. In the event User shall become delinquent for more than thirty-one (31) days, this Agreement shall be

terminated by the City as further defined in Article X – Termination of Agreement.

VII. Agreement Subordinate to Grant Assurances, Agreements with United States and Federal Obligations

This Agreement shall be nonexclusive and shall always be subordinate to the provisions of any existing or future agreements between the City and the United States Government, or to any order issued by the United States Government, or to any grant assurances of the Airport, or to any of the Airport's or the City's federal obligations.

This Agreement, in the City's sole discretion, is subject to the initial and ongoing approval and consent by the FAA, and is subject to the terms, conditions, and requirements of any existing or future grant agreement(s) or grant assurance(s) at or in connection with the Airport and may be revoked, terminated, or canceled immediately if this Agreement violates any such grant assurance(s) or grant agreement(s) or any FAA regulation or any applicable local state or federal law, policy, rule, permit, standard, or regulation, whether currently in effect, hereafter adopted, or as may be amended, modified, changed, or superseded.

User agrees to abide by the Airport Rules and Regulations in effect as of the date of this Agreement and as may be amended from time to time.

VIII. Indemnity

User agrees, to the fullest extent permitted by law, to indemnify and hold harmless City and its past, present, and future officers, directors, agents, employees, and representatives from and against all liability for any and all claims, suits, demands, and/or actions arising from or based upon intentional or negligent acts or omission on the part of User, its owners, officers, directors, agents, representatives, employees, members, visitors, invitees, contractors, or subcontractors, which may arise out of or result from User's Operations or use of the Facilities and Airport property, and/or activities conducted in connection with or incidental to this Agreement. This indemnity provision shall apply regardless of the nature of the injury or harm alleged, whether for injury or death to persons or damage to property, or whether such claims are alleged as common law, statutory, or constitutional claims, or otherwise. This indemnity provision shall apply whether the basis for claims, suit, demand, and/or action may be attributable in whole or in part to the User or any of its owners, officers, directors, agents, representatives, employees, members, visitors, invitees, contractors, or subcontractors, or to anyone directly or indirectly employed by any of them.

IX. Insurance

Without in any way limiting User's liability, or indemnification obligations set forth in Section VIII above, User shall secure and maintain throughout the Term of this Agreement the insurance listed in **Exhibit C**, attached hereto and made a part hereof. Neither User nor any of the User Parties shall commence in any use of the facility including installation of the concrete pad and power and communications conduit until all required insurance has been obtained and

certificates indicating the required coverages have been delivered to and approved by City. All insurance policies shall include an endorsement stating that City and City Parties are named additional insureds. All of the policies shall be amended to provide that the insurance shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to City. If such a notice is not given or even if City receives a notice, City may, at its sole option, terminate this Agreement. All insurance policies shall include an endorsement stating that it is primary to any insurance or self-insurance maintained by City and shall waive all rights of subrogation against City and/or the City Parties. A copy of the declarations page of User's insurance policies shall be attached to this Agreement as proof of insurance

X. Termination of Agreement

Either Party may terminate this Agreement at any time. The City may terminate this Agreement immediately for safety violations or non-compliance with any Agreement terms herein, including any violation of Airport Rules and Regulations. Upon termination, User shall cease all Operations, remove all equipment and property from the Facilities and Airport, and pay all outstanding fees and charges.

XI. Compliance with Laws

The undersigned User certifies that User shall agree to abide by and comply with all Airport Rules and Regulations now in force, or which may hereafter be in force, pertaining to the Airport. The judgement of the Airport Director of the violation of any such law, ordinance, rule, regulation, or requirement shall be conclusive evidence of that fact.

Furthermore, the undersigned User certifies that User shall agree to abide by and comply with all conditions, requirements, and terms of any existing and future federal and state grant agreement pertaining to the Airport.

Failure to comply with any of these certifications shall cause immediate revocation and cancellation of this Agreement.

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IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized officers and representatives of each of the Parties on the date first shown above.

CITY OF HOLLISTER

Jim Pia, Interim City Manager

Date

USER

Yevgeniy (Jim) Dukhovny, CEO
Alef Aeronautics Inc

Date

EXHIBIT B: ALEF AERONAUTICS CONOPS

1. Scope
 - a. This document describes the intended operations of Alef Aeronautics Model Zero models (the “Aircraft”), at a “local test range”. There are two types of operations: vertical takeoff and short flight forward only (labeled further: Rotorcraft Mode), and future plans to test transition into bi-plane mode (labeled further: Biplane Mode).
2. Background
 - a. Alef is developing a 100% electric flying car - a vehicle capable of driving, vertical takeoff and forward flight. Alef has been testing its scale-models since 2015 and full-size models since 2020.
3. Test Overview

Map of proposed locations:



Location - The following UAS operations are intended to take place at the Hollister Airport as indicated below.

a. LOCATION 1: West end of Taxiway C (Charlie)

- i. Frequency of use: Very rare
- ii. Size: 200ft long x 65ft wide x 50 ft altitude
- iii. Purpose: Mainly for video recording
- iv. Test duration: 2 minutes to 10 minutes
- v. Restriction: Alef operates only during the times West End of Taxiway Charlie is not in use by aircraft or tenants.
- vi. Type of tests: Vertical Tests Only (Rotorcraft Mode)
- vii. VERTICAL TEST AT “LOCATION 1”

1. **Test Overview:** Drive + Vertical Takeoff up to 50ft + forward flight of less than 200 ft.

2. **Test:**

- Alef does preparations off-taxiway C near maintenance/hangars
- Visual Observer makes a call on CTAF about the start of the test. Visual Observer checks FlightAware for incoming aircraft. If, and only if, no objections or interference, Alef proceeds.
- Alef enters the Taxiway C (Charlie)
- Alef does last minute inspections
- Visual Observer makes another call on CTAF about going up 50ft in the air
- Alef takes off vertically up to 50 ft
- Alef flies forward up to 200 ft along the Taxiway C(Charlie)
- Alef lands vertically
- Alef drives back (this car drives symmetrically without need of turn) to the starting position along the Taxiway C(Charlie) and exits Taxiway C.
- Alef’s Visual Observer makes a call on CTAF about the end of the test
- If, at any time, during the test, Alef VO observes an aircraft, test is aborted, and Alef drives off Taxiway C to the base location off-taxiway.

b. LOCATION 2: (**Main Location**). North end of the Aircraft Parking Ramp

- i. Frequency of use: Main location – estimated to be one half a day in two-three weeks (but can change depending on the need)
- ii. Size: 200ft long x 65ft wide x 50 ft altitude
- iii. Type of tests: Vertical Tests only
- iv. Purpose: For R&D and demo purposes
- v. Test duration: 2 minutes to 10 minutes
- vi. Type of tests: Vertical Tests Only (Rotorcraft Mode)
- vii. Additional Safety: Guests and/or Alef’s members accompanying them should be wearing safety vests.

viii. VERTICAL TEST AT “LOCATION 2”

1. **Test Overview** + Vertical Takeoff up to 50ft + forward flight of less than 200 ft.

2. **Test:**

- Alef does preparations in dedicated area near tie-downs, away from other aircraft, near maintenance/hangars
- Visual Observer makes sure no aircraft is taxiing in or out of hangars, on the aircraft parking ramp and on Taxiway J (Juliet).
- Visual Observer makes a call on CTAF about the start of the test. If, and only if, no objections and clear visual line of sight:
- Alef does not enter on any taxiways or runways and does all tests near tie-downs on the aircraft parking ramp.
- Alef does last minute inspections
- Alef takes off vertically up to 50 ft
- Alef flies forward up to 200 ft along the maintenance/hangars area
- Alef lands vertically
- Alef drives back to the starting position in the tie down area on the aircraft parking ramp, perpendicular to the Taxiway C(Charlie) (without entering Taxiway C)
- Alef’s Visual Observer makes a call on CTAF about end of the test

c. LOCATION 2 (IN THE FUTURE): The Path: Drive from North end of the Aircraft Parking Ramp, Drive on taxiway C(Charlie), Takeoff on Runway 24, Land on Runway 31 (path is marked by a green line on the Map above)

- i. Background: Alef aircraft can Transition from the Rotorcraft Mode to the Biplane Mode by rotating the body 90 degrees, where the sides of the car/rotorcraft become top and bottom wing of a biplane (see images below). In the Biplane Mode the Alef aircraft acts the same as any other biplane.
- ii. Frequency of use: this is planned for the future, not now
- iii. Size: the path is marked by a green line on the Map above
- iv. Type of tests: HORIZONTAL BIPLANE MODE Tests
- v. Purpose: For future R&D and demo purposes
- vi. Test duration: 2 minutes to 10 minutes
- vii. Additional Safety: Increased ground support with Visual Observers to 2.

viii. HORIZONTAL (BIPLANE) TEST AT “LOCATION 2”

1. **Test Overview:** Start driving at North end of the Aircraft Parking Ramp → Drive east on East End of Taxiway C → Stop at Hold Bar on Runway 24 East → Takeoff on Runway 24 East → Make a counterclockwise half loop in the air → Land on Runway 31 South → Drive on East End of Taxiway C → Drive to the base at North end of the Aircraft Parking Ramp. (please see the path marked by a green line on the Map above)

2. **Test:**

- Alef does last minute safety checks on North end of Aircraft Parking Ramp

- VO makes a callout on CTAF about test and how it will be performed. Alef Visual Observer makes sure no aircraft is taxiing in or out of hangars or on the aircraft parking ramp. If, and only if, no objections and clear from VO:
 - Alef drives on taxiway C(Charlie) to Runway 24 East Hold Bar,
 - VO makes another call on CTAF about the takeoff
 - VO makes sures again that no aircraft is interfering
 - Alef vertically takes off on Runway 24 East end
 - Transition: The outer body of the Alef's aircraft rotates 90 degrees to function as a circular wing Transitioning aircraft from rotorcraft to biplane
 - Forward Flight in Biplane Mode (as indicated on the map below with the path in green):
 - Alef flies along Runway 24 East to West
 - Makes a turn Counterclockwise to make a half circle above the field
 - VO makes another call on CTAF about the landing on Runway 31 South End
 - Aircraft Back Transitions into the rotorcraft mode by rotating the body 90 degrees in the opposite direction, above Runway 31 South End.
 - VO makes another call on CTAF about the landing on Runway 31 South End
 - Aircraft lands vertically at Runway 31 South End.
 - Alef drives forward on Runway 31 South End towards North, and turns right on Taxiway C towards East and taxis towards Maintenance/Hangars area
 - Alef's Visual Observer makes a call on CTAF about end of the test
- d. Trailer remains on North end of Aircraft Parking Ramp at all times
- e. Aircraft Operation – All of the operations that will occur at this location are all part of validating the Alef models performance and reliability. The immediate tests are for the Alef models to go through a series of flights in order to prove out its capabilities in aeronautics and duration.

All test flights might involve the following steps:

- i. Pilot manually or by automation drives the car very short distance
- ii. 15 minute safety inspection (can be done off runway, and can be done before driving)
- iii. 5 minute warm up and re-inspection
- iv. Pilot initiates manual or automated take off to hover in Rotorcraft Mode
- v. Forward flight
 1. In Rotorcraft mode forward flight: Alef model advances forward in the air less than 200 ft (less than 5 minutes)
 2. In Biplane mode forward flight: Alef model transitions from the rotorcraft mode to the biplane mode by turning the body 90 degrees. Alef model continues the flight in regular biplane mode along the path indicated at the map above. Alef model back-transitions into the rotorcraft mode by turning body 90 degrees. (less than 15 minutes)
- vi. Pilot lands Alef model vertically.

Alternatively, in UAS mode:

vii. Pilot selects Home and Destination spots at the control and initiates a Start sequence

viii. Alef model takes off to hover in Rotorcraft Mode

ix. Forward flight

1. In Rotorcraft mode forward flight: Alef model advances forward in the air less than 200 ft by tilt

2. In Biplane mode forward flight: Alef model transitions from the rotorcraft mode to the biplane mode by turning the body 90 degrees. Alef model continues the flight in regular biplane mode along the path indicated at the diagram above. Alef model back-transitions into the rotorcraft mode by turning body 90 degrees.

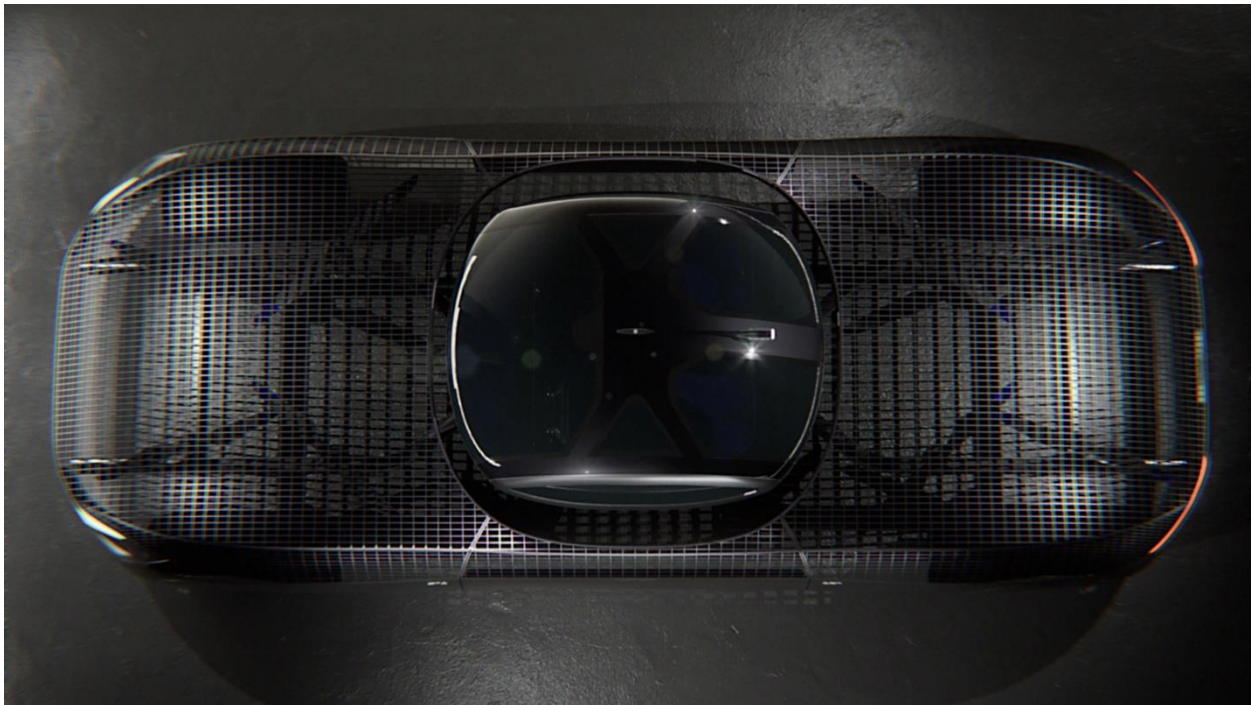
x. Alef model lands at the Destination spot.

f. Speed is expected to be (based on current testing) less than 15 knots in Rotorcraft Mode and less than 75 knots in Biplane mode.

4. Aircraft Description

a. Alef Model Zero has Distributed Electric Propulsion (DEP) with 8 propeller-speedcontroller-motor systems with differential thrust. Model is 100% electric. Current Model Zero Ultralight weights about 250lb with future models weight might vary. Model's dimensions are 17 ft long x 7 ft wide x 6 ft height.





- b. Safety Features – The aircraft will have the following safety features during all flights
 - i. 8x redundancy in propulsion
 - 1. With backup systems of glide, elevons, (future) parachute
 - ii. No propulsion is exposed and is 100% enclosed by the body and top mesh.
 - iii. Top mesh preventing bird strikes or anyone reaching in
 - iv. Return to home on loss of communication – If the aircraft loses communication it will return to the home location noted on the picture previously.
 - v. PIC intervention – The PIC will monitor all flights and has the ability to take over flight of the model if a safety situation arises.
 - vi. Kill Switch – turning off all propulsion immediately for an immediate landing
 - vii. Car/aircraft suspension system for the safe smoother landing
 - viii. Active real-time telemetry (including battery charge, temperature, vibration, etc.)
 - ix. (Future, soon) Whole aircraft ballistic parachute
 - c. Ground Control Station – The ground control station is located near takeoff or in a trailer marked “trailer” on the map above. Van and is operated by the operator with direct communication to the PIC.
 - d. Ancillary equipment – The model will be transported on a landscape trailer that is connected to the van.
5. Theory of Operation (sequence of what is going to be done before during and after each operation)
- a. Pre-flight site visit – A preflight walk thru and inspection of the flight area will be conducted to confirm that it is clear of any obstructions or potential conflicts with other UAS and aircraft operations.
 - i. Telemetry inspection (battery charge, temperature, etc.)
 - b. Weather check – Weather and weather forecast will be confirmed to be clear of rain and winds less than 15 kts before missions begin.
 - c. Crew briefing – All crew involved in the day’s operations will be briefed on the plans for the day.
 - d. Schedule of operations - Testing is expected to occur about once per two weeks, with occasional increase in frequency before investor demos and decrease in frequency after. Start times will depend on local air traffic.
6. Deconfliction – The VO will monitor the Airport CTAF thru an air band radio, and will visually monitor the air traffic pattern, ramp area, taxiways and runways for aircraft activity. GA Air traffic - Missions will only start if no conflict is detected on the CTAF or visually. If a potential conflict is detected during flight, then the mission will be terminated, and it will return to home on the ground until the conflict is remedied.
- 1. Before flight the callout will be to the Hollister Traffic, announcing the type of the aircraft, type of the test, and exact runways or taxiways it will affect.
 - 2. After flight the callout will be to the Hollister Traffic, announcing the aircraft landed, clear of all runways and taxiways, Hollister.

3. Ground traffic – Missions will only be started if no ground traffic is in the vicinity of the mission path.
 4. Other aircraft - Missions will only start if no conflict is detected visually and on CTAF. If a potential conflict is detected during flight, then the UAS mission will be terminated, and it will return to home on the ground until the conflict is remedied.
7. Crew – usually a minimum of a 3 person crew will perform the test: Pilot or PIC (optional backup Pilot or PIC), Visual Observer, Operator of the ground control station, and (optional mechanics) – typically 5 people.
 - a. Alef consists of 2 separate teams developing same/similar aircraft with mostly separate testing.
 - b. Key personal: Oleg Petrov – VP of R&D and head of Milpitas team. Pavel Markin – VP of Electronics who also runs Milpitas team. Dr. Konstantin Kisly – Director of Engineering and head of San Mateo team, Ilya Gribov – Sr. Engineer of San Mateo team, Jim Dukhovny – CEO.
 - i. Additionally, Alef has contractors and interns who are part of the engineering, maintenance and testing crew
8. Purpose – Alef has 3 objectives for using the airport
 - a. Test flights
 - b. Investor demo
 - c. Media demo
9. In case of emergency
 - a. Unstable flight – The PIC will be monitoring the flight and can take over control of the aircraft if a safety situation arises. This includes the ability to kill the engines.
 - b. Aircraft not following programmed path - The PIC will be monitoring the flight and will take over control of the aircraft if it goes off course. The aircraft will then be manually flown back to the home position and landed.
 - c. Loss of communication – If the drone loses communication it will return to the home location as noted on the picture previously. After returning to the home position, it will land and turn off the engines.
 - d. Crash – Fire extinguishers are maintained in the van. During flight a fire extinguisher is also positioned next to the PIC that is monitoring the flight. If a crash occurs, the PIC will immediately kill the engines and proceed to the aircraft with the fire extinguisher to address any potential safety issues. Aircraft power switch will be immediately turned off.

EXHIBIT C: INSURANCE REQUIREMENTS

User shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the User, his agents, representatives, employees or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if User has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation:** as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the User’s profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate. (*If applicable – see footnote next page*)

If the User maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the User including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the User’s insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, the **User's insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the User's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

Umbrella or Excess Policy

The User may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the User's primary and excess liability policies are exhausted.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City.

Waiver of Subrogation

User hereby grants to City a waiver of any right to subrogation which any insurer of said User may acquire against the City by virtue of the payment of any loss under such insurance. User agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City. The City may require the User to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds \$25,000 unless approved in writing by City. Any and all deductibles and SIRs shall be the sole responsibility of User or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. City may deduct from any amounts otherwise due User to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that Defense

costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. City reserves the right to obtain a copy of any policies and endorsements for verification.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

Claims Made Policies (note – should be applicable only to professional liability, see below)

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained, and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***
3. If coverage is canceled or non-renewed, and not replaced ***with another claims-made policy form with a Retroactive Date prior to*** the contract effective date, the User must purchase "extended reporting" coverage for a minimum of ***five (5) years*** after completion of work.

Verification of Coverage

User shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause **and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements.** All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the User's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Special Risks or Circumstances

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.