



THE CITY OF

SAN DIEGO

AIRPORTS DIVISION • MONTGOMERY AND BROWN FIELDS

Main Office • Montgomery Field Administration Building

3750 John J. Montgomery Drive • San Diego, California 92123-1769

Phone (619) 573-1425

Fax (619) 279-0536

REAL ESTATE ASSETS
DEPARTMENT

January 12, 1995

Files: Gibbs Flying Service
Permit File - Helipad
Job:252148

Gibbs Flying Service, Inc.
8906 Aero Drive
Montgomery Field Airport
San Diego, CA 92123

Attention: Mr. William Gibbs

Re: Right of Entry Permit - Helipad

The City of San Diego ("City") hereby grants permission to Gibbs Flying Service ("Permittee") to enter upon the above-referenced City-owned property containing approximately 6,500 square feet ("permit area"), as delineated on the attached Exhibit "A", upon the following terms and conditions:

1. Permittee's use of the permit area shall be limited to a helipad for use by Permittee, its tenants and their mutual customers. Any other uses shall require prior written approval from the City Airports' Deputy Director.
2. The permit shall be for a term of three years commencing the first day of the month following execution by the City's Airports' Deputy Director.
3. Consideration to City for granting this permit shall be \$100.00 per month, which shall be due and payable by Permittee in advance on the first day of each month of the permit term, starting with the fourth month. Permittee shall pay City a 10% late charge on all payments received more than two days after the due date.

This permit fee shall be exclusive of any other rents or other charges Permittee owes City. Any gross income earned by Permittee or its sublessees from use of the permit area shall be charged percentage rents under the percentage rates set out for gross income earned in the Master Lease between Permittee and City (RR-732107) filed in the office of the City Clerk.



DIVERSITY
BRINGS US ALL TOGETHER

As additional consideration to City for granting this permit Permittee shall develop the permit area at Permittee's sole expense of approximately \$15,000 as further described in paragraph 15 below.

4. Permittee shall maintain throughout the term of this permit an insurance policy covering the permit area for public liability and property damage insurance in an amount of not less than \$1 million combined single limit liability with an occurrence claims form, in which "The City of San Diego" is named as an additional insured. Permittee shall maintain a current certificate of insurance with City showing the above coverage, which shall be filed with this permit at City's Real Estate Asset's office at Montgomery Field Airport.
5. Permittee 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 Permittee's employees, invitees, guests, agents, or officers, which arise out of or are in any manner directly or indirectly connected with the development or operation of the permit area or the work to be performed under this agreement, and all expenses of investigating and defending against same; provided, however, that Permittee's duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the City, its agents, officers, or employees.
6. Permittee agrees not to discriminate in any manner against any person or persons on account of race, color, religion, gender, sexual orientation, medical status, national origin, age, marital status, or physical disability in Permittee's use of the permit area, including but not limited to the providing of goods, services, facilities, privileges, advantages, and accommodations, and the obtaining and holding of employment.
7. All risks in connection with Permittee's use of the permit area and any damages to the improvements thereon, thereunder, or in the vicinity thereof shall be borne in full by Permittee.
8. Permittee shall not use the permit area in any manner which, in the opinion of the City's Airport's Deputy Director, creates a nuisance or disturbs the quiet enjoyment of persons in the surrounding area.

9. This permit is revocable by either party to this permit by either of the parties to this permit serving the other party with a prior 60-day written notice by Certified Mail. It is mutually agreed that Permittee shall upon expiration of this permit term, or upon earlier termination by Permittee, shall quit claim ownership of all improvements on the permit area free from any encumbrances at no cost to City.

If the City terminates this permit early and Permittee is in full compliance with the terms and conditions of the Permit then City shall reimburse Permittee the remaining prorated cost of the improvements through rent credits to be applied toward other leases between City and Permittee: no cash payments will be issued for unused rent credits. The prorated cost for the reimbursement shall be based on the remaining term of this permit and Permittee's actual costs for constructing the permit area. As an example, if the actual construction costs were \$15,000 to construct the helipad and City terminates the permit at the end of the first year, then City would owe Permittee \$10,000 (\$15,000 divided by 3 = \$5,000 per year) in rent credits.

10. Permittee recognizes and understands that this permit may create a possessory interest subject to property taxation and that Permittee may be subject to the payment of property taxes levied on such interest. Permittee further agrees that such tax payment shall not reduce any fee paid the City of San Diego hereunder and that such tax shall be paid by Permittee before becoming delinquent.
11. Permittee shall at its sole cost and expense comply with all the requirements of all municipal, state, and federal authorities now in effect or which may hereafter be in effect, which pertain to the permit area.
12. Permittee shall file at its sole cost an expense comply with all the requirements of all municipal, state, and federal authorities now in effect or which may hereafter be in effect, which pertain to the permit area.
13. Permittee shall not assign any rights granted by this permit nor any interest therein without the prior written approval of the City's Airports' Deputy Director. Approval of any such proposed assignment may be withheld in the sole and absolute discretion of the City Manager. Any assignment by operation of law shall automatically terminate this permit.
14. No signs shall be displayed on the permit area without the prior written consent of the Airports' Deputy Director.

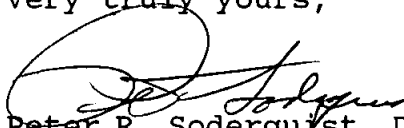
15. Within 90 days after commencement of this permit term Permittee shall have completed developing the permit area by installing a concrete/asphalt helipad with a crushed rock apron as shown on the development plan to be approved by the City's Airports Deputy Director, a copy of which shall be filed by City with this permit. Permittee shall provide City with satisfactory proof of Permittee's actual costs for developing the permit area within 30 days after receipt of the City's written request. All improvements installed on the permit area must have the written prior approval of the City's Airports' Deputy Director. Permittee's failure to develop the permit area as required herein shall be grounds for immediate termination of this permit.
16. Permittee shall maintain complete and accurate records in a manner satisfactory to the City Manager from which the City of San Diego can determine the amounts of all income subject to percentage rental payment.
17. Permittee shall provide proper drainage for the permit area, in accordance the Airports Drainage Plan and Storm Water Pollution Prevention Plan on file in the Airports Operations Office (WDID #9-37500-4117).

Please acknowledge your agreement to the foregoing terms and conditions on the enclosed copy of this letter and return it along with a check made payable to the City Treasurer in the amount of \$100.00 to be applied toward your first month's rent and your certificate of insurance showing the required coverage on the permit area to Diana Drake, Property Agent located at 3750 John J. Montgomery Drive, San Diego, CA 92123.

If you should require additional information or have any questions, please call Diana at 573-1433.

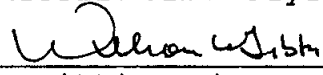
Very truly yours,

Date: 1/13/98


Peter R. Soderquist, Deputy Director
Asset Management/Airports Division

THE ABOVE IS ACKNOWLEDGED AND ACCEPTED THIS 18th DAY OF January, 1998.

PERMITTEE: Gibbs Flying Service, Inc.

By 
William Gibbs

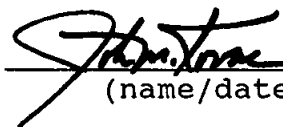
APPROVED AS TO FORM AND LEGALITY

JOHN W. WITT, City Attorney

By 
Chief Deputy City Attorney

DEVELOPMENT AND ENVIRONMENTAL

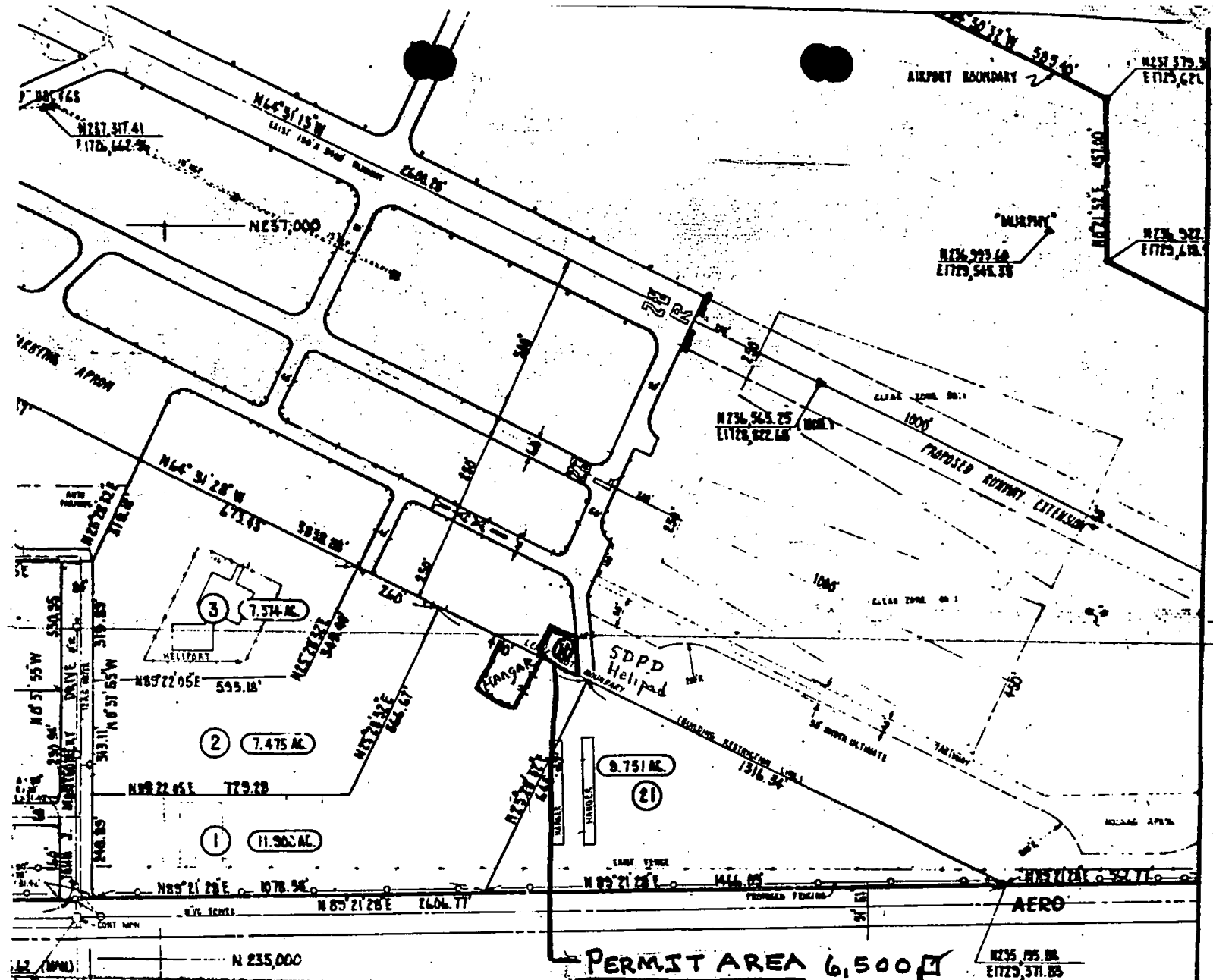
PLANNING ENVIRONMENTAL CLEARANCE:

 SE ENV. PLANNER/EAS
(name/date) 1/20/95

PRS:dld
Attachments

pc: County Assessor
City Auditor

file:helipad



PERMIT AREA 6,500

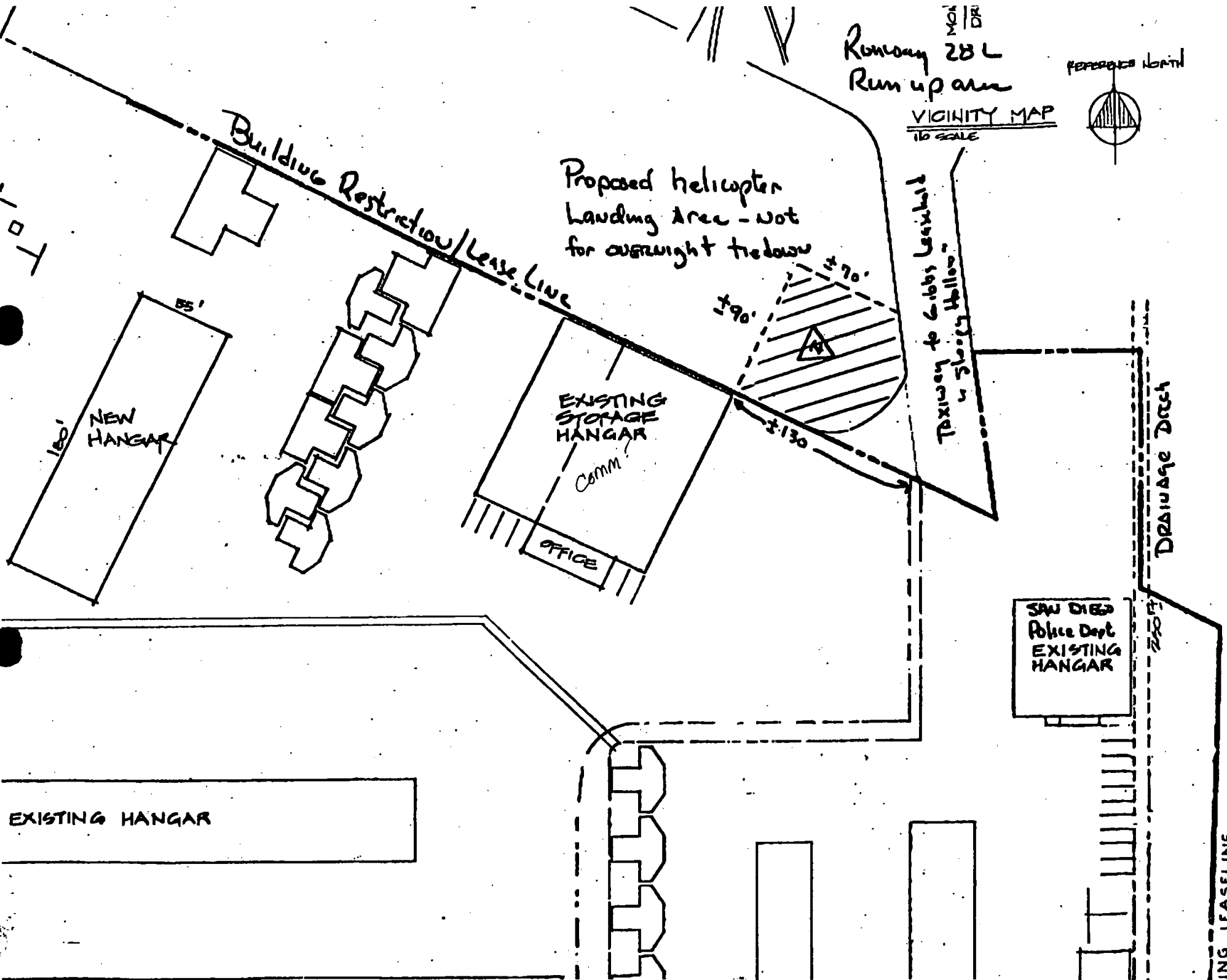
Helipad (Gibbs)

LOTS	PROPOSED USAGE
12, 5A, 5B, 8-16 & 21	AVIATION OPERATIONS
3	HELIPORT
4	ADMINISTRATION AREA
6 & 7	COMMERCIAL OPERATIONS
17	AVIATION OR COMMERCIAL OPS
18	CONTROL TOWER (SMT. 1)
19	REMOTE TRANSMITTER (SMT. 1)
20	AIR FREIGHT OPERATIONS (SMT. 1)

SCALE: 1" = 200'

EXHIBIT "A"

MONTGOMERY FIELD - LEASE LOTS AND TERMINAL AREA - ANNOTATED LAYOUT PLAN JAN 1960 - CALIF.	
CITY OF SAN DIEGO, CALIFORNIA COUNTY OF SAN DIEGO SHEET 2 OF 2 SHEETS	NO 11000
Prepared by: [Signature] Checked by: [Signature] Date: [Date]	Scale: 1" = 200'
Project: [Project Name]	Sheet: 2 of 2



City of San Diego
General Services/Airports Division

FINDING OF MASTER PLAN LAND USE CONFORMANCE

PROJECT: Gibbs Helipad

() CIP
(X) LESSEE Gibbs Flying Service

1. PROJECT DESCRIPTION INCLUDING PROPOSED FUNCTION attach plot plan:

3-year permit to develop and use a 6500 square foot area for a helipad

2. MASTER PLAN LAND USE DESIGNATION attach master plan:

Aviation operations (see Exhibit)

Note: Brown Field non-aviation uses limited to those permitted in the Otay Mesa Industrial Subdistrict

3. JUSTIFICATION OF CONFORMANCE FINDING

The new helipad is adjacent to SDPD helipad, so it is in compliance with adjacent uses.

(X) I find that the proposed use _____ is in substantial conformance with the Montgomery Field Field Master Plan as approved by City Council on 07/10/94 (last amendment date).

() The _____ project does not conform to the existing _____ Field Master Plan. A Master Plan amendment will be required before the project can be approved by the City.

[Signature]
Deputy Director, Airports Division

1/13/95
Date

CONCURRENCE

[Signature]
Deputy Director, DEP

1/20/95
Date

cc: Plan. Dept. (to accompany Envir. Assessment application)
AP#1 9/17/93

LEASE AGREEMENT

COPY

THIS LEASE AGREEMENT ("Lease") is made and entered into at San Diego, California, as of this 17th day of April, 1989, by and between GIBBS FLYING SERVICE, INC., a California Corporation ("Lessor"), and THE CITY OF SAN DIEGO, a municipal corporation in the County of San Diego, State of California ("Lessee"). The parties hereto hereby agree as follows:

ARTICLE I
GRANT AND TERM

DOCUMENT NO. PR-273254

FILED APR 17 1989

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

1.1 Premises.

In consideration of the Rents, covenants and agreements contained herein, Lessor leases to Lessee, and Lessee hires from Lessor, for the Term, at the rental and upon the conditions of this Lease, the real property located in the County of San Diego, California, referred to herein as the Lease Area and as described on Exhibit "A" attached hereto and incorporated herein, together with the Improvements to be constructed thereon as provided in this Lease.

1.2 Master Lease.

Lessor and Lessee acknowledge that this Lease is subject to and arises out of that certain Lease of the Premises by the City of San Diego to Lessor created May 19, 1970, as amended, filed in the Office of the City Clerk, San Diego, California, as Document No. 732107 ("Master Lease"). All terms and conditions herein and Lessee's rights hereunder are subject to the Master Lease, which is incorporated herein by this reference.

1.3 Commencement of Term.

The commencement date of the Term of this Lease shall begin on the execution date of this Lease, first written above.

1.4 Term.

The term of this Lease shall be until May 31, 1990, unless otherwise extended pursuant to Paragraph 1.5, with the term commencing at 8:00 a.m. on the Rent Commencement Date, as more specifically defined in Section 2.4 herein, and expiring at 5:00 p.m. on the last day of the term, unless sooner terminated under any provision hereof ("Lease Term" or "Term").

1.5 Option to Extend.

It is acknowledged that the Master Lease expires May 31, 1990, subject to three (3), five (5) year options to extend. If the Lessor exercises an option to extend the Master

Lease past May 31, 1990, the Lessee, at the Lessee's option, shall have the right to renew this Lease under the same terms and conditions set forth in this Lease for five (5) additional periods consisting of two (2) periods of two (2) years each and three (3) periods of one (1) year each. After the exercise of any option to extend hereunder, all references to the Term of this Lease shall mean the term as extended. Lessee's right to exercise any of the options to extend is subject to the following conditions precedent:

(a) The Lease shall be in effect at the time notice of exercise is given and on the last day of the Term;

(b) Lessee shall not be in default under any provision of this Lease at the time notice of exercise is given and on the last day of the Term; and

(c) At least one (1) month before the last day of the Term, but not more than three (3) months before the last day of the Term, Lessee shall give Lessor written notice irrevocably exercising the option.

ARTICLE II RENT

2.1 Base Rent.

Lessee agrees to pay Base Rent to Lessor, at such place or places as Lessor shall, from time to time, designate in writing, in lawful money of the United States, without deduction or offset, payable during the Term of the Lease and any renewal period in monthly installments beginning upon the Rent Commencement Date and so continuing on the first day of each and every month thereafter. The initial monthly Base Rent shall be Two Thousand Eight Hundred Ninety-Four Dollars (\$2,894.00) per month.

2.2 Rent Adjustments.

(a) On the first twelve (12) month Anniversary Date of this Lease, and on every subsequent Anniversary Date thereafter during the Term, the Base Rent shall be increased by an amount equal to the percentage increase, if any, in the Department of Labor, Bureau of Labor Statistics Los Angeles/Long Beach/Anaheim Consumer Price Index ("CPI") for All Urban Consumers, Subgroup "All Items" [1982-84=100] referred to herein as the "Index." The procedure for making such adjustments shall be to increase the Base Rent by a percentage equal to the percentage increase, if any, in the Index published most nearly prior to each Anniversary Date as compared to the Index published on or most nearly prior to the month this Lease is executed. The Base Rent will likewise increase on each succeeding Anniversary Date and will additionally increase during the Option Term, if such option is exercised as set forth in Article I; provided,

however, that any increase in the Base Rent shall not be in excess of five percent (5%) above the then current Base Rent. In the event the Index ceases to be published, the parties shall in good faith attempt to agree upon a comparable index or other equivalent method to adjust the Base Rent. If the parties fail to agree, the matter shall be submitted to binding arbitration in accordance with the Rules of the American Arbitration Association.

(b) On the commencement of each Option Term pursuant to Section 1.5 above, the Base Rent will be increased pro rata (i.e., proportionately) concurrently with any increase in the rent Lessor now pays or is at such time obligated to pay to the City of San Diego under the Master Lease. Lessee understands and acknowledges that the Base Rent may increase based upon the provisions in the Master Lease and has reviewed the same. Lessor shall provide notice of any such increase to Lessee. The amount of the increase will be added to the Base Rent for the purpose of computing the CPI adjustment.

2.3 Payment of Rent.

The Lessee shall pay all Rent when due. Rent shall be paid to Lessor at Lessor's address as set forth in Section 11.5, unless otherwise specified by Lessor. Any and all sums to be paid by Lessee hereunder shall be deemed Rent. If Rent is not paid at the time provided in this Lease, Lessee further agrees to pay to Lessor any costs incurred by Lessor to collect such past due Rent, including, but not limited to, fees and costs of any attorney or collection agency. Nothing herein contained shall limit any other remedy of Lessor.

2.4 Rent Commencement Date.

Rent shall commence upon the earliest to occur of (i) possession of the Premises being delivered to Lessee by Lessor, subject to prior substantial completion of the Improvements by Lessor, or (ii) thirty (30) days after Lessor's delivery of notice of substantial completion of the Improvements to Lessee (the "Rent Commencement Date"). In the event that the Rent Commencement Date does not occur on the first day of the month, Lessee shall pay Rent for the fractional month on a per diem basis (calculated on the basis of a thirty-day month) until the first day of the next succeeding month when Base Rent shall be paid in equal monthly installments on the first day of each and every month in advance. If this Lease terminates on other than the last day of the month, Lessee shall pay Rent for the fractional month on the same basis as set forth in the preceding sentence.

2.5 Late Charge.

All Base Rent shall be due and payable on the first day of each month, in advance, unless otherwise set forth in the

Lease. Lessee hereby acknowledges that late payment by Lessee to Lessor of Rent and other sums due hereunder will cause Lessor to incur costs not contemplated by the Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of Rent or any other sum due from Lessee shall not be paid to Lessor or Lessor's designee within five (5) days from the date due, Lessee shall pay to Lessor in addition thereto a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

ARTICLE III CONSTRUCTION OF LEASED PREMISES

3.1 Improvements to be Constructed by Lessor.

Lessor agrees that it shall be responsible for all phases of construction of the Improvements (as described below) in accordance with the plans and specifications referred to in this Article, upon and subject to the provisions hereafter set forth. The Improvements shall consist of a hanger facility of approximately four thousand nine hundred (4,900) square feet, including certain office space located therein, as more specifically described in Exhibit "B" attached hereto and incorporated herein. The Improvements shall also consist of necessary grading, asphalt paving and drainage work on the Premises adjacent to the hanger facility. The Improvements shall be constructed in compliance with all applicable governmental requirements and standards.

3.2 Ownership of Improvements.

The ownership of any Improvements constructed by Lessor and all subsequent additions thereto, and alterations and replacements thereof, shall be governed by Section 5 of the Master Lease and any amendments thereto.

3.3 Construction.

(a) Within two (2) months after execution of this Lease, final plans and specifications shall be prepared for application to the governmental authorities having jurisdiction thereover for any building permits which shall be required in connection with the construction and installation of the Improvements. Within a reasonable time after issuance of all necessary building permits, Lessee shall commence construction of

the Improvements and shall thereafter diligently prosecute construction to completion within six (6) months after issuance of all necessary building permits.

(b) Within ten (10) days from notice by Lessor of substantial completion, Lessee shall have the right to inspect the Improvements to determine that construction is in accordance with the plans and specifications and is suitable for the purposes intended. If Lessee shall find any items reasonably requiring completion, repair or replacement, it shall deliver a list of such items to Lessor within the ten (10) day period, and all such items listed by Lessee shall be completed, repaired or replaced within thirty (30) days.

ARTICLE IV USE

4.1 Conduct of Business.

Lessee shall use the Premises for operation of the San Diego Police Department Air Support Unit and related services. Any other proposed use of the Premises must have the prior written approval of both the Lessor and the Airports Division of the Lessee, which consent shall not be unreasonably withheld. Lessee acknowledges and agrees that a material inducement for Lessor's leasing of the Premises to Lessee was Lessee's agreement that the Premises would be used only for the purposes set forth above. Lessee agrees that any failure by Lessee to comply with each and every provision of this Lease and, in particular, the use restrictions contained in this section shall constitute a material default of this Lease entitling the Lessor, in its sole discretion, to pursue any remedy provided for herein. Without restricting the foregoing, in the event Lessee ceases to use the Premises as restricted herein at any time during the Lease Term, Lessor, at Lessor's option, may elect to terminate this Lease. Lessee shall give notice to Lessor that Lessee intends to cease to use the Premises as restricted herein or, if Lessee requests Lessor to consent to an assignee or sublessee of Lessee's entire interest, notice that such assignee or sublessee intends to utilize the Premises for other than the restricted uses. In such event, if Lessor exercises Lessor's option, the Lease shall be terminated.

4.2 Compliance With Law.

Lessee shall comply with and conform to all laws and regulations, municipal, state and federal, and any and all requirements of any municipal, state or federal board of authority, present or future, in any way relating to the condition, use or occupancy of the Premises throughout the Term.

ARTICLE V
UTILITIES, TAXES AND ASSESSMENTS

5.1 Utilities.

Lessee agrees to pay, before the same become delinquent, all charges for gas, electricity, heat, light, power, telephone and other similar or dissimilar public services furnished to the Premises during the Term, including connection and disconnection charges. Lessor shall not be liable in any way for interruption or failure in the supply of utilities to the Premises, unless such interruption or failure results from the negligent or intentional acts or omissions of Lessor. Lessor agrees to pay all reasonable charges for any sewerage and water services furnished to the Premises.

5.2 Real Property Taxes.

Lessor agrees to pay all Real Property Taxes with respect to the Premises.

5.3 Personal Property Taxes.

Lessee agrees to pay all taxes, if any, levied upon personal property, including Trade Fixtures and inventory.

ARTICLE VI
ALTERATIONS, MAINTENANCE AND REPAIRS

6.1 Alterations.

(a) Subsequent to the completion of the Improvements, Lessee shall make no structural alterations or changes of any nature either to the interior or exterior of the building initially constructed on the Premises, or in the bearing walls, supports, beams or foundations, without the prior written consent of Lessor, which consent will not be unreasonably withheld.

(b) Any plans and specifications showing such structural alterations and changes shall be submitted to Lessor for approval upon the application for such consent.

(c) If during the Term any additions, alterations, improvements or structural alterations in or to the Premises are required by any governmental authority or any law, whether foreseen or unforeseen, ordinary or extraordinary, structural or otherwise, such additions, alterations or improvements shall be made and paid for by Lessee.

(d) Lessee shall notify Lessor in writing of its intention to commence any alteration, installation, addition or improvement, whether structural or not. Lessor shall have the right to post and maintain on the Premises any notices of non-responsibility provided under applicable law and to inspect the Premises in relation to the construction at all reasonable times.

6.2 Maintenance and Repairs.

Lessee agrees, at its sole cost and expense, to maintain the interior of the Premises, throughout the Term, in good condition and repair, ordinary wear and tear excepted. Lessor agrees, at its sole cost and expense, to maintain the exterior of the Premises, including, but not limited to, the roofs, foundations and exterior walls thereof.

6.3 Liens.

(a) After the completion of and payment for the Improvements constructed by Lessor pursuant to Article III herein, Lessee agrees to pay promptly for all labor done or materials furnished for any work of repair, maintenance, improvement, alteration or addition done by Lessee in connection with the Premises, and to keep and to hold the Premises free and clear, and indemnify and hold Lessor harmless of and from, all liens that could arise by reason of any such work.

(b) Lessor shall at all times have the right to post and keep posted on the Premises such notices provided for under the laws of the State of California for the protection of Lessor's interest in the Premises from mechanic's liens or liens of a similar nature.

ARTICLE VII INDEMNITY AND INSURANCE

7.1 Indemnity.

(a) Lessor shall not be liable at any time for any loss, damage or injury to any property or person at any time occasioned by or arising out of any act or omission of Lessee, or of anyone holding under Lessee or the occupancy or use of the Premises or any part thereof by or under the Lessee, or directly or indirectly from any state or condition of the Premises or any part thereof during the Term, except as expressly provided to the contrary elsewhere in this Lease.

(b) Notwithstanding anything to the contrary in this Lease and irrespective of any insurance proceeds made available through Lessee's self insurance or otherwise for the benefit of Lessor, Lessee agrees to protect, defend, indemnify and hold Lessor and the Premises harmless from and to indemnify Lessor and the Premises against any and all claims, demands, damages, costs (including attorneys' fees), liabilities or obligations of whatsoever nature made against or incurred by Lessor arising under this Lease or arising out of or in connection with the operation carried on by Lessee on, or the use or occupancy of, the Premises, excepting only such claims, demands, damages, costs, liabilities or obligations arising out of the negligent or willful misconduct of Lessor.

7.2 Insurance Policies.

Lessee shall maintain its status as a self-insured municipal corporation during the entire Term. In the event that, any time during the Term, Lessee is no longer a self-insured municipal corporation, Lessee shall obtain and maintain during the remainder of the Term, at Lessee's sole cost and expense, the types of insurance coverage as specified herein, in the amounts specified and in the form provided for in this section, subject to Lessor's approval, which will not unreasonably be withheld, of the specific terms and conditions contained in each such policy. Lessee may carry and maintain a Blanket Insurance Policy containing the insurance coverage as required herein.

(a) A policy of public liability and property damage insurance with respect to the Premises and the business operated by Lessee and any subtenants of Lessee in the Premises in which the limits of public liability shall be not less than ONE million Dollars (\$ 1,000,000) per person and ONE million Dollars (\$ 1,000,000) per accident and in which the property damage liability shall be not less than ONE million Dollars (\$ 1,000,000). Lessor shall have the right to require Lessee to increase such insurance limits to such amounts as Lessor shall reasonably require from time to time during the Term.

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(b) Lessor shall provide a policy or policies of fire insurance with standard form extended coverage endorsement, including vandalism and malicious mischief endorsements, to the extent of the full replacement value of the Improvements. The proceeds from any such policy shall be used for the repair or replacement of the Improvements, except as specifically provided elsewhere in this Lease. Lessee shall provide a policy or policies of fire insurance with standard form extended coverage endorsement, including vandalism and malicious mischief endorsements, to the extent of the full replacement value of any of Lessee's improvements to or property upon the Premises. The proceeds from any such policy shall be used for the repair or replacement of Lessee's improvements and/or property.

(c) Lessee shall deliver to Lessor policies evidencing the insurance procured by Lessee, or to deliver in lieu thereof certificates of coverage from the insurance company or companies writing the policy or policies of insurance, which certificates shall, among other things, designate the company writing the same, the number, amount and provisions thereof. Upon Lessor's written request, duplicate copies of such certificates of insurance shall be delivered to Lessor's mortgagees.

(d) All insurance policies acquired by Lessee shall contain a provision that such policies shall not be canceled or terminated without thirty (30) days' prior notice from the insurance company to Lessor. Lessee agrees that on or before ten (10) days prior to the expiration of any such insurance policy, Lessee will deliver to Lessor written notification in the form of a receipt or other similar document from the applicable insurance company stating that the policy or policies have been renewed, or deliver certificates of coverage from another insurance company approved by Lessor for such coverage.

ARTICLE VIII ASSIGNMENT AND SUBLEASING

8.1 Consent of Lessor.

(a) Lessee shall not assign, sublease, mortgage or hypothecate this Lease, in whole or in part, or suffer any person to occupy or use the Premises other than as specifically provided for in this Lease. Subject to the conditions of this Article VIII, Lessor's consent will not unreasonably be withheld. The prohibition against assigning shall be construed to include a prohibition against any assignment by operation of law.

(b) As a condition to its consent, Lessor may require Lessee to pay all expenses in connection with the assignment or subleasing, including attorneys' fees incurred by Lessor, and Lessor may require Lessee's assignee to assume in writing the obligations of Lessee under this Lease.

8.2 No Waiver.

The consent by Lessor to any assignment or sublease shall not constitute a waiver of the necessity for such consent to any subsequent assignment.

8.3 Continuing Liability.

Notwithstanding any assignment or sublease, Lessee shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

ARTICLE IX DESTRUCTION AND RESTORATION

9.1 Destruction of Improvements and Restoration by Lessee.

(a) Should the Improvements be totally or partially damaged or destroyed by whatever cause, and if more than one (1) year, including options, remains of the Term, Lessee shall immediately undertake at its sole cost and expense to make repairs to the Improvements and restore the same to substantially the same condition as they were in immediately preceding such damage or

destruction. Such work shall be done as rapidly as conditions permit. In such event, there shall be no abatement of Rent.

(b) Should the Improvements be damaged as set forth in Section 9.1(a) when there is less than one (1) year remaining in the Term, including options, then Lessee may either restore the Improvements in accordance with Section 9.1(a) or elect to terminate the Lease by giving Lessor a written notice of such election within twenty (20) days of the damages, unless Lessor elects to restore the Premises, in which case Lessor shall be entitled to insurance proceeds, by Lessee's self-insurance or other insurance which indemnifies Lessor as provided by Article VII hereunder, and the Lease shall remain in full force and effect.

9.2 Restoration by Lessor.

In the event Lessor elects to rebuild in accordance with Section 9.1(b), then the following shall occur:

(a) Lessor shall, to the extent of available insurance proceeds, repair or build the Improvements to substantially the same condition as they were in immediately prior to such damage or destruction.

(b) Lessee shall deliver and pay over to Lessor all insurance proceeds which may be paid or available to it. Lessor shall hold the same in trust for the purpose of repairing or rebuilding the Improvements to substantially the same condition as they were in immediately prior to such damage or destruction.

(c) Lessee shall be entitled to reasonable suspension or reduction of the Base Rent during the time required for Lessor's restorations and repair in proportion to the portion of the Premises rendered unusable, taking into consideration the time and extent of interference with the usual conduct of Lessee's business.

9.3 Termination.

Should this Lease be terminated in accordance with this Article IX, any proceeds of insurance, whether from Lessee's self-insurance or otherwise under Article VII hereunder with respect to the Improvements, shall be paid to and become the absolute property of Lessor.

ARTICLE X DEFAULT AND REMEDIES

10.1 Default by Lessee.

The occurrence of any of the following shall constitute a material default and breach of this Lease by Lessee:

(b) Terminate Lessee's right to possession by any lawful means or pursuant to Section 10.2(a) above, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee, subject to any limitations imposed by law, all damages incurred by Lessor by reason of Lessee's default, including, without limitation thereto, the following: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that is proved could be reasonably avoided; plus (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom; plus (v) at Lessor's election, such other amounts, in addition to or in lieu of the foregoing, as may be permitted from time to time by applicable state law. Upon any such re-entry, Lessor shall have the right to make any reasonable repairs, alterations or modifications to the Premises, which Lessor in its sole discretion deems reasonable and necessary.

10.3 Lessor's Rights Cumulative.

The rights, powers, elections and remedies of Lessor contained in this Lease shall be construed as cumulative, and no one of them is or shall be considered exclusive of the others or exclusive of any rights or remedies allowed by law, and the exercise of one or more rights, powers, elections or remedies shall not impair Lessee's right to exercise any other.

10.4 Payment by Lessor.

If Lessee shall be in default in the performance of any covenant on its part to be performed under this Lease, then, after notice and without waiving or releasing Lessee from the performance thereof, Lessor may, but shall not be obligated to, perform any such covenant and, in exercising any such right, pay necessary and incidental costs and expenses in connection therewith. All sums so paid by Lessor, together with interest thereon at the rate of ten percent (10%) per annum, shall be deemed additional Rent and shall be payable to Lessor upon demand.

10.5 Default by Lessor.

Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor specifying wherein Lessor has failed to

perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance, then Lessor shall not be in default if Lessor commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

ARTICLE XI GENERAL PROVISIONS

11.1 Waiver.

The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Rent. No covenant, term or condition of this Lease shall be deemed to have been waived by Lessor, unless such waiver be in writing by Lessor.

11.2 Entire Agreement.

This Lease and the Exhibits attached hereto and forming a part hereof set forth all the covenants, promises, agreements, conditions and understandings between Lessor and Lessee concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than those herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by the party to be charged with their performance.

11.3 No Partnership.

Lessor shall not by virtue of this Lease, in any way or for any purpose, be deemed to have become a partner of Lessee in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Lessee, nor is Lessee an agent of Lessor for any reason whatsoever.

11.4 Force Majeure.

If either party, except as otherwise herein specifically provided, shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing

acts required under the terms of this Lease, then performance of such act shall be excused for the period of delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

11.5 Notice.

When a notice or demand given hereunder shall be in writing, such notice or demand shall be given either personally or by registered or certified mail, postage prepaid and addressed to the following address:

If to Lessor:

GIBBS FLYING SERVICE, INC.
8906 Aero Drive
Montgomery Field
San Diego, CA 92123
Attn: William Gibbs

If to Lessee:

THE CITY OF SAN DIEGO
CITY MANAGER
ATTENTION PROPERTY DIRECTOR
CITY ADMINISTRATION BUILDING
202 C Street M.S. 95
San Diego, California 92101-415

The date of service of the notice or demand shall be the date of actual personal service or the postmark on the registered or certified mail, as the case may be. Either party hereto may designate a different address for the receipt of notice by a written notice served upon the other party in accordance with this provision.

11.6 Partial Invalidity.

If any term, covenant or condition of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

11.7 Time of Essence.

Time is of the essence of this Lease and of each provision.

11.8 Successors and Assigns.

Each and all of the covenants, conditions and restrictions in this Lease shall inure to the benefit of and shall be binding upon the successors-in-interest of Lessor and Lessee. No rights, however, shall inure to the benefit of any assignee of Lessee unless the assignment to such assignee has been approved by Lessor in writing.

11.9 Attorneys' Fees.

Should either party commence any legal action, proceeding or arbitration against the other based on this Lease, the prevailing party shall be entitled to an award of reasonable attorneys' fees.

11.10 Counterparts.

This Lease may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

11.11 Effective Date.

The submission of this Lease by Lessee does not constitute a reservation of or option for the Premises, and the Effective Date of this Lease shall occur only upon execution and delivery hereof by Lessor and Lessee, and delivery of the executed Lease by Lessee to Lessor. Unless otherwise agreed by the parties in writing, the Effective Date shall be the date and year first above written.

11.12 Incorporation of Exhibits.

All exhibits attached hereto are expressly incorporated herein and made a part hereof by this reference.

IN WITNESS WHEREOF, this Lease Agreement is executed by THE CITY OF SAN DIEGO, acting by and through its City Manager, and GIBBS FLYING SERVICE, INC., acting by and through its lawfully authorized officers.

LESSEE:

THE CITY OF SAN DIEGO

Date: May 23, 1989

By: [Signature]
ASSISTANT TO THE City Manager

(Signatures continued on next page.)

R-273254

LESSOR:

Gibbs Flying Service, Inc

Date: April 17, 1989

By: William Gibbs, Vice President

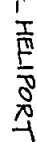
By: _____

APPROVED as to form and legality this 23 day of May,
1989.

Date: [Signature]

By: [Signature]
Deputy City Attorney

d/jrh/jc
AG002JRH

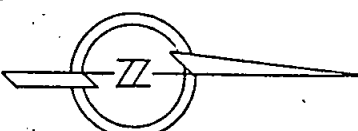


VICINITY MAP

- HELIPORT

PREMISES: THE PORTION OF AREA 1A AND 1B LABELED "EXCLUSIVE RIGHTS" AND THE BUILDING KNOWN AS 8913 ALSO DRIVE, LOCATED ON THE GIBBS FLYING SERVICE, INC. LEASEHOLD, 100 HORTONCREST FIELD, SAN DIEGO, CA. SEE DOCUMENT 7318187, DATED 7/18/85, AS AMENDED, INCLUDING NON-EXCLUSIVE RIGHTS IN COMMON WITH OTHER TENANTS AND LESSOR TO USE THE FACILITIES, DRIVEWAYS AND PARKING AREAS ON THE GIBBS FLYING SERVICE, INC. LEASEHOLD.

Exhibit A



DATE: AUG 15, 1988
DRAWN BY: L. FALKENBERG

Gibbs Flying Service, Inc.
8906 Aero Drive San Diego, Ca

SAN DIEGO POLICE AIR SUPPORT
UNIT HANGAR

AERO DRIVE

PORTION OF MONTGOMERY FIELD, CITY OF SAN DIEGO
PER DRAWING 13246-2-D

PROPERTY LINE --- 1" = 50 FT.



SHEET NO.

EXHIBIT B

Improvements to be constructed for occupancy by the San Diego Police Department Air Support Unit shall be in accordance with those Plans prepared by De Reamer and Associates as approved by Assistant Chief of Police, Norm Stamper, October 14, 1988 and as approved for City Building Permit per Plan File Number A009883-88.

RESOLUTION NUMBER R- 289209

ADOPTED ON SEP 23 1997

WHEREAS, in 1989, The City of San Diego ("City") and Gibbs Flying Service, Inc. ("Gibbs") executed a lease, that is now on holdover, for a Police Air Support Unit facility at Montgomery Field, which includes a large hanger/office and helipad; and

WHEREAS, the City also leases a small aircraft storage hangar from Gibbs on a month-to-month agreement and desires to add this facility to the 1989 lease by a First Amendment to Lease Agreement; NOW, THEREFORE,

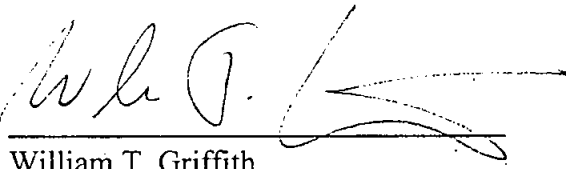
BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager be and is hereby authorized to execute a First Amendment to Lease Agreement by and between City and Gibbs, extending the lease term one year, commencing on July 1, 1997, with an option to extend the term one more year and with up to three additional one-year options (through May 31, 2002) if Gibbs exercises its option on a separate ground lease (Master Lease) it has with City, as more particularly described in said First Amendment to Lease Agreement on file in the office of the City Clerk as Document No. RR- 289209.

BE IT FURTHER RESOLVED, that the City Auditor and Comptroller be and is hereby authorized to expend an amount not to exceed \$45,986.04 for FY 98 from Fund 10118 for this

purpose.

APPROVED: CASEY GWINN, City Attorney

By

A handwritten signature in dark ink, appearing to read 'W. T. Griffith', is written over a horizontal line.

William T. Griffith
Deputy City Attorney

WTG:cdk
08/18/97
Or.Dept:REA
R-98-182