

**THE CITY OF SAN DIEGO
AND
NATIONAL AIR COLLEGE, INC.**

**Montgomery-Gibbs Executive Airport
Percentage Lease**

LEASE OUTLINE

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**CITY OF SAN DIEGO
PERCENTAGE LEASE**

THIS PERCENTAGE LEASE ("Lease") is hereby made and executed effective the 10th day of JANUARY, 2018 (Effective Date) between the CITY OF SAN DIEGO, a California municipal corporation, hereinafter called "City", and NATIONAL AIR COLLEGE, INC., a California corporation hereinafter called "Lessee", City and Lessee being herein sometimes referred to as a "Party" or "Parties," to be effective when signed by the parties and approved by the San Diego City Attorney.

RECITALS

A. **WHEREAS**, the City of San Diego and National Air College are parties to that certain First Amendment to Lease, filed with the Office of the City Clerk on May 17, 1982, as Document No. RR-256396 ("**Original Lease**"), of that certain real property located on Lots 10 and 11, with an address of 3760 Glenn Curtiss Road, San Diego, California 92123, at Montgomery-Gibbs Executive Airport (the "**Airport**") in the City of San Diego, County of San Diego, State of California, consisting of approximately 8.168 acres of land, more particularly depicted on **Exhibit "A"** as Legal Description ("Premises") and more particularly described in **Exhibit "B"** as "Premises".

B. **WHEREAS**, the Original Lease expired on April 30, 2007, and is currently on month-to-month holdover.

C. **WHEREAS**, Section 24 of the Original Lease provides that all improvements, except certain fixtures, shall, at the option of the City, become the property of the City upon the expiration or earlier termination of the Original Lease.

D. **WHEREAS**, City and Lessee desire to enter into this short-term lease to continue leasing the Premises to Lessee until the completion of the request for proposals process for the Premises by Airport RFP No. 2 issued on September 1, 2017 ("RFP") and provide the City the option to authorize Lessee to quitclaim the improvements on the Premises to the successful proposer of the RFP, as further set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Lease, and for valuable consideration, the receipt and sufficiency of which is acknowledged, City and Lessee agree as follows:

SECTION 1. PREMISES AND USES

1.1 Premises. Effective as of the Commencement Date (as defined in Section 2.1), City hereby leases to Lessee and Lessee hereby leases from City the Premises which is improved with 8 Port-a-Ports, 17 T-hangars, 18 Square Hangars, 51 tie-downs and an office/classroom/hangar that totals approximately 5,640 square feet (collectively referred to hereinafter as the "Lessee Improvements"), and one large hanger which is owned by a subtenant and one portable hanger which is owned by a subtenant (collectively referred to hereinafter as the "Subtenant Improvements"). Lessee accepts all "approximations" set forth in this Lease as being accurate

and agrees not to use any future recalculations (however determined) of the Premises to attempt to adjust or otherwise affect the rents or other obligations contained in this Lease.

1.2 Supersedes Prior Agreements. Upon the Commencement Date, City and Lessee hereby terminate the Original Lease, as of the Effective Date of this Lease. It is mutually agreed that this Lease shall supersede any and all prior agreements between the parties, and their predecessors in interest, related to all or any portion of the Premises. The Original Lease shall be of no further force or effect except as to any rentals and fees that may have accrued thereunder, and any rights and remedies accrued or granted thereunder and which by their nature or by agreement survive such termination.

1.3 Uses. It is expressly agreed that the Premises are leased to Lessee solely and exclusively for the following allowed uses ("**Allowed Uses**"): engaging in aircraft engine and airframes repairs, sales and renting of aircraft, aircraft parts and accessories, flight instruction, renting of aircraft storage and tiedown spaces, operating an aircraft charter and flight service, sale of aviation petroleum products to the general public, and for such other related or incidental purposes as may first be approved in writing by City.

Lessee covenants and agrees to use the Premises continuously throughout the Term as permitted pursuant to this Section 1.2.

1.4 Duties and Prohibited Conduct. The Allowed Uses shall serve and be offered to the general public. Lessee shall operate and manage the Premises and Allowed Uses in a competent and efficient manner at least comparable, in City's sole discretion, to other Airport operations of similar type. For the purposes of this Section 1.4 "competent and efficient manner" shall mean demonstrated ability in the management and operation of a fixed based operation ("**FBO**") aeronautical business and such other Allowed Uses conducted on the Premises from time to time during the Term (as defined in Section 2.1, below), consistent with industry standards and best management practices. Where Lessee is reasonably in doubt as to the propriety of any particular use, Lessee may request the written determination from the City that such use is or is not permitted, and Lessee will not be in breach or default under this Lease if Lessee abides by such determination. Notwithstanding the foregoing, however, Lessee shall not use nor permit the use of the Premises for any use which Lessee does not have confirmation that said use is an Allowed Use; or to use the Premises, even for an Allowed Use, if that use will create waste or a nuisance. Lessee shall not use, or permit any person or persons to use, the Premises for the sale or display of any goods or services which, in the sole discretion of City, are inconsistent with the Allowed Uses of the Premises pursuant to this Lease. Lessee shall keep the Premises, and every part thereof, in a decent, safe and sanitary condition, free from any objectionable noises or odors, except as may be typically present for the Allowed Uses specified above, and shall comply with all local, State and Federal laws and regulations in all respects. Lessee shall deposit all trash and rubbish of Lessee and Lessee's employees, agents, sublessors, permittees, contractors and invitees ("**Lessee's Parties**"), only within receptacles provided by Lessee and located in the areas designated by City.

1.5 Compliance with Laws. Lessee, at Lessee's sole expense, shall procure, maintain and hold available for City's inspection any governmental license or permit required for the proper and lawful conduct of Lessee's business. Lessee shall not use the Premises for any use

or purpose in violation of the laws of the United States of America, or the laws, ordinances, regulations and requirements of the State of California, the County of San Diego, of City, or of other lawful authorities. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, laws, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements regulating the use of the Premises in effect during the Term (as defined in Section 2.1, below). The final judgment of any court of competent jurisdiction, or the admission of Lessee or of any of Lessee's Parties in any action or proceeding against them or any of them, whether or not the City is a party to such action or proceeding, that Lessee, or any of such Lessee's Parties, has violated any such ordinance, law, statute, regulation, covenant, restriction or requirement pertaining to the use of the Premises, shall be conclusive as to that fact as between City and Lessee for purposes of this Lease.

Lessee's duty to comply with applicable laws and regulations shall include compliance with any and all zoning and land use regulations applicable to the Premises and Lessee's intended use thereof ("**Land Use Regulations**"). City's execution of this Lease shall in no way be deemed to constitute a determination by City that Lessee's intended use of the Premises complies with applicable Land Use Regulations, nor shall it imply any such conclusion by City, even if City is the agency which enacts or implements the Land Use Regulations applicable to the Premises.

1.6 Related Council Actions. The City's grant and execution of this Lease shall not be deemed to obligate either City or the City Council to authorize, agree with, or undertake any other governmental agency, board, or commission's discretionary action with regard to development and operation of the Premises. The term "**discretionary action**" includes but is not limited to re-zonings, variances, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the Premises. This Lease shall not be interpreted by any decision-maker on any City-issued permit or approval to override or dictate the outcome of any findings required for any permit or development approval.

1.7 Quiet Possession. By paying the Rent, as defined in Section 3, below, and performing the covenants and agreements herein, Lessee shall at all times during the Term (as defined in Section 2.1, below) peaceably and quietly have, hold, and enjoy the Premises. If for any reason during the Term (as defined in Section 2.1, below) Lessee is permanently or temporarily dispossessed through action or claim of a title superior to City's, this Lease shall not be voidable, nor shall City be liable to Lessee for any loss or damage resulting therefrom, but City shall grant in writing a proportionate reduction of the Rent otherwise payable for the period or periods during which Lessee is prevented from enjoying quiet and peaceable possession of all or a portion of the Premises.

1.8 Easements and Reservations. City hereby reserves all right, title, and interest in any and all subsurface natural gas, oil, minerals, and water on or within the Premises, together with the right to store and recapture water from the soils beneath the surface of the Premises.

City reserves the right to grant and use easements or to establish and use rights-of-way over, under, along, and across the Premises for such utilities, thoroughfares, or access as it deems advisable for the public good. Provided however, no right reserved by City in this Section 1.8 shall be so exercised by City as to unreasonably interfere with the use of any or all of the

Premises by Lessee. For purposes of this Section 1.7, “**unreasonably interfere with the use of any or all of Premises**” shall mean Lessee is completely prevented from conducting the Allowed Uses on the affected area.

City has the right to enter the Premises for the purpose of making repairs to, or developing, municipal resources and services.

Any injury that may result from the percolation, storage and/or recapture of water from the soil beneath the surface of the Premises shall not be considered unreasonable interference, provided, however, that the City will reimburse Lessee for physical damages or operational damages, if any, to the improvements located on the Premises resulting from City exercising the rights reserved in this Section 1.7 provided Lessee took all reasonable measures to protect against such physical damages and operational damages. Such reimbursement may include a reduction in the rent proportionate to the amount of physical damage or operational damage as determined by City. City will pay the costs for maintenance and repair of all City installations made pursuant to these reserved rights.

1.9 Operation of Facilities. A regular schedule of days and hours of operation shall be established by Lessee to best serve the public, as set forth in The City of San Diego Airports Division Minimum Operating Standards on file with the Airports Division’s Operations Office, as may be amended from time to time.

1.10 Rates and Charges. All charges for merchandise and services or facilities on the Premises shall be comparable to amounts charged by other vendors for similar services in San Diego County; provided, however, Lessee shall not be required to sell merchandise or provide services and facilities at a loss.

1.11 Political Activities. The Premises shall be used exclusively for the Allowed Uses. The Premises shall not be used for working or campaigning for the nomination or election of any individual to any public office, be it partisan or nonpartisan; provided, however, that Lessee shall not be precluded from providing a forum for open public debate by candidates such as occurs at a “candidate forum” and similar events.

1.12 Parking. Lessee shall provide automobile parking for its employees, customers and sublessees within the Premises. Lessee shall not knowingly allow said parking on the Airport outside of the Premises without the prior written approval of City.

1.13 No Warranty. City does not warrant that the Premises are suitable for the purposes for which they are leased as stated herein.

SECTION 2. TERM

2.1 Term. The term of this Lease shall be twelve months (12) months (“Term”) commencing on January 1, 2018 (“Commencement Date”) and shall expire on December 31, 2018, unless terminated as further set forth in Section 2.4, below. “Lease Year” as used in this Lease shall mean the twelve (12) month period commencing on the Commencement Date and each succeeding 12 month period thereafter during the Term.

2.2 Holdover. Any holding over by Lessee after expiration of the Term shall not be considered a renewal or extension of this Lease. The occupancy of the Premises after the expiration of the Term constitutes a month-to-month tenancy, and all other terms and conditions of this Lease shall continue in full force and effect; provided, however, City shall have the right to bring the Rent (as defined in Section 3, below) to the then market value and to terminate the holdover tenancy at will.

2.3 Quitclaim and Surrender of Lessee's Interest. On execution of this Lease, Lessee shall deliver to City a quitclaim deed in recordable form quitclaiming all its rights in and to the Premises. City may record such deed only on the expiration of the Term or earlier termination of this Lease. In the event that City requires any subsequent quitclaim deed, Lessee or its successor in interest shall deliver the same within five (5) business days after receipt of written demand therefor.

At the expiration of the Term, Lessee shall surrender the Premises to City free and clear of all liens and encumbrances. In the event of termination of this Lease by City prior to the end of the Term, any liens and encumbrances then existing against the Premises must be approved in writing by the City in order to be allowed to remain against the Premises. If such liens and encumbrances are not approved to remain against the Premises, Lessee shall be solely responsible for ensuring that all such liens and encumbrances are removed from the Premises within a reasonable time period not to exceed six (6) months. Upon either the expiration or earlier termination of the Term, Lessee shall surrender the Premises in good order, in a safe, healthy, and sanitary condition and state of repair, ordinary wear and tear excepted.

2.4 Option to Terminate Lease. Lessee acknowledges that City has issued the RFP for the redevelopment/rehabilitation/development, operation, maintenance and lease of the Premises, and this Lease shall terminate upon sixty (60) days prior written notice by City in accordance with the effective date of a lease that results from the RFP. Notwithstanding anything to the contrary herein, City shall have the option to terminate this Lease, at any time, by giving Lessee 60-days' prior written notice.

SECTION 3. RENT

3.1 Time and Place of Payments. Rent is due monthly in advance on or before the first day of each calendar month. All payments shall be made payable to "City Treasurer" and mailed to:

City of San Diego
P.O. Box 129030
San Diego, California 92112-9030

or hand-delivered to:

The Office of the City Treasurer
Civic Center Plaza
1200 Third Avenue, First Floor
San Diego, California 92101

City may change the place of payment at any time upon thirty (30) days written notice to Lessee. Mailed payments shall be deemed paid on the date the payment is postmarked by the postal authorities. If postmarks are illegible, the payment shall be deemed received only upon actual receipt by the City Treasurer. Lessee assumes all risk of loss and responsibility for late payment charges if payments are made by mail.

3.2 Rent. Lessee shall pay rent to City in the amount of the greater of: (a) a percentage rent (the "Percentage Rent," defined below); and (b) a minimum monthly rent ("Minimum Monthly Rent," defined below). Within thirty (30) days after the end of each month, Lessee shall deliver to City a schedule of Lessee's "Gross Revenue" (defined below) for the month, together with a statement of the Percentage Rent payable for that month, prepared using generally accepted accounting principles consistently applied, with revenue categorized by source, and deductions categorized by type. Concurrently with the delivery of such schedule and statement, Lessee shall pay to City the Minimum Monthly Rent plus the difference, if any, between the Percentage Rent for the immediately preceding month and the Minimum Monthly Rent.

3.3 Gross Revenue. "Gross Revenue" shall mean all revenue derived from all City-approved uses of the Premises, including without limitation all revenue derived from subtenants and licensees. Possessory interest taxes or other property taxes shall not be deducted in computing Gross Revenue. Notwithstanding the foregoing, Gross Revenue shall not include: (a) federal, state, or municipal taxes collected from consumers (regardless of whether such amount is stated to the consumer as a separate charge) and paid periodically by LESSEE to a governmental agency and accompanied by a tax return or statement as required by law; or (b) refunds for goods returned for resale on the Premises or refunds of deposits. LESSEE shall clearly indicate the amount of all such taxes and refunds on its books and records.

3.4 Minimum Monthly Rent. The minimum monthly rent shall be Fourteen Thousand Two Hundred Seventy Dollars and Sixty-Five Cents (\$14,270.65) (the "Minimum Monthly Rent").

3.5 Intentionally Omitted

3.6 Percentage Rent. Percentage Rent shall be rent in an amount equal to the percentages of Gross Revenue derived from certain designated business activities, applied as follows:

<u>Percentage of Gross Revenue</u>	<u>Business Activities</u>
One-Half Percent (½ %)	of gross income derived from the sale of new or used aircraft that were owned and sold by Lessee.
One Percent (1%)	of gross income derived from the sale of new or used flight simulators that were owned and sold by Lessee.
Five Percent (5%)	of gross profit or commission received on aircraft and flight simulators not owned by Lessee, which were sold on a commission basis.

Fifteen Percent (15%)	of gross income derived from the rental of aircraft storage tie-down facilities.
Thirty Percent (30%)	of gross income derived from the rental of aircraft storage hangars.
Four Percent (4%)	of gross income derived from the sale of aviation fuel and oil sold to the general public.
One and One-Half Percent (1½ %)	of gross income derived from material and labor in the maintenance and repair of aircraft, aircraft charter and flight service, and the sales of aircraft parts and accessories to dealers for resale.
Two and One-Half Percent (2½ %)	of gross income derived from aircraft rental, the sales of aircraft parts and accessories sold over the counter, sales of hangers, flight instruction, and other aviation activities not hereinabove defined.
Ten Percent (10%)	of gross income derived from all non-aviation sources of income derived from the Premises.
Twenty-Five Percent (25%)	of gross profit or commission received from vending machines or coin-operated machines not owned by Lessee.

If Lessee requests uses of the Premises in addition to the Allowed Uses, City and Lessee shall determine by agreement the Percentage Rent calculation applicable to each such use prior to City's approval of the use.

3.7 City's Right to Inspect and Audit. Lessee shall keep all of its books of account, records and supporting documentation needed to confirm the accuracy of any payments made or due to the City stemming from or related directly or indirectly to this Lease, including documentation related to the number of gallons of fuel purchased for the calculation of flowage fees, throughout the Term plus five (5) years; provided, however, City shall have no right to inspect Lessee's books of account, records and supporting documentation with respect to other aspects of Lessee's business not related directly or indirectly to this Lease. Lessee shall make the books, records and documentation required pursuant to the immediately preceding sentence available for inspection and audit by City in one location within the County of San Diego. Lessee shall maintain separate books and records related to Lessee's possession, use and/or occupancy of the Premises. Upon reasonable prior notice, City may inspect and audit the operation of Lessee's business in connection with its possession, use and/or occupancy of the Premises and all other business activities conducted on the Premises, and all financial transactions in connection with Lessee's possession, use and/or occupancy of the Premises as City may deem necessary, in its sole discretion, to protect City's rights under this Lease. If required by

competent governmental authority, Lessee shall promptly deliver to City, at City's reasonable request and at Lessee's sole cost and expense, any and all data reasonably needed to fully comply with such authority's requirements related to Lessee's possession, use and/or occupancy of the Premises and all other business activities conducted on the Premises, and all financial transactions in connection with Lessee's possession, use and/or occupancy of the Premises. City's right to audit Lessee's books and records shall terminate for each Lease Year on the date five (5) years after the end of that Lease Year.

3.7.1 Audit Cost. The full cost of each City audit shall be borne by City, unless one or both of the following conditions exists, in which case Lessee shall reimburse City for all costs of the audit:

(a) If an audit reveals an underpayment of Rent of more than five percent (5%) per Lease Year, calculated as the difference between the Rent reported as payable by Lessee and the Rent payable as determined by the audit;

(b) If Lessee has failed to maintain true, accurate and complete books, records, accounts and supporting source documents as required by this Lease.

3.7.2 Rent Deficiency and Overpayment. Any deficiency in the payment of Rent and any other monies owing under this Lease, as determined by the audit shall be subject to all penalties and remedies provided to City under this Lease. City shall credit any overpayment determined by the audit, without interest, against future Rent payable under this Lease. If no future Rent is then due under this Lease, City shall refund to Lessee any overpayment determined by the audit, without interest, within sixty (60) days after City's certification of the audit.

3.8 Delinquent Rent. If Lessee fails to make any payment of Rent and any other monies owing under this Lease when due, Lessee shall pay to City, in addition to the unpaid amount, a late charge of five percent (5%) of the unpaid amount, which shall be deemed additional rent ("**Additional Rent**"). If any of such payment remains unpaid after fifteen (15) days of its due date, Lessee shall pay to City an additional five percent (5%) of the unpaid amount [being a total of ten percent (10%)], which shall be Additional Rent. Notwithstanding the foregoing, in no event shall the charge for late payment of Rent be less than Twenty-Five Dollars (\$25). After thirty (30) days past due, unpaid amounts due City under this Lease may be referred to the San Diego City Treasurer for collection, and shall be subject to San Diego Municipal Code section 22.1707, as may be amended from time to time. Lessee shall pay to City any collection-referral fee and all other fees and charges plus interest as may then be charged by the San Diego City Treasurer under authority of the San Diego Municipal Code. Acceptance of late charges and any portion of the late payment by City shall neither constitute a waiver of Lessee's breach or default with respect to the late payment nor prevent City from exercising any other rights and remedies available at law or in equity. As required by law, Lessee is hereby notified that a negative credit report may be submitted to a credit reporting agency if amounts due City are not paid when due.

3.9 Unauthorized Use Charge. Lessee shall pay to City one hundred percent (100%) of the net receipts from any use of the Premises that is not allowed by this Lease, regardless of

any related penalties charged Lessee by competent governmental authorities. Such unauthorized use charge shall be payable to City within thirty (30) days after Lessee receives the gross receipts. No unauthorized use charges shall satisfy or be a credit against any other Rent obligation of Lessee's under this Lease. The unauthorized use charge shall otherwise be considered Rent under this Lease, and shall be subject to all costs and penalties for delinquent payments hereunder. The existence of such unauthorized use charge and City's acceptance thereof shall not constitute authorization for the use in question, and shall not waive any of City's rights under this Lease. If Lessee makes any use of the Premises that is not allowed by this Lease, such use shall constitute a default under this Lease.

SECTION 4. ASSIGNMENT AND SUBLEASING

4.1 Time is of Essence; Provisions Binding on Successors and Assigns. Time is of the essence of all of the terms, covenants, and conditions of this Lease, and, except as otherwise provided herein, all of the terms, covenants, and conditions of this Lease shall apply to, benefit, and bind the successors and assigns of the respective Parties, jointly and individually.

4.2 Assignment and Subletting. Lessee shall not assign this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person, except employees, agents, and guests of Lessee, to use or occupy the Premises or any part thereof, without the prior written consent of the City in each instance. A consent to assignment, subletting, occupation, or use by any person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use by another person. Any such assignment or subletting without such consent shall be void and shall, at the option of City, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law, without the prior written consent of the City. "Assignment" for the purposes of this Lease shall include, without limitation, any transfer of any interest in this Lease by Lessee or by any partners, principals, or stockholders, as the case may be, from the original Lessee, its general partners or principals or controlling shareholders.

Approval of any assignment or sublease shall be conditioned upon the assignee or sublessee agreeing in writing that it will assume the rights and obligations thereby assigned or subleased and that it will keep and perform all covenants, conditions, and provisions of this Lease which are applicable to the rights acquired. The City shall require, as a condition to approval of any sublease of the majority portion of the leasehold, or any assignment, that this Lease or the requested sublease otherwise be revised to comply with then current City lease provisions.

Pursuant to City Charter Section 225, the City, must review and approve every person or entity which will have an interest in this Lease.

Prior to the Commencement Date of this Lease, Lessee shall provide City with all applicable information therefor, and pay all City fees, for all subleases for which Lessee seeks City's Consent. Any unconsented-to sublessees occupying space on the Premises after the Commencement Date shall subject Lessee to a default under this Lease and shall subject this Lease to termination.

4.3 Charter Section 225. Pursuant to City Charter Section 225, Lessee and each of its assignees and subtenants shall make a full and complete disclosure of the name and identity of all persons and/or entities directly or indirectly involved in this Lease and the precise nature of all interests of all such persons. Each and every person and/or entity proposed to have an interest in this Lease shall be subject to City's review and approval, in City's sole discretion.

SECTION 5. DEFAULT AND REMEDIES

5.1 Default. Lessee shall be in default of this Lease if any of the following occurs:

5.1.1 Lessee fails to make any payment required under this Lease when due;

5.1.2 Lessee breaches any of its obligations under this Lease, other than those requiring payment to City, and fails to cure the breach within thirty (30) days following written notice thereof from City, or if such breach is not curable within thirty (30) days, fails to commence to cure the breach within thirty (30) days and diligently pursue the cure to completion;

5.1.3 Lessee voluntarily files or involuntarily has filed against it any petition under any bankruptcy or insolvency act or law;

5.1.4 Lessee is adjudicated a bankrupt; or

5.1.5 Lessee makes a general assignment for the benefit of creditors.

5.2 Remedies. Upon Lessee's default, City may, at its option, give Lessee, or any person claiming rights through Lessee, (1) a written "Three Day Notice to Pay or Quit," for failure to make required payments, or (2) a "Notice of Termination" for defaults not requiring payment to City, in order that City may seek to terminate the Lease and all rights of Lessee, and all persons claiming rights through Lessee, to the Premises or to possession of the Premises. Upon termination, City may enter and take possession of the Premises, and may recover from Lessee the sum of:

5.2.1 the worth at the time of award of any unpaid rent that was due at the time of termination;

5.2.2 the worth at the time of award of the amount by which the unpaid rent that would have been earned after termination until the time of award exceeds the amount of rental loss, if any, that Lessee affirmatively proves could have been reasonably avoided;

5.2.3 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 rental loss, if any, that Lessee affirmatively proves could be reasonably avoided;

5.2.4 any other amount necessary to compensate City for all the detriment proximately caused by Lessee's breach and default, or that in the ordinary course of things, would be likely to result; and

5.2.5 all other amounts in addition to or in lieu of those previously stated as may be permitted from time to time by California law.

As used in Sections 5.2.1 and 5.2.2, above, the “**worth at the time of award**” is computed by allowing interest at the rate of ten percent (10%) per annum. As used in Section 5.2.3, above, the “**worth at the time of award**” is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus two percent (2%). As used in this Section 5, the term “**rent**” shall include Rent and any other amounts payable by Lessee under this Lease.

5.3 Default if Leasehold is Encumbered. If there is a City-approved encumbrance on Lessee’s leasehold interest, City shall give the mortgagee or beneficiary written notice of Lessee’s default under this Lease, and the same mortgagee or beneficiary shall have thirty (30) days from the notice to cure the default, or, if the default is not curable within thirty (30) days, to commence to cure the default and diligently pursue the cure to completion. City may extend the cure period if the mortgagee or beneficiary uses reasonable diligence to pursue a cure. If the mortgagee or beneficiary chooses to cure the default through litigation or foreclosure, then City may exercise any of the following options:

5.3.1 City may correct the default and charge the costs to the account of Lessee, which charge shall be due and payable on the date that the rent is next due after City’s notice of such costs to Lessee, and mortgagee or beneficiary;

5.3.2 City may correct the default and pay the costs from the proceeds of any insurance fund held by City, City and Lessee, or by City and mortgagee or beneficiary, or City may use the funds of any faithful performance or cash bond on deposit with City, or City may call on the bonding agent to correct the default or to pay the costs of correction performed by or at the direction of City; and,

5.3.3 City may terminate this Lease as to the rights of Lessee by assuming or causing the assumption of liability for any trust deed or mortgage. Lessee shall assume and pay any and all penalties or bonuses required by the beneficiaries, trustees or mortgagees as a condition of early payoff of the related obligations by City. City may, as an alternative, substitute the terminated Lessee with a new lessee reasonably satisfactory to the mortgagee or beneficiary. Lessee shall pay to City all reasonable costs incurred by City in re-leasing to a new lessee.

If the default is non-curable by Lessee, then any lender holding a beneficial interest in the Premises, whose qualifications as an assignee have been approved by City, shall have the absolute right to substitute itself to the estate of Lessee hereunder and to commence performance of this Lease. If the mortgagee or beneficiary gives notice in writing of its election to substitute itself within the thirty (30) day period after receiving City’s written notice of a default, and the default, if curable, is cured by the mortgagee or beneficiary, then this Lease will not terminate pursuant to the default. In that event, City consents to the substitution and authorizes the mortgagee or beneficiary to perform under this Lease with all the rights, privileges, and obligations of Lessee, subject to the curing of the default, if possible, by mortgagee or beneficiary. In that event, Lessee shall assign to mortgagee or beneficiary all of its interest in and to the leasehold estate under this Lease.

5.4 Abandonment by Lessee. If Lessee abandons the Premises, this Lease shall continue in effect as long as City does not terminate this Lease, and City may enforce all of its rights and remedies under this Lease, including without limitation the right to recover rent as it becomes due, plus damages.

5.5 Waiver. Any waiver by City of a breach or default by Lessee shall not be a waiver of any other breach or default. No waiver shall be valid and binding unless in writing and executed by City. City's delay or failure to enforce a right or remedy shall not be a waiver of that or any other right or remedy under this Lease. The enforcement of a particular right or remedy for a breach or default shall not waive any other right or remedy for the same breach or default, or for any other or later breach or default. City's acceptance of any rents shall not be a waiver of any default preceding such payment. Lessee acknowledges that the Premises are a part of publicly-owned property held in trust for the benefit of the citizens of the City of San Diego, and that any failure by City to discover a breach or default, or take prompt action to require the cure of any breach or default, shall not result in an equitable estoppel, but City shall at all times, have the legal right to require the cure of any breach or default. City's acceptance of a partial payment of rent shall not constitute a waiver of the balance of the rent payment due.

SECTION 6. EMINENT DOMAIN

6.1 Eminent Domain. If all or part of the Premises is taken through condemnation proceedings or under threat of condemnation by any public authority with the power of eminent domain, the interests of City and Lessee (or beneficiary or mortgagee) will be as follows:

6.1.1 In the event the entire Premises are taken, this Lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.

6.1.2 In the event of a partial taking, if, in the opinion of City, the remaining part of the Premises is unsuitable for the lease operation, this Lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.

6.1.3 In the event of a partial taking, if, in the opinion of City, the remaining part of the Premises is suitable for continued lease operation, this Lease shall terminate in regard to the portion taken on the date of the transfer of title or possession to the condemning authority, whichever first occurs, but shall continue for the portion not taken. Rent shall be equitably reduced to reflect the portion of the Premises taken.

6.1.4 All monies awarded in any such taking shall belong to City, whether such taking results in diminution in value of the leasehold or the fee or both; provided, however, Lessee shall be entitled to any award attributable to the taking of, or damages to, Lessee's then remaining leasehold interest in installations or improvements owned by Lessee. City shall have no liability to Lessee for any award not provided by the condemning authority.

6.1.5 City has the right to transfer City's interests in the Premises in lieu of condemnation to any authority entitled to exercise the power of eminent domain.

6.1.6 The exercise of any City right under this Lease shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon City for inverse condemnation.

SECTION 7. INDEMNIFICATION AND INSURANCE

7.1 Indemnity. Lessee agrees to defend, indemnify, protect, and hold the City, its agents, officers, and employees harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to Lessee's employees, invitees, guests, agents, or officers, which arise out of or are in any manner directly or indirectly connected with the use, occupancy, management, development and/or operation of the Premises or the work and operations to be performed under this Lease, and all expenses of investigating and defending against same; provided, however, that Lessee's duty to indemnify and hold harmless City hereunder shall not include any claims or liability arising from the sole gross negligence or willful misconduct of the City, its agents, officers, or employees. City may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If City chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, Lessee shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs.

7.2 Insurance.

7.2.1 Lessee shall deliver to City a current certificate of insurance and relevant endorsements for:

(a) Commercial General Liability Insurance, providing coverage for the damages due to bodily injury, including death, personal injury, and property damage with limits of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least One Million Dollars (\$1,000,000), products and completed operations and if applicable, use of unlicensed vehicles that in any way arise from the use of the Leased Premises and operations of activities of the entity.

(b) Fire, extended coverage, and vandalism insurance policy on all City owned insurable property on the Premises, in an amount to cover one hundred percent (100%) of the replacement. Any proceeds from a loss shall be payable jointly to City and Lessee. The proceeds shall be placed in a trust fund to be reinvested in rebuilding or repairing the damaged property. Lessee shall submit to the City recommendations and an accounting of funds used to restore the leasehold improvements. If there is a mortgage or trust deed on the leasehold in accordance with Section 4.5, Encumbrance, hereof, the proceeds may be paid to the approved mortgagee or beneficiary so long as adequate provision reasonably satisfactory to City has been made in each case for the use of all proceeds for repair and restoration of damaged or destroyed improvements on the Premises.

(c) Automobile Liability Insurance, providing coverage for all bodily injury and property damage, with a limit of at least One Million Dollars

(\$1,000,000) per occurrence. Such insurance shall cover liability arising out of any vehicle (including owned, hired, and non-owned vehicles) operated on the Premises. Coverage shall be written on ISO form CA 00 01 12 90, or a substitute form providing equivalent liability coverage.

(d) Workers' Compensation Insurance, as required by the laws of the State of California for all of Lessee's employees who are subject to this Lease, with Employers' Liability coverage with a limit of at least One Million Dollars (\$1,000,000).

7.2.2 Additional Insureds. Pursuant to a separate endorsement [CG2010 (11/85) or equivalent form], "The City of San Diego, its elected officials, officers, employees, representatives, and agents" shall be named as additional insureds in all policies.

7.2.3 Primary and Non-Contributory. Insurance policies shall be endorsed such that the coverage is primary and non-contributory to any coverage carried or maintained by City. The policies shall be kept in force for the duration of the Term and any extended use. The certificate(s) of insurance shall be kept in force for the duration of the Term and any extended use.

7.2.4 Qualified Insurer(s). All insurance required by the terms of this Lease must be provided by insurers licensed to do business in the State of California which are rated at least "A-, VI" by the current AM Best Ratings Guide and which are acceptable to City. Non-admitted surplus lines insurers may be accepted provided they are included on the most recent list of California eligible surplus lines insurers (LESLI list) and otherwise meet City requirements.

7.2.5 Deductibles/Retentions. All deductibles and self-insured retentions on any insurance policy are the sole responsibility of Lessee and must be disclosed and acceptable to City at the time evidence of insurance is provided.

7.2.6 Continuity of Coverage. All policies shall be in effect on or before the first day of the Term, except "course of construction fire insurance" shall be in force on commencement of all authorized construction, and full applicable fire insurance coverage shall be effective upon completion of each insurable improvement. At least thirty (30) days prior to the expiration of each insurance policy, Lessee shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the requirements of this Lease.

7.2.7 Modification. To assure protection from and against the kind and extent of risk existing on the Premises, City, at its discretion, may require the revision of amounts and coverage at any time during the Term by giving Lessee thirty (30) days prior written notice. Lessee shall also obtain any additional insurance required by City for new improvements, changed circumstances, or City's reasonable re-evaluation of risk levels related to Lessee's use of the Premises.

7.2.8 Accident Reports. Lessee shall immediately report to City any accident causing property damage or injury to persons on the Premises. Such report shall contain the names and addresses of the involved parties, a statement of the circumstances, the date and hour of the accident, the names and addresses of any witnesses, and other pertinent information.

7.2.9 Causes of Loss - Special Form Property Insurance. Lessee shall obtain and maintain, at its sole cost, Causes of Loss - Special Form Property Insurance on all of Lessee's insurable property on the Premises, excepting wells, irrigation piping, and plant material, in an amount to cover one hundred percent (100%) of the replacement cost. Lessee shall deliver to City a certificate of such insurance.

SECTION 8. WASTE, DAMAGE OR DESTRUCTION

8.1 Waste, Damage or Destruction. Lessee agrees to give notice to City of any fire or other damage that may occur on the Premises within twenty-four (24) hours of the occurrence of such fire or damage. Lessee agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the Premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash, and rubbish in a manner satisfactory to City. If the Premises shall be damaged by any cause which puts the Premises into a condition which is not decent, safe, healthy, and sanitary, Lessee agrees to make or cause to be made full repair of said damage and to restore the Premises to the condition which existed prior to said damage; or, at City's option, Lessee agrees to clear and remove from the Premises all debris resulting from said damage and rebuild the Premises in accordance with plans and specifications previously submitted to City and approved in writing in order to replace in kind and scope the operation which existed prior to such damage,

Unless an individual situation calls for the immediate repair and/or restoration of the Premises (to be determined by City in its sole discretion), Lessee agrees that preliminary steps toward performing repairs, restoration, or replacement of the Premises shall be commenced by Lessee within thirty (30) days, and the required repairs, restoration, or replacement shall be completed within a reasonable time thereafter.

SECTION 9. IMPROVEMENTS, ALTERATIONS, MAINTENANCE AND REPAIRS

9.1 Acceptance of Premises. By signing this Lease, Lessee represents and warrants that it has independently inspected the Premises and made all tests, investigations, and observations necessary to satisfy itself of the condition of the Premises. Lessee agrees it is relying solely on such independent inspection, tests, investigations, and observations in making this Lease. Lessee further acknowledges that the Premises are in the condition called for by this Lease, that City has performed all work with respect to the Premises, and that Lessee does not hold City responsible for any defects whether apparent or latent, in the Premises, including the presence of any hazardous wastes.

9.2 Entry and Inspection. City reserves and shall always have the right, but not the obligation, to enter said Premises, for the purpose of viewing and ascertaining the condition of the same, to protect its interests in the Premises, to inspect the operations conducted thereon or

to perform any work thereon (a) that may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, (b) the City may deem necessary to prevent waste or deterioration in connection with the Premises if Lessee does not make, or cause to be made, such repairs or perform, or cause to be performed, such work promptly after receipt of written demand from City, and (c) the City may deem necessary in connection with the expansion, reduction, remodeling, protection or renovation of any City-constructed or owned facilities on or off of the Premises or at the Airport. No exercise by City of any rights herein reserved shall entitle Lessee to any compensation, damages or abatement of rent from City for any injury or inconvenience occasioned thereby. If such entry or inspection by City discloses that the Premises are not in a decent, safe, healthy, and sanitary condition, City shall have the right, after ten (10) days' written notice to Lessee, to have any necessary maintenance work done at the expense of Lessee, and Lessee hereby agrees to pay promptly any and all costs incurred by City in having such necessary maintenance work done, in order to keep said Premises in a decent, safe, healthy, and sanitary condition.

9.3 Maintenance. Lessee shall at all times from and after the Commencement Date, at its own cost and expense, repair, maintain in good and tenantable condition and replace, as necessary, the Premises and every part thereof, including, without limitation, the following, as applicable: all roofs; all heating, ventilation and air conditioning systems; all mechanical and electrical systems; all meters, pipes, conduits, equipment, components and facilities (whether or not within the Premises) that supply the Premises exclusively with utilities (except to the extent the appropriate utility company has assumed these duties); all fixtures and other equipment installed in the Premises; all exterior and interior glass installed in the Premises; all signs, locking and closing devices; all interior window sashes, casements and frames; doors and door frames; floor coverings; and all such items of repair, maintenance, alteration, improvement or reconstruction as may be required at any time or from time to time by a governmental agency having jurisdiction thereof. Lessee's obligations hereunder shall apply regardless of whether the repairs, restorations and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or noncapital, or the fault or not the fault of Lessee, its agents, employees, invitees, visitors, sublessees or contractors. All replacements made by Lessee in accordance with this Section 9.3 shall be of like size, kind and quality to the items replaced and shall be subject to prior written approval by the City. Upon surrender of the Premises, Lessee shall deliver the Premises to City in good order, condition and state or repair, but shall not be responsible for damages resulting from ordinary wear and tear. Lessee shall be responsible for completing all work, at its sole cost and expense, or reimbursing City (including all costs and expenses, including attorney fees, incurred to ensure the completion of the work) for all work, necessary to bring the Premises back to good order, safe, healthy, and sanitary condition and state or repair (excepting ordinary wear and tear) upon the surrender of the Premises to City. Lessee shall provide for trash removal, at its expense, and shall maintain all trash receptacles and trash areas in a clean, orderly and first-class condition.

9.4 Lessee's Failure to Maintain. If Lessee refuses or neglects to repair, replace, or maintain the Premises, or any part thereof, in a manner reasonably satisfactory to City, City shall have the right, upon giving Lessee ten (10) days written notice of its election to do so, to make such repairs or replacements or to perform such maintenance on behalf of and for the account of Lessee. If City makes or causes any such maintenance, repairs or replacements to be made or

performed, as provided for herein, Lessee shall pay the cost thereof to City, as additional Rent, promptly upon receipt of an invoice therefor.

9.5 Annual Leasehold Compliance Surveys. In addition to City's right to enter the Premises pursuant to Section 9.2, above, Lessee acknowledges and accepts City's right and intent to conduct periodic, but not more frequently than annual (unless reasonable circumstances, to be determined by City in its sole discretion, determine the need for more than annual inspections), leasehold compliance surveys ("Surveys"). The Surveys shall be scheduled at a mutually convenient time for City and Lessee, following written notice by City of its intent to conduct a Survey. The Survey will focus on, but not be limited to, the condition of all improvements on the Premises and proper maintenance thereof, building code compliance, compliance with all other laws, a verification of aircraft locations, and a verification of all subleases on the Premises. Lessee agrees to cooperate with City, or its authorized representative, during the Survey process and provide access to all areas on the Premises, both interior and exterior, including all aircraft storage hangers. In the event City, or its authorized agent, is not able to access all areas of the Premises during the time of the scheduled Survey, Lessee will reschedule to a mutually convenient time for a follow up Survey to allow access to areas inaccessible during the initial Survey appointment, and Lessee agrees to compensate City for the personnel cost of the follow up Survey at the rate of \$50 for each hour of such follow up Survey. Refusal by Lessee to provide access to all areas of the Premises, and/or unreasonably delaying access to all areas of the Premises, shall be considered material breaches of this Lease and grounds for termination.

9.6 Improvements. No improvements, structures, or installations shall be constructed on the Premises, and the Premises may not be altered by Lessee without the prior written approval of the City, which shall not be unreasonably withheld. Further, Lessee agrees that structural or architectural design alterations to approved improvements, structures or installations may not be made on the Premises without the prior written approval of the City and such approval shall not be unreasonably withheld. This provision shall not relieve Lessee of any obligation under this Lease to maintain the Premises in good order, safe, healthy, and sanitary condition and state or repair, including structural repair, restoration and replacement of damaged or worn improvements, or parts thereof, except as may be set forth in this Lease. City shall not be obligated by this Lease to make or assume any expense for any improvements or alterations.

9.7 Ownership of Improvements and Personal Property.

9.7.1 Any and all improvements, structures, and installations or additions to the Premises constructed on the Premises by Lessee and the Lessee Improvements shall at expiration or earlier termination of this Lease be deemed to be part of the Premises and shall become, at City's option, City's property free of all liens and claims, except as may otherwise be provided in this Lease.

9.7.2 If City elects not to assume ownership of all or any improvements, in-ground plant or tree material, in-ground irrigation and water wells, structures, and installations, City shall so notify Lessee a minimum of sixty (60) days prior to expiration of the Term or, in the case of an early termination due to default or other early termination event allowed pursuant to this Lease, upon reasonable notice given, and Lessee shall quitclaim its interest in any or all of the Lessee Improvements and any or all other

improvements, in-ground plant or tree material, in-ground irrigation and water wells, structures, and installations to the Premises to a third party selected by City pursuant to the RFPI.

9.7.3 Lessee-owned machines, appliances, equipment, trade fixtures, and other items of personal property may be removed by Lessee by the date of the expiration or earlier termination of this Lease. Any of said items which Lessee fails to remove will, at City's option, become the property of the City or a third party selected by City.

9.7.4 If any removal of such personal property by Lessee results in damage to the remaining improvements on the Premises, Lessee agrees to reasonably repair all such damage or Lessee agrees to reimburse City for all costs and fees, including attorneys' fees, incurred by City involved with said repairs and collecting reimbursement for said repairs.

9.7.5 Notwithstanding any of the foregoing, in the event Lessee desires to dispose of any of its personal property used in the operation of said Premises upon expiration or earlier termination of this Lease, then City shall have the first right to acquire or purchase said personal property.

9.8 Noxious Weeds, Pests, and Erosion. Lessee shall take all commercially reasonable corrective actions, to the satisfaction of City, to prevent the infestation of noxious weeds, pests, and erosion throughout the entire Premises.

SECTION 10. SECURITY OF PREMISES REQUIREMENTS

10.1 Security of Premises. Lessee shall be responsible for, and shall provide for, all the security of the Premises; City shall have no responsibility therefor. Lessee shall construct and maintain fences, gates, walls and/or barriers along the portions of the Premises that border a street or can be accessed by the general public in a manner designed to prevent all unauthorized access to the taxiways, runways, and Lessee's ramp and hangar areas; the designs therefor and materials used, are all subject to the prior written approval of City. Unless otherwise approved in writing by City, Lessee shall construct and maintain fences and/or walls no less than six feet in height along the boundaries of the Premises, in locations specified and approved by City. Such fences and/or walls shall be constructed of materials and in such a manner as to reasonably prevent access to the Premises. Ingress and egress through gates and access points in the fences or walls shall be controlled by Lessee at all times. Unless otherwise approved in writing by the City, such control must be by the use of automated gate controls utilizing keycard technology. All plans for security fencing and/or walls and access gates must be submitted to and approved by the City prior to construction. Lessee shall provide lighting adequate, in the judgment of the City, to prevent unobserved entry onto the Premises during the hours of darkness. All construction required by this Section 11 shall be completed no later than twenty-four (24) months after the Commencement Date.

SECTION 11. GENERAL PROVISIONS

11.1 Notices. Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by United States mail, postage prepaid, addressed to

Lessee at the Premises or at such other address designated in writing by Lessee, including the address below, and to City as follows:

City:

City of San Diego
Attn: Real Estate Assets Director
1200 3rd Ave, Suite 1700
San Diego, CA 92101

Lessee:

National Air College, INC.
3760 Glenn Curtiss Road
San Diego, CA 92123

and to any City-approved mortgagee, trustee, or beneficiary, as applicable, at such appropriate address designated in writing by the respective party.

11.1.2 Any Party entitled or required to receive notice under this Lease may, by like notice, designate a different address to which notices shall be sent upon thirty (30) days prior written notice.

11.2 Restriction on Plastic Food Containers. Lessee shall not provide to its customers any prepared, takeout, or supplied/resale food in polystyrene foam packaging, nor shall the Lessee obtain or keep any such customer food packaging at or on the Premises. The Lessee's food packaging for all foods shall be recyclable plastic or recyclable paper, and the Lessee shall deliver to City, upon request, evidence of such in the form of paid invoices for the purchase of recyclable plastic or recyclable paper containers in amounts sufficient to indicate compliance with this section. Post-consumer recycled plastic or recycled paper is preferred for all customer food packing related to the use and operation of the Premises. No biodegradable or compostable packaging is to be used by the Lessee in lieu of recyclable plastic or recyclable paper unless with the prior written approval of City's Environmental Services Department. "Prepared food" means all food or beverage prepared on the Premises for immediate consumption at the Premises or elsewhere on the Premises. "Takeout food" means all food or beverage to be consumed off of the Premises or elsewhere in the Premises. "Supplied/Resale food" means foods or beverages which are supplied by a third party to the Lessee for either preparing food or beverages onsite or direct sell. "Food packaging" means all bags, sacks, wrapping, containers, bowls, plates, trays, cartons, cups, straws and lids which are not intended for reuse, and on or in which any prepared food or takeout food is provided on or from the Premises. The Lessee should also limit its distribution of plastic bags to its customers.

11.3 Compliance with Law. Lessee shall at all times in the construction, maintenance, occupancy, and operation of the Premises comply with all applicable laws, statutes, ordinances, and regulations of City, county, state, and federal governments, at Lessee's sole cost and expense. In addition, Lessee shall comply with any and all notices issued by the City under the

authority of any such law, statute, ordinance or regulation. Upon City's request, Lessee shall promptly deliver to City copies of all documentary evidence of such compliance received by or otherwise available to Lessee (e.g., validation of periodic inspections, permits or licenses, if any).

11.4 City's Consent, Discretion . The approval or consent of City wherever required in this Lease shall mean the written approval or consent of the Mayor, or his or her designee, without need for further resolution by the City Council, unless otherwise specified. City's discretionary acts hereunder shall be made in the Mayor's discretion, unless otherwise expressly provided.

11.5 Construction Requirements. All improvements required to be made to the Premises by this Lease, or otherwise approved by City to be constructed by Lessee, shall be made under the supervision of a competent architect or licensed structural engineer and made in conformity with any present or future Airport Layout Plan ("ALP") and any development standards which are or may be adopted by City and the Federal Aviation Administration ("FAA") including any construction requirements, rules, regulations or ordinances for commercial aeronautical services and non-commercial flying club activities at Montgomery-Gibbs Executive Airport adopted by the San Diego City Council, and as it may be amended from time to time. Lessee shall provide a minimum of three (3) sets of working drawings or plans showing the planned improvements, for City's approval, prior to commencing any approved work. All work with respect to any improvements must be done in a good and workmanlike manner, commenced within ninety (90) days following receipt of approval therefore from the City, and diligently prosecuted to completion to the end. Upon completion of such work, Lessee shall have recorded in the office of the San Diego County Recorder a Notice of Completion, in a form as required or permitted by law. Lessee shall deliver to City, within ten (10) days receipt of the same, a copy of the Notice of Occupancy and the building permit with respect thereto. Within sixty (60) days following completion of any improvement, Lessee shall provide the City with three (3) complete sets of "as-built" plans of such improvements. Any such improvements shall be constructed strictly in accordance with the laws and ordinances relating thereto.

11.6 Signs, Antennas and Lighting. Lessee shall not construct nor permit the erection or display of any antennas or signs, including banners, pennants, flags, posters, signs, decorations, marquees, awnings, or similar devices or advertising on the Premises without the prior written approval of the City, which approval shall be within the City's sole discretion. Lessee shall submit sketches of proposed antennas and signs to the City for approval showing size, materials, colors and location. Such antennas and signs must conform to all City requirements, as well as applicable standards, laws or ordinances of governmental agencies having jurisdiction over the Premises. All exterior lighting on the Premises must also conform to all City requirements, as well as all applicable standards, laws or ordinances of governmental agencies having jurisdiction over the Premises. Any such antenna, sign or lighting installed without the prior written consent of City shall be subject to removal without notice at any time, at Lessee's expense; Lessee agrees to reimburse City for all costs and fees, including attorney's fees, incurred by City involved with said removal.

11.7 Liens. Lessee shall at all times save City free and harmless and indemnify City against all claims for labor or materials in connection with operations, construction,

improvements, alterations, repairs or replacements on or to the Premises and the costs of defending against such claims, including reasonable attorney's fees.

If improvements, construction, alterations, repairs or replacements are made to the Premises by Lessee or by any party other than City, and a lien or notice of lien is filed, Lessee shall within five (5) days of such filing either:

- (a) take all actions necessary to record a valid release of lien, or
- (b) file with City a bond, cash, or other security acceptable to City sufficient to pay in full all claims of all persons seeking relief under the lien.

11.8 Taxes. Lessee agrees to pay, before delinquency, all taxes, assessments, and fees assessed or levied upon Lessee or the Premises, including the land, any buildings, structures, machines, equipment, appliances or other improvements or property of any nature whatsoever erected, installed or maintained by Lessee or levied by reason of the business or other Lessee activities related to the Premises, including any licenses or permits. Lessee recognizes and agrees that this Lease may create a possessory interest subject to property taxation, and that Lessee may be subject to the payment of taxes levied on such interest, and that Lessee shall pay all such possessory interest taxes. Lessee further agrees that payment for such taxes, fees and assessments will not reduce any rent due City.

11.9 Unavoidable Delay. If the performance of any act required of City or Lessee is prevented or delayed by reason of strikes, lockouts, or labor disputes; acts of God such as fires, floods and epidemics; freight embargoes; or other causes beyond the reasonable control of the Party required to perform an act, said Party shall be excused from performing that act for the period equal to the period of the prevention or delay. Provided, however, this provision shall not apply to obligations to pay Rent as required pursuant to this Lease. In the event Lessee or City claims the existence of such a delay, the Party claiming the delay shall notify the other Party in writing of such fact within ten (10) days after the beginning of any such claimed delay and provide documentation sufficient to support said claim.

11.10 Intentionally Omitted

11.11 Nondiscrimination. This Lease is made and accepted upon and subject to the covenant and condition, which shall run with the land, that Lessee or any person claiming under or through Lessee shall not discriminate in any manner against any person or persons on account of race, color, religion, gender, gender expression, gender identity, sexual orientation, medical status, national origin, age, marital status, or physical disability in the use of the Premises, including but not limited to the providing of goods, services, facilities, privileges, advantages, and accommodations, and the obtaining and holding of employment.

11.12 Accessibility Assessment. In accordance with California Civil Code section 1938, City hereby states that the Premises has not been inspected by a Certified Access Specialist (CASP).

Further, pursuant to California Civil Code section 1938(e), City is required to state: "A Certified Access Specialist (CASP) can inspect the subject premises and determine whether the subject

premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

11.13 Compliance with City’s Equal Opportunity Contracting Program.

11.13.1 Equal Opportunity Contracting. Lessee shall submit to City statistical information as requested in the City of San Diego Contract Activity Report indicating the amount of subcontracting provided by firms during the period covered by the report. This information should be accompanied by an invoice from each sub consultant/subcontractor/ vendor/ service provider listed in the report.

11.13.2 Equal Employment Opportunity. Lessee will comply with Title VII of the Civil Rights Act of 1964, as amended; Executive Orders 11246, 11375, and 12086; the California Fair Employment Practices Act; and any other applicable federal and state laws and regulations hereafter enacted. Lessee will not discriminate against any employee or applicant for employment based on race, religion, color, ancestry, age, gender, gender expression, gender identity, sexual orientation, disability, medical condition, or place of birth.

Upon request by the City, Lessee will submit a current Work Force Report and, if required, an Equal Employment Opportunity Plan which sets forth the actions that Lessee will take to achieve the City’s goal for the employment of African Americans, American Indians, Asians, Filipinos, Latinos, women, and people with disabilities.

Further, Lessee will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Lease so that such provisions will be binding upon each subcontractor.

11.13.3 Local Business and Employment. Lessee acknowledges that the City of San Diego seeks to promote employment and business opportunities for local residents and firms on all City contracts. Lessee will, to the extent legally possible, solicit applications for employment, and bids and proposals for subcontracts, for work associated with this Lease from local residents and firms as opportunities occur. Lessee agrees to hire qualified local residents and firms whenever feasible.

Lessee understands that failure to comply with the above requirements and/or submitting false information in response to these requirements may result in termination of this Lease and debarment from participating in City contracts for a period of not less than one (1) year.

11.14 Partial Invalidity. If any term, covenant, condition, or provision of this Lease is found invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions will remain in full force and effect.

11.15 Number and Gender. Words of any gender used in this Lease shall include any other gender, and words in the singular number shall include the plural, when the context requires.

11.16 Captions. All section headings and captions for various articles and paragraphs shall not be held to define, limit, augment or describe the scope, content or intent of any or all parts of this Lease. The numbers of the paragraphs and pages of this Lease may not be consecutive. Such lack of consecutive numbers is unintentional and shall have no effect on the enforceability of this Lease.

11.17 City Employee Participation Policy. It is the policy of City that all City contracts, agreements, or leases with consultants, vendors, or lessees shall include a condition that the contract, agreement or lease may, at the sole option of City, be unilaterally and immediately terminated by City if the contractor or lessee employs an individual who, within the twelve months immediately preceding such employment, did in his/her capacity as a City officer or employee participate in negotiations with or otherwise have an influence on the recommendation made to the City Council in connection with the selection of the contractor or lessee. It is not the intent of this policy that these provisions apply to members of the City Council.

11.18 Drug-free Workplace. Lessee shall be required to abide by the omnibus drug legislation passed by Congress on November 18, 1988, by adopting and enforcing a policy to maintain a drug-free workplace by doing all of the following:

11.18.1 Publish a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of controlled substances are prohibited on the Premises and specifying the actions that will be taken against employees for violations of the prohibition.

11.18.2 Establishing a drug-free awareness program to inform employees about all of the following:

- (a) The dangers of drug abuse in the workplace.
- (b) The Lessee's policy of maintaining a drug-free workplace.
- (c) Any available drug counseling rehabilitation and employees assistance programs; and
- (d) The penalties that may be imposed upon employees' for drug abuse.

11.18.3 Lessee shall include in each contract related to this Lease language obligating each sub-licensee, contractor or sublessee to comply with the provisions of this section to maintain a drug-free workplace. Lessee and each of its sub-licensees, contractors and sublessees shall be individually responsible for their own drug-free workplace programs.

11.19 Americans with Disabilities Act. Notwithstanding any other provision of this Lease to the contrary, Lessee shall be responsible for payment of all costs of complying with the requirements of the Americans with Disabilities Act of 1990 ("ADA") (42 USCS §§ 12101-12213), Title 24 of the California Code of Regulations ("Title 24") and California Civil Code § 54.1 as they may apply to the Premises. Lessee's obligations hereunder shall include, without limitation, all costs of bringing the Premises into compliance, and thereafter maintaining such compliance, with the requirements of Title III of the ADA ("Title III") (42 USCS §§ 12181 - 12189) applicable during the Term to public accommodations and commercial facilities, irrespective of whether or not the particular requirements of such compliance (i) are specifically required by Lessee's intended use of the Premises, or (ii) may also be required of County under Title II of the ADA ("Title II") (42 uses §§ 12131- 12165).

11.20 Disabled Access Compliance. Lessee shall, at its sole cost and expense and as applicable to the Premises and Lessee's possession, use and occupancy thereof, comply with the California Government Code, Sections 11135-11139.5; the Federal Rehabilitation Act of 1973, Section 504, Title V; the Americans with Disabilities Act of 1990 (ADA); and all other applicable laws, rules, regulations and directives of competent governmental authorities protecting the rights of people with disabilities. Lessee's compliance shall include but not necessarily be limited to the following:

(a) Lessee shall not discriminate against qualified persons with disabilities in any aspects of employment, including recruitment, hiring, promotions, conditions and privileges of employment, training, compensation, benefits, discipline, layoffs, and termination of employment.

(b) No qualified individual with a disability may be excluded on the basis of disability from participation in, or be denied the benefits of, services, programs, or activities of Lessee.

(c) Lessee shall post a statement addressing the requirements of the ADA in a prominent place at the work site.

(d) Where required by law, Lessee shall comply with City's disabled access requirements by bringing up to code and making accessible any areas of the Premises which deny access to disabled persons. All such improvements and alterations shall be at the sole cost of Lessee.

(e) Lessee shall include language in each sublease agreement which indicates the sublessee's agreement to abide by the foregoing provisions. Lessee and sublessee shall be individually responsible for their own ADA employment programs.

Lessee agrees to indemnify and hold City harmless from any and all claims and judgments made against City, and for all costs and damages, including reasonable attorney fees and costs, incurred by City as a result of Lessee failing to comply with all the requirements of this Section 12.19. Lessee further understands that failure to comply with the above requirements and/or submitting false information in response to these requirements shall constitute a default under this Lease.

11.21 Standard of Employees. Lessee and its employees shall at all times conduct themselves and the operations on the Premises in a commercially reasonable manner.

11.22 Relocation Payments. Lessee understands and agrees that it shall not be entitled to any relocation payment from City whatsoever upon termination of this Lease.

11.23 Intentionally Omitted.

11.24 Water Quality –Best Management Practices . City and Lessee are committed to the implementation of controls (“**best management practices**” or “**BMPs**”) contained in the Montgomery-Gibbs Executive Airport Storm Water Pollution Prevention Plan (MYF SWPPP) to manage activities on the Premises in a manner which aids in the protection of the City’s precious water resources. It is the Lessee’s responsibility to identify and implement an effective combination of BMPs so as not to cause non-storm water discharges and pollutant discharges to the storm drain system in violation of San Diego Storm Water Management and Discharge Control Ordinance (San Diego Municipal Code sections 43.0301 to 43.0312) or the MYF SWPPP.

Therefore, Lessee shall, at a minimum, implement and comply, as applicable, with the Minimum Industrial and Commercial BMPs adopted under the San Diego Municipal Code section 43.0307(a) and the MYF SWPPP. In addition, Lessee shall become a Co-Permittee to the MYF SWPPP.

Federal Environmental Protection Agency (EPA) rules for above ground tank systems (ASTs) and oil pollution prevention require that each facility that owns or operates above ground tank systems (including refueler trucks) that contain an aggregate storage capacity of 1,320 gallons or higher must prepare a Spill Prevention Control and Countermeasures (SPCC Plan) Program, pursuant to 40 C.F.R. Part 112. The plan includes requirements for secondary containment, loading/unloading of fuel and oil, discharge of accumulated rainwater, inspections, training, updates to the plan, and other miscellaneous items. Lessee shall prepare a site specific SPCC Plan and provide a copy to the City.

It is ultimately Lessee’s responsibility to prevent non-storm water discharges and pollutant discharges to the storm drain system. Therefore, the Lessee will identify and implement any additional BMPs that may be required to avoid the discharge of non-storm water discharges and pollutants to the storm drain system.

11.25 Reporting Requirements. Lessee agrees to provide to the City’s Water Department reports about all activities conducted on the Premises. These reports will detail the usage of water, and all agricultural practices including but not limited to use of pesticides, herbicides, fertilizers, and soil amendments. The required reports are specified in the BMP. Failure to provide the information requested under this section shall constitute a default under the terms of this Lease.

11.26 Hold Harmless, Flood Damage and Other Acts of God. Lessee understands and agrees that the Premises is subject to flood damage and that other damages may result to the Premises from other circumstances, including weather conditions and such causes as fire and earthquakes and Lessee assumes all risk therefor. Lessee agrees that all damages resulting from flooding and other weather-related causes, whether directly or indirectly resulting therefrom, shall not result in any liability on the part of City, and Lessee specifically agrees to assume the

defense of, indemnify, and hold City harmless from all such damages incurred by Lessee or anyone claiming through Lessee therefor. Lessee further specifically agrees that City shall have no obligation whatsoever to construct or maintain channels, or to construct, maintain, or operate reservoirs, or release water from reservoirs in such a way as to control, alleviate, or minimize potential damages to the Premises. Upon receiving prior written approval by City, Lessee shall be allowed to minimize potential flood damage through improved drainage and other flood control improvements installed and/or constructed on the Premises.

Were it not for Lessee's agreement to the requirements of this Section 12.25, City would not enter into this Lease.

11.27 Safety Management Systems Compliance. Although the use of Safety Management Systems ("SMS") are not required by the FAA as of the commencement of this Lease, it is anticipated that during the Term that the FAA will mandate SMS compliance for general aviation airports, which would include the Airport. Because the use of SMS at airports can contribute to helping airports detect and correct safety problems before they result in aircraft accidents or incidents, and can contribute to efforts to adopt new measures therefor, Lessee agrees that Lessee will timely comply with, and respond to: (1) City's requirement that Lessee conduct regular (and other as-needed) SMS-related inspections of the Premises and that Lessee will compile and report said information in a form acceptable to the FAA and City; (2) all City requests for SMS-related data; (3) the City's right to conduct SMS-related inspections of the Premises; (4) all other SMS-related requests made by City in its effort to implement a system-wide SMS and maintain an SMS Manual for the City's airport system or a part thereof; and (5) all FAA-mandated information, data, etc.. Information that may need to be compiled includes hazard reporting and tracking, data collection, safety risk assessment processes, and gap analyses. All SMS-related information, reports and documents provided by Lessee shall be verified by Lessee to be accurate and shall be provided without cost to City.

SECTION 12. FAA REQUIREMENTS

Whether or not it is specifically stated within each of the following sections, Lessee shall be responsible for ensuring that Lessee, its officers, employees, contractors, agents, sublessees, and all others operating through Lessee, shall conform to the following covenants and reservations of rights.

12.1 Lessee's Use and Construction to Conform to Federal Aviation Regulations. Lessee agrees to conform to all applicable Federal Aviation Regulations in any operation or construction on the Premises and the Airport. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations (which may be amended or replaced by other regulations from time to time) before constructing any improvements or modifying or altering any structure on the Premises and the Airport.

12.2 Lessee's Noninterference with Aircraft. Lessee and Lessee's successors and assigns agree not to in any manner interfere with any aircraft landing or taking off from the Airport or otherwise create a hazard. If this covenant is breached in any way, City reserves the right to abate or eliminate the interference at the expense of Lessee and Lessee agrees to reimburse City for all costs and fees, including attorney's fees, incurred by City involved with said abatement or elimination.

12.3 Agreement Subordinate to City/United States Agreements. This Lease shall be subordinate to the terms of any existing or future agreements and/or deeds between City and the United States, and to all legal requirements of the United States relative to the development, operation or maintenance of the Airport, and City shall not be liable for any claims, losses, or damages, of any type, that Lessee, or anyone claiming through Lessee, may incur or suffer as a result of any such subordination.

12.4 Height Limitation. The Lessee and the Lessee's successors and assigns agree not to erect or permit any structure unless it complies with all height limitations and other requirements of the FAA and the applicable Airport Land Use Compatibility Plan (also known as the "ALUCP"). If this covenant is breached in any way, City reserves the right to remove the structure or object at the expense of the Lessee, and Lessee agrees to reimburse City for all costs and fees, including attorney's fees, incurred by City involved with said removal.

12.5 War or National Emergency. In the event of war or national emergency, this Lease and all of its provisions shall be subject to any United States Government right, existing now or in the future, affecting the control, operation, regulation, take over, or exclusive or nonexclusive use of the Airport. During any war or national emergency, City shall have the right to lease, or allow the use of, any part of the Airport, including its landing areas, to the United States Government. In this event, any provisions of this Lease which are inconsistent with the provisions of the lease to the Government shall be suspended. City shall not be liable for any claims, losses, or damages, of any type, that Lessee, or anyone claiming through Lessee, may incur or suffer as a result of this action. However, nothing in this Lease shall prevent the Lessee from pursuing any rights it may have for reimbursement from the United States Government.

12.6 Airport Development. City reserves the right to further develop, change or improve the Airport, including its routes and landing areas, as City sees fit, without the Lessee's interference or hindrance and regardless of Lessee's views and desires. City shall have the right to perform any and all such actions referred to in this Section 13.6 – including the right to shut down parts or all of the Airport – at no liability to City, regardless of any damages or losses Lessee, or anyone claiming through Lessee, may suffer from said actions.

12.7 Nonexclusive Right. Lessee understands and agrees that nothing in this Lease shall be construed to grant or authorize an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (Title 49, Section 1349 of the United States Code).

12.8 Landing Area Maintenance. City reserves the right, but not the obligation, to maintain and repair the Airport landing areas and all other public facilities. City also has the right to direct and control all of Lessee's activities affecting the maintenance and repair of the Airport landing areas and all other public facilities.

12.9 FAA Nondiscrimination Covenant. Lessee, on behalf of itself and its representatives, successors, sublessees, licensees and assigns, as part of the consideration for this Lease, agrees to the following covenants ("**Nondiscrimination Covenants**"):

12.9.1 No person shall be denied benefits, participation or subjected to discrimination in the use of facilities on the Premises based on race, color, sex or national origin.

12.9.2 No person shall be denied benefits, excluded from participation in or subject to discrimination in the construction of any improvements or the furnishing of any services on the Premises, based on race, color, sex or national origin.

12.9.3 Lessee shall conduct all activities contemplated by this Lease in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations (CFR), Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally Assisted Programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964," as now exists or may be amended in the future.

In the event of the breach of any of the above FAA Nondiscrimination Covenants, City shall have the right to terminate this Lease and to reenter and repossess said Premises and facilities thereon, and hold the same as if said Lease had never been made or issued. Notwithstanding the foregoing, the City's rights to reenter and repossess do not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

12.10 Equal Opportunity. Lessee and its successors and assigns agree to undertake an equal opportunity program as required by Title 14, Code of Federal Regulations, Part 152, Subpart E, to insure that no person shall be excluded from any employment program or opportunity, nor be denied any service described, based on race, creed, color, national origin or sex.

12.11 City to Mitigate Impacts of Subordination. If subordination agreements between City and United States of America result in Lessee's inability to conduct activities contemplated by this Lease on the Premises or if Lessee's activities are materially affected during a period of subordination: (1) City agrees to make a reasonable time extension or adjustment, if determined to be appropriate by City in its sole discretion; or (2) upon written request from the Lessee, City will terminate this Lease. Lessee agrees that the only remedy available from City for any damages claimed during this subordination period will be limited to the remedies set forth in this Section 13.11.

12.12 Employee Conduct. Lessee shall be responsible for the conduct of all employees, contractors, agents, invitees, and guests on the Premises and Airport if any such employee, contractor, agent, invitee or guest is on the Premises or other Airport property during any period of employment, or in connection with the construction and development of any improvements, or otherwise on the Premises or other Airport property in connection with Lessee's operation and management of the Premises.

12.13 Minority Business Policy. Lessee agrees that it and its contractors will ensure that minority business enterprises have the maximum opportunity to compete for and perform contracts and subcontracts. Lessee and Lessee's contractors agree not to discriminate on the basis of race, color, national origin or sex in the award and performance of any Federal Department of Transportation-assisted contracts.

12.14 Right of Flight. There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises herein leased. This public right of flight shall include the right to

cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or land at, taking off from or operation on the Airport.

12.15 No Interference with Aircraft. Lessee, by entering into this Lease, agrees for itself, its successors and assigns that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, City reserves the right to enter upon the Premises and cause the abatement of such interference and/or hazard at the expense of Lessee and Lessee agrees to reimburse City for all costs and fees, including attorney's fees, incurred by City involved with said abatement.

12.16 Provisions to be Included in All Pertinent Documents. Lessee agrees that it shall insert all of the FAA Requirements provisions set forth in this Section 13 in all subleases, contracts or agreements by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Premises.

SECTION 13. ENTIRE UNDERSTANDING

13.1 Entire Understanding. This Lease contains the entire understanding of the Parties. Lessee, by signing this Lease, agrees that there is no other written or oral understanding between the Parties with respect to the leasing of the Premises other than as set forth in this Lease. Each Party has relied on its own examination of the Premises, advice from its own attorneys, and the warranties (if any), representations (if any), and covenants set forth in this Lease. The failure or refusal of any Party to read the Lease, inspect the Premises, and obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on these actions. No modification, amendment, or alteration of this Lease will be valid unless it is in writing and signed by all Parties.

IN WITNESS WHEREOF, this Lease is executed by City, acting by and through its Mayor or his designee, and by Lessee, acting by and through its lawfully authorized officer(s).

Date: 1/9/18

THE CITY OF SAN DIEGO, a
California municipal corporation

By: [Signature]
Cybele Thompson
Director, Real Estate Assets Department

Date: 01-03-2018

NATIONAL AIR COLLEGE, INC., a
California corporation

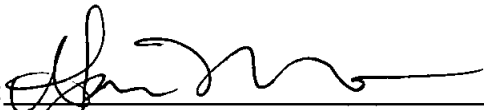
By: [Signature]
Name: Gregory Michael Madaraga
Title: President

ENVIRONMENTAL ANALYSIS SECTION ENVIRONMENTAL CLEARANCE:

This activity is:

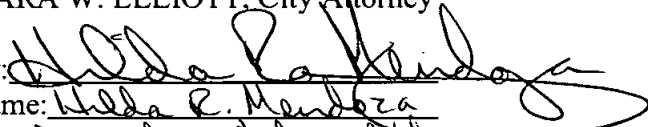
Categorically Exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Existing Facilities.)

Date: 1/5/18

By: 
Name: Alyssa Muto
Title: Deputy Director, Planning Department

Approved as to form this 10th
day of January, 2018.

MARA W. ELLIOTT, City Attorney

By: 
Name: Hilda R. Mendez
Title: Deputy City Attorney

EXHIBITS

Exhibit "A" – Legal Description
Exhibit "B" – Premises

EXHIBIT "A"
MONTGOMERY-GIBBS EXECUTIVE AIRPORT

LEASE LOT 10

APN: 421-290-11

All of that land identified as Lease Lot 10 of Montgomery-Gibbs Executive Airport in the City of San Diego, County of San Diego, State of California, according to City of San Diego Drawing thereof No. 13246-2-D as approved by the Federal Aviation Administration (FAA) and filed with the San Diego City Clerk on December 22, 1978 as Document No. 765235.

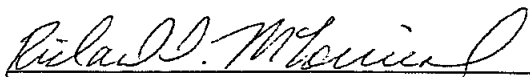
Containing 4.323 acres.

LEASE LOT 11

APN: 421-290-11

All of that land identified as Lease Lot 11 of Montgomery-Gibbs Executive Airport in the City of San Diego, County of San Diego, State of California, according to City of San Diego Drawing thereof No. 13246-2-D as approved by the Federal Aviation Administration (FAA) and filed with the San Diego City Clerk on December 22, 1978 as Document No. 765235.

Containing 3.845 acres.

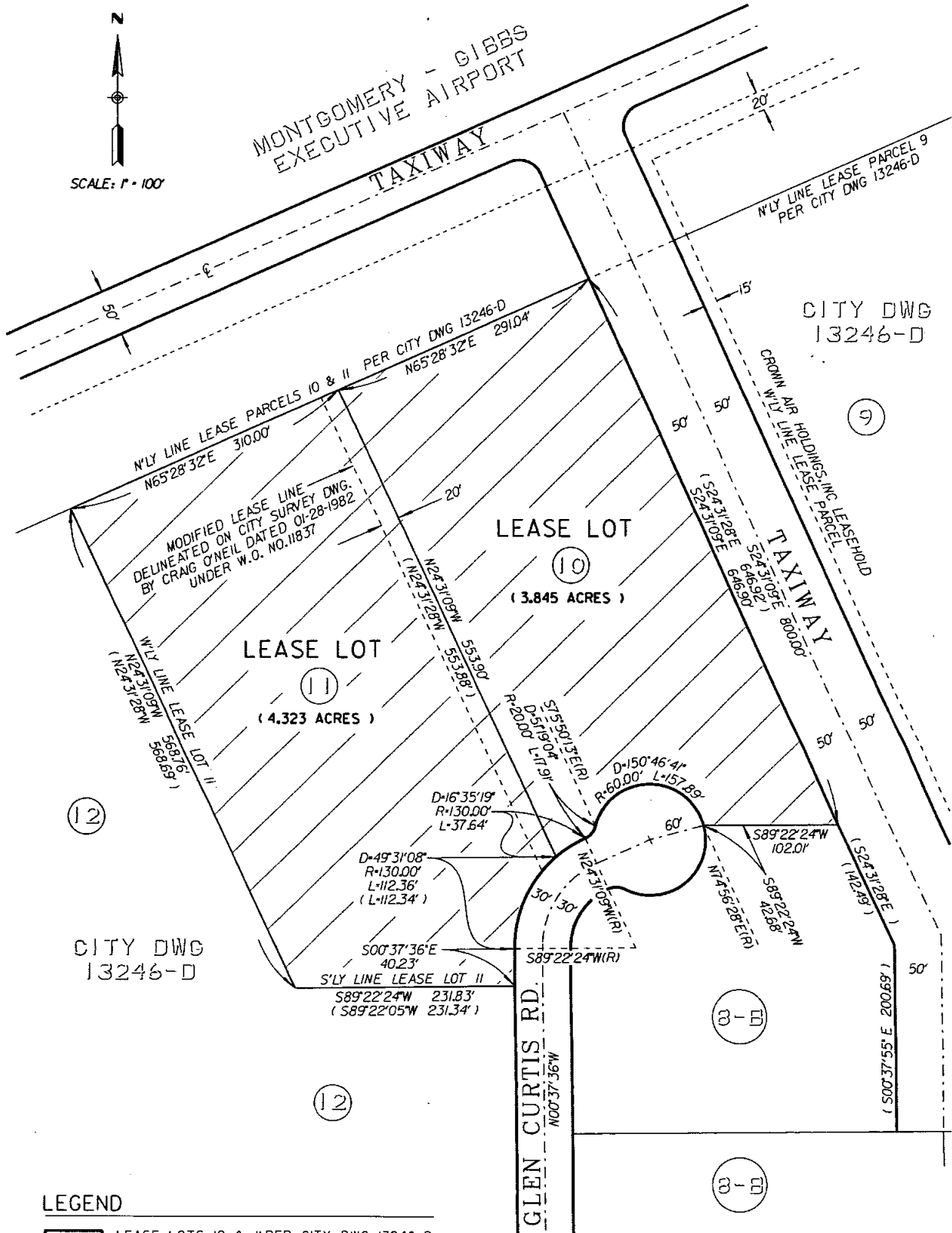
 8-08-2017

Richard T. McCormick LS 7450 Date
Senior Land Surveyor, Field Engineering
City of San Diego



File: 21003181-ROW_QCLM-EXHB-A_Lease-Lots_10-11.docx
IO21003181-August 2017

EXHIBIT "B"



MONTGOMERY - GIBBS EXECUTIVE AIRPORT
LEASE LOTS 10 & 11
PER CITY OF SAN DIEGO DWG NO. 13246-2-D



Date of Notice: December 18, 2017

NOTICE OF RIGHT TO APPEAL ENVIRONMENTAL DETERMINATION

PLANNING DEPARTMENT

PROJECT NAME/NUMBER: Short Term Lease with National Air College, Inc.

COMMUNITY PLAN AREA: Kearny Mesa

COUNCIL DISTRICT: 6

LOCATION: Lots 10 and 11 at Montgomery-Gibbs Executive Airport (3760 Glenn Curtiss Road, San Diego, CA 92123)

PROJECT DESCRIPTION: One year, short term lease between the City and National Air College, Inc. ("Lessee") to continue leasing the Premises to Lessee until the completion of the request for proposals (RFP) process for the Premises by Montgomery-Gibbs Executive Airport. The current Master Lessor shall quitclaim all of the property to the new Master Lessor who is awarded the RFP. The Premises are leased to Lessee solely and exclusively for the following allowed uses: engaging in aircraft engine and airframes repairs, sales and renting of aircraft, aircraft parts and accessories, flight instruction, renting of aircraft storage and tiedown spaces, operating an aircraft charter and flight service, sale of aviation petroleum products to the general public, and for such other related or incidental purposes.

ENTITY CONSIDERING PROJECT APPROVAL: City of San Diego

ENVIRONMENTAL DETERMINATION: Categorically Exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Existing Facilities).

ENTITY MAKING ENVIRONMENTAL DETERMINATION: City of San Diego Mayor-Appointed Designee.

STATEMENT SUPPORTING REASON FOR ENVIRONMENTAL DETERMINATION:

The City of San Diego conducted an environmental review that determined the project would not have the potential for causing a significant effect on the environment pursuant to State CEQA Guidelines Section 15301 (Existing Facilities) which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures or facilities involving negligible or no expansion of use; and where the exceptions listed in CEQA Section 15300.2 would not apply in that no cumulative impacts were identified; no significant effects on the environment were identified; the project is not adjacent to a scenic highway; no historical resources would be affected by the action; and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

CITY CONTACT: Debbie Shauger
MAILING ADDRESS: 3750 John J. Montgomery Drive, San Diego, CA 92123
PHONE NUMBER: (858) 573-1448

On December 18, 2017, the City of San Diego made the above-referenced environmental determination pursuant to the California Environmental Quality Act (CEQA). This determination is appealable to the City Council. If you have any questions about this determination, contact the City Contact listed above.

Applications to appeal CEQA determination to the City Council must be filed in the office of the City Clerk within 10 business days from the date of the posting of this Notice (**January 3, 2018**). The appeal application can be obtained from the City Clerk, 202 'C' Street, Second Floor, San Diego, CA 92101.

This information will be made available in alternative formats upon request.

POSTED IN THE OFFICE OF DSD

POSTED: 12/18/2017

REMOVED: 1/4/2018

POSTED: E. Pasqual

CITY CONTACT: Debbie Shauger
MAILING ADDRESS: 3750 John J. Montgomery Drive, San Diego, CA 92123
PHONE NUMBER: (858) 573-1448

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POSTED IN THE OFFICE OF DSD

POSTED: 12/18/2017

REMOVED: 1/4/2018

POSTED: E. Pascual