DUPLICATE

CITY OF SAN DIEGO

FLAT RATE LEASE

DATED APR 27 **2021**

By and Between

THE CITY OF SAN DIEGO

and

MYF PROPERTIES, LLC, a California limitcd liability company, dba EXECUTIVE AIRPARK

DOCUMENT NO RR-313508
FILED APR 27 2021
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

TABLE OF CONTENTS

SECTION 1. PREMISES AND USES **1**

1.1. Premises 1

1.2. Uses 2

1.3. Duties and Prohibited Conduct 3

1.4. Compliance with Laws 3

1.5. Related Council Actions 4

1.6. Quiet Possession 4

1.7. Easements and Reservations 4

1.8. Operation of Facilities 5

1.9. Rates and Charges 5

1.10. Political Activities 5

1.11. Parking 5

1.12. No Warranty 5

1.13. Fuel Farm 5

SECTION 2. TERM **6**

2.1. Term 6

2.2. Holdover 6

2.3. Quitclaim and Surrender of Lessee's Interest 6

Section 3. RENT **7**

3.1. Time and Place of Payments 7

3.2. Rent Amount 7

3.3. Market Value Adjustments 8

3.4. Lessee Special Events 9

3.5. Security Deposit 9

3.6. City's Right to Inspect and Audit 9

3.7. Delinquent Rent 10

3.8. Unauthorized Use Charge 11

Section 4. ASSIGNMENT AND SUBLEASING **11**

4.1. Time is of Essence; Provisions Binding on Successors and Assigns 11

4.2. Assignment and Subletting 11

4.4. Encumbrance 13

4.5. Charter Section 225 14

SECTION 5. DEFAULT AND REMEDIES **14**
5.1. Default 14
5.2. Remedies 15
5.3. Default if Leasehold is Encumbered 15
5.4. Lender Rights 16
5.5. Abandonment by Lessee 16
5.6. Waiver 16
SECTION 6. EMINENT DOMAIN **16**
6.1. Eminent Domain 16
SECTION 7. INDEMNIFICATION AND INSURANCE **17**
7.1. Indemnification and Hold Harmless 17
7.2. Insurance 17
SECTION 8. WASTE, DAMAGE OR DESTRUCTION **20**
8.1. Waste, Damage or Destruction 20
SECTION 9. IMPROVEMENTS, ALTERATIONS, MAINTENANCE AND REPAIRS .. **20**
9.1. Acceptance of Premises 20
9.2. Entry and Inspection 20
9.3. Maintenance 21
9.4. Lessee's Failure to Maintain 21
9.5. Annual Leasehold Compliance Surveys 21
9.6. Building Inspections 22
9.7. Improvements 22
9.8. Ownership of Improvements and Personal Property 22
9.9. Noxious Weeds, Pests, and Erosion 23
SECTION 10. NEW DEVELOPMENT PLAN AND IMPROVEMENTS **23**
10.1. General Development Plan 23
10.2. Permits and Approvals 24
10.3. Liquidated Damages 24
10.4. Minimum Improvement Costs 24
10.5. City's Costs; Indemnity 24
10.6. Onsite and Offsite Utilities 24
SECTION 11. SECURITY OF PREMISES REQUIREMENTS **25**
11.1. Security of Premises 25

SECTION 12. GENERAL PROVISIONS **25**
12.1. Notices 25
12.2. Single Use Plastic Reduction Ordinance 26
12.3. Compliance with Law 26
12.4. City's Consent, Discretion 26
12.5. Construction Requirements 26
12.6. Signs, Antennas and Lighting 26
12.7. Liens 27
12.8. Taxes 27
12.9. Unavoidable Delay 27
12.10. Construction Bond 27
12.11. Nondiscrimination 28
12.12. Accessibility Assessment 28
12.13. Compliance with City's Equal Opportunity Contracting Program. 28
12.14. Partial Invalidity 29
12.15. Number and Gender 29
12.16. Captions 29
12.17. City Employee Participation Policy 29
12.18. Drug-free Workplace 29
12.19. Americans With Disabilities Act 30
12.20. Accessibility Compliance 30
12.21. Standard of Employees 31
12.22. Relocation Payments 31
12.23. Supersedure 31
12.24. Water Quality–Best Management Practices 31
12.25. Reporting Requirements 32
12.26. Hold Harmless, Flood Damage and Other Acts of God 32
12.27. Safety Management Systems Compliance 32
12.28. California Public Records Act 33
12.29. Equal Benefits 33
12.30. Equal Pay Ordinance 33
12.31. Hazardous Substances 34
12.32. Entire Understanding 35
12.33. Interpretation 35

12.34. Counterparts and Signature Pages 36
SECTION 13. FAA REQUIREMENTS 36
13.1. Lessee's Use and Construction to Conform to Federal Aviation Regulations 36
13.2. Lessee's Noninterference with Aircraft 36
13.3. Agreement Subordinate to City/United States Agreements 36
13.4. Height Limitation 36
13.5. War or National Emergency 37
13.6. Airport Development 37
13.7. Nonexclusive Right 37
13.8. Landing Area Maintenance 37
13.9. FAA Nondiscrimination Covenant 37
13.10. Equal Opportunity 38
13.11. City to Mitigate Impacts of Subordination 38
13.12. Employee Conduct 38
13.13. Minority Business Policy 38
13.14. Right of Flight 38
13.15. No Interference with Aircraft 38
13.16. Provisions to be Included in All Pertinent Documents 39

CITY OF SAN DIEGO
FLAT RATE LEASE

THIS FLAT RATE LEASE (this "**Lease**") is made by and between the CITY OF SAN DIEGO, a California municipal corporation ("**City**") and MYF PROPERTIES, LLC, a California limited liability company, *dba* Executive Airpark (whose parent is MYF HOLDINGS, LLC, a Delaware limited liability company) ("**Lessee**"), to be effective on May 28, 2021 ("**Effective Date**") when signed by the parties and approved by the San Diego City Attorney. City and Lessee being herein sometimes referred to as a "**Party**" or "**Parties.**" DS Initial

RECITALS

A. City owns that certain real property, as defined in Section 1.1 below, and more specifically depicted and described in **Exhibits A and A-1,** respectively (the "**Premises**").

B. City desires to lease to Lessee and Lessee desires to lease from City the Premises pursuant to the terms and conditions set forth in this Lease.

C. On April 27, 2021, the City Council of City approved the award of this Lease to Lessee pursuant to Lessee's response to the Airport Request for Proposal No. 4, issued on April 22, 2020. DR Initial

D. On April 30, 2021, that certain Lease Agreement entered into between the City of San Diego and Gibbs Flying Service, Inc., a California corporation, ("**Gibbs**") on file with the City Clerk as Document No.: 732107, dated May 19, 1970, as amended, and that certain Flat Rate Lease entered into between the City of San Diego and Gibbs on file with the City Clerk as Document No.: 273253, filed on April 17, 1989 (collectively, the "**Prior Leases**") for the Premises, which were in holdover status, were assigned to Lessee by Gibbs, and Lessee assumed all of the rights and obligations of Gibbs under the Prior Lease, including ownership of all of the fixtures and improvements owned by Gibbs pursuant to the terms and conditions of the Prior Leases, including any trade fixtures, pursuant to an Assignment and Assumption Agreement entered into between Lessee and Gibbs, and consented to by the City on May 24, 2021. DR Initial

E. The Parties intend that this Lease shall supersede and replace, in all respects, the Prior Leases as of the Commencement Date, and that pursuant to the terms and conditions of this Lease, Lessee will continue to own all fixtures and improvements, including any trade fixtures, that Lessee (or prior to Lessee, Gibbs) owned under the terms and conditions of the Prior Leases during the Term (as defined in Section 2.1) of 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 all of that certain real property situated at Montgomery-Gibbs Executive Airport (the "**Airport**") in the City of San Diego, County of San

Diego, State of California, consisting of approximately 26.2 acres of land, more particularly depicted on **Exhibit "A"** Premises and more particularly described in **Exhibit "A-1"** Legal Description and by this reference made part of this Lease. 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.

1.1.1 Improvements and Fixtures Existing on the Premises. As of the Commencement Date, the Premises is improved with certain facilities set forth and described in **Exhibit "A-2"** Schedule of Existing Improvements (the "**Existing Improvements**"), Exhibit "A-3"Schedule of Sublessee Improvements, consisting of 34 privately-owned Port-a-Ports and one privately-owned hangar, ("**Sublessee Improvements**"), and **Exhibit A-4** Schedule of Existing Trade Fixtures consisting of additional Lessee-owned trade fixtures, including a Fuel Farm (as defined in Section 1.13) (the "**Trade Fixtures**"). Prior to the Effective Date of this Lease, (i) the Existing Improvements and the Trade Fixtures have all been transferred, by quitclaim deed (the "**Gibbs Quitclaim Deed**"), to Lessee pursuant to the Assignment and Assumption of Lease Agreement for the Prior Lease between Lessee and Gibbs; and (ii) Lessee has caused the Gibbs Quitclaim Deed to be recorded in the office of the San Diego County Recorder. By signing this Lease, Lessee expressly accepts the Premises with the Existing Improvements, the Sublessee Improvements, and the Trade Fixtures in their as-is condition, and waives all claims against City and its elected officials, officers, employees, representatives and agents for any burden, expense or loss which Lessee incurs as a result of any dispute, directly or indirectly regarding, the existence, acquisition title to, and condition of the Existing Improvements, the Sublessee Improvements, or the Trade Fixtures (any such dispute being hereinafter referred to as a "**Claim**"). Lessee agrees to protect, defend, indemnify and hold City and its elected officials, officers, employees, representatives and agents harmless from and against any and all costs, expenses, or other damages arising out of City being made a party to a suit regarding a Claim, and all expenses of investigating and defending against same, including without limitation attorney fees and costs. 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.

1.1.2 City's Right to Option Area I Property. Lessee acknowledges and agrees that beginning on the first day of the fifteenth (15th) Lease Year (as defined in Section 2.1 below), City reserves the right to take back, in whole or in part, an approximately 298,570 square foot portion of the Premises, as set forth on **Exhibit "A,"** which shall be referred to herein as the "**Option Area I Property,**" by providing Lessee with one year's prior written notice. City shall not be required to pay Lessee to take back all or any portion of the Option Area I Property; provided however, that (1) City shall reduce Lessee's Rent (as defined in Section 3 below) in proportion to the amount of land taken back; and (2) this Lease shall be amended by the parties to exclude the Option Area I Property from the Premises, without further City Council resolution.

1.2. Uses. It is expressly agreed that the Premises are leased to Lessee solely and exclusively for the following allowed uses ("**Allowed Uses**"): (1) a fixed based operation (a "**FBO**") aeronautical business; (2) special events (each, a "**Lessee Special Event**") subject, in each instance to: (i) prior written approval from the Airport Deputy Director for the specific Lessee Special Event, not to be unreasonably withheld, delayed or conditioned, and (ii) Lessee having

secured all applicable local, state and federal approvals and permits (now existing or established in the future), including, but not limited to, a Special Event Permit from City's Special Events Department, if applicable, and all required signoffs/permits from City's Fire Department and/or other regulatory departments/agencies; (3) all other lawful uses reasonably related to the operation of an FBO; (4) Commercial Aeronautical Services, provided that Lessee meets the City Airport's Minimum Operating Standards for such services and activities; and (5) and such other uses as may be first approved in writing by City. Any use of the Premises other than as permitted pursuant to this Section 1.2 shall be considered a default pursuant to Section 5.1 below and shall entitle City to the remedies set forth in Section 5.2 below.

Lessee covenants and agrees to use the Premises for the Allowed Uses continuously throughout the Term (as defined in Section 2.1, below) as permitted pursuant to this Section 1.2.

1.3. Duties and Prohibited Conduct. The Allowed Uses shall serve and be offered to the 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 1.3, "competent and efficient manner" shall mean demonstrated ability in the management and operation of a FBO and such other Allowed Uses conducted on the Premises from time to time during the Term, 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 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, sublessees, permittees, contractors, licensees, and invitees ("**Lessee's Parties**"), only within receptacles provided by Lessee and located in the areas designated by City.

1.4. Compliance with Laws. Lessee, at Lessee's sole cost and 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. 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 City is a party to such action or proceeding, that Lessee, or any of 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 (collectively, "**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

1.5. Related Council Actions. 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" used herein includes but is not limited to all rezoning, variances, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the Premises. Lessee shall be solely responsible for processing all land use, development, and construction approvals required for the use, occupancy and development pursuant to the General Development Plan, set forth in Section 10.1, below, 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.

1.6. Quiet Possession. By paying the Rent and performing the covenants and agreements herein, Lessee shall at all times during the Term peaceably and quietly have, hold, and enjoy the Premises. If for any reason during the Term 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.

1.7. Easements and Reservations. City hereby reserves (i) 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; (ii) 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; and (iii) the right to enter the Premises for the purpose of making repairs to, or developing, municipal resources and services.

No right reserved by City in this Section 1.7 shall be so exercised by City as to unreasonably interfere with the use of any or all of the Premises by Lessee. City agrees that should the exercise of any of the rights reserved by City in this Section 1.7 unreasonably interfere with the use of any or all of the Premises by Lessee, the Rent shall be reduced as follows; for every full day of such unreasonable interference, City shall credit Lessee one (1) day of Rent in proportion to the area affected. For purposes of this Section 1.7, "unreasonably interfere with the use of any or all of the Premises" shall mean Lessee is completely prevented from conducting the Allowed

Uses on the affected area. 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 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.

1.8. 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.

1.9. 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.

1.10. 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, (1) 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; and (2) the foregoing restriction shall not apply to the use of the Premises by any candidate or campaign organization for transportation, or the storage or maintenance of aircraft or related equipment.

1.11. 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.

MYF Properties, LLC has certain leasehold interests in the Airport other than the Premises, and certain employees, customers, or sublessees other than those who are primarily involved with Executive Air. Notwithstanding anything to the contrary contained herein (unless the context clearly requires otherwise), this Lease shall not be interpreted to apply to such other leasehold interests or such other employees, customers, or sublessees.

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

1.13. Fuel Farm. Lessee shall store and dispense aviation fuels only from Lessee- owned fuel tanks existing or to be constructed on the Premises (collectively, "**Fuel Farm**"). Said tanks shall remain the property of Lessee and shall be removed at the expiration or termination of this Lease. Lessee shall be responsible for maintaining all of Lessee's fuel tanks and the replacement, as necessary, of fuel filters and hoses. Fuel Farm tanks and dispensing vehicles shall be required to conform to all fueling and fire safety standards as contained in the Uniform Fire Code, National

Fire Protection Association standards, Federal Aviation Administration Advisory Circular 150 series and Federal Air Regulations, as may be amended. Failure to maintain said Fuel Farm/fuel tanks and dispensing vehicles to fire safety standards is a breach of this Lease.

Lessee shall pay the fuel flowage fees in accordance with a schedule of fees and charges set by City of San Diego Municipal Code Section 68.0119. It is understood and agreed that fuel flowage fees are determined by the latest approved Fee Schedule established for all leases at the airports. The fuel flowage fees schedule is subject to change by City during the term of this Lease.

Lessee shall maintain books, records and accounts in such form and detail as the City Treasurer may reasonably require, which shall adequately and correctly reflect and account for all aviation fuels delivered to Lessee at the Premises.

SECTION 2. TERM

2.1. Term. The term of this Lease shall be forty (40) years ("**Term**") and shall commence on the first day of the calendar month following the execution of this Lease by the Parties and approval as to form by the City Attorney's Office (the "**Commencement Date**"). The Commencement Date shall be memorialized by City pursuant to the "**Notice of Commencement Date**" as attached hereto as **Exhibit "C"**. The Term, if not otherwise hereafter extended, amended, or earlier terminated, shall expire on the date that is forty (40) years after the Commencement Date. "**Lease Year**" as used in this Lease shall mean the first 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 and both Parties agree that the presumption contained in California Civil Code section 1945 shall not be applied to any such period of holding over. The Parties specifically intend that 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 to the then market value and either Party shall have the right to terminate the holdover tenancy at will upon thirty (30) days written notice.

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 in substantially the form attached hereto as **Exhibit "D."** 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 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.

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 Amount. The initial monthly rent ("**Rent**") for the Premises shall be Forty-eight Thousand Two Hundred Fifty Dollars ($48,250). The Rent is subject to adjustment (pursuant to the CPI Index Adjustment Dates set forth in Section 3.2.1 below) based on the increases, if any, in the CPI (as defined in Section 3.2.1 below), the market value of the Premises (established as described in Section 3.3 below), and/or the exclusion of the Option Area I Property from the Premises. In the event City decides to exercise its option to take back the Option Area I Premises as set forth above in Section 1.1, the Rent shall be reduced on a pro rata basis. All references to "acreage" are best-effort approximations and shall not be used to affect the rental structure or rental amounts set forth in this Lease or to be utilized in the future.

3.2.1 CPI Adjustments. On the first day of the fifth Lease Year and every ten years thereafter (the "**CPI Adjustment Dates**"), the Rent shall be adjusted upward, and only upward, to reflect any increases in the Consumer Price Index (the "**CPI** ").

The index used will be the CPI for "All Urban Consumers" for Los Angeles, Riverside, Orange County (1982-84 = 100) of the U.S. Department of Labor, Bureau of Labor Statistics. If the CPI is no longer published, the index for adjustment will be the U.S. Department of the Labor's "Comprehensive Official Index" most comparable to the aforesaid index. In the event that such indices are no longer published, then another comparable index or source of such information generally recognized as authoritative will be substituted in City's discretion.

Regardless of the index publication dates, the effective dates of Rent adjustments shall be as specified in this Section 3.

3.2.2 Index Adjustment Computation. The Rent for each monthly rental period following each CPI Adjustment Date shall be determined ninety (90) days prior to the CPI Adjustment Date by multiplying the Rent which is effective immediately prior to said adjustment by the adjustment figure established as follows:

(a) The "**adjustment figure**" shall be established by dividing the current index by the base figure, as defined herein.

(b) The "**current index**" shall be an average of CPI index figures for the months of fourth, fifth and sixth months immediately preceding the adjustment date.

(c) The "**base figure**" for the first such adjustment shall be an average of the CPI index figures for the months of fourth, fifth and sixth months immediately preceding the Commencement Date.

(d) The base figure for each successive adjustment shall be an average of the CPI index figures for the fourth, fifth and sixth months immediately preceding each of the CPI Adjustment Dates or each of the Market Value Adjustment Dates, as defined in Section 3.3 below, as City may determine in accordance with Section 3.3 below.

3.3. Market Value Adjustments. In addition to CPI Adjustments set forth in Section 3.2 above, on the first day of the eleventh Lease Year and every ten years thereafter (the "**Market Value Adjustment Dates**"), City shall adjust the Rent in accordance with a Market Value Adjustment (as defined and calculated as follows).

3.3.1 Commencing one hundred eighty (180) days prior to the applicable Market Value Adjustment Date, City and Lessee shall agree upon the Market Value Adjustment for the Premises. If the Parties are unable to agree upon the Market Value Adjustment within one hundred twenty (120) days after the applicable Market Value Adjustment Date, then the Market Value Adjustment shall be established by a qualified appraiser selected by mutual agreement of the parties from a list of City-approved appraisers ("**Appraiser List**"); the selection shall be made within ten (10) business days after Lessee's receipt of such list. If the parties do not mutually select an appraiser within the 10-day period, then City and Lessee shall each select a qualified appraiser from the Appraiser List who in turn shall confer and mutually select, within ten (10) business days, a third qualified appraiser from the Appraiser List to perform the appraisal. The appraiser's determination of the fair market rental value shall be binding on City and Lessee. In determining the market value of the Premises and the fair market rental value of the Premises, City and Lessee agree that the appraiser will be directed to establish these values as vacant land.

Notwithstanding the foregoing, in no event shall the adjusted Rent, established by periodic appraisals as provided for herein, be less than the Rent in existence immediately prior to any Market Value Adjustment Date. If the fair market rental value is determined to be less than the then current Rent, the Lessee shall continue to pay the then current Rent amount until the next scheduled adjustment date.

3.4. Lessee Special Events. Beginning on the first day of the eleventh (11th) Lease Year, Lessee shall pay City ten percent (10%) of all gross revenue Lessee receives, or is entitled to receive, from any Lessee Special Event approved by City, as set forth in Section 1.2, above. All sums owed to City under this Section 3.4 shall be considered Additional Rent and shall be due and owing to City within thirty (30) days of receipt, or entitlement to receipt, of said sums, and shall be subject to all costs and penalties for delinquent payments hereunder.

3.5. Security Deposit. A security deposit shall be paid to City by Lessee in the sum of One Hundred Forty-four Thousand Seven Hundred Fifty Dollars ($144,750) (the "**Security Deposit**") before the Commencement Date of this Lease. All or any portion of the Security Deposit shall be available unconditionally to City for correcting any default or breach of this Lease by Lessee or Lessee's successors or assigns, or for payment of expenses incurred by City as a result of Lessee's failure to faithfully perform all terms, covenants, and conditions of this Lease. The Security Deposit shall take one of the forms set out below:

3.5.1 Cash. All cash shall be deposited in a City fund, and City shall not be liable to Lessee for any interest thereon. Provided further, any interest earned by City from such deposit or redeposit shall be and remain the property of City.

3.5.2 Instruments of Credit. An instrument(s) of credit from one or more financial institutions, subject to regulation and insurance by the state or federal government, shall pledge that the funds are on deposit and guaranteed for payment and agree that any or all funds shall be paid to City upon demand by City. The financial institution and the form of any instrument pledging the funds must be approved in advance by City.

3.5.3 Maintenance of Security Deposit. Lessee will maintain the required Security Deposit throughout the Term. Failure to do so shall be considered a default pursuant to Section 5.1 below and shall entitle City to the remedies set forth in Section 5.2 below. In the event City utilizes all or any portion of the Security Deposit as a result of Lessee's default, Lessee shall deposit an amount equal to all or any portion of the Security Deposit that was used by City with City within ten (10) days of notice from City to bring the Security Deposit up to the full specified amount.

3.5.4 Return of Security Deposit. The Security Deposit or any balance thereof will be returned to Lessee in compliance with California law following expiration or earlier termination of this Lease, provided Lessee has faithfully complied with all terms, covenants, and conditions hereof or has cured any default under this Lease.

3.5.6 Increase of Security Deposit. The Security Deposit may be increased by City proportionate to any increased performance or rental liability of Lessee upon sixty (60) days prior written notice from City of such required increase.

3.6. 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 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 if applicable, 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 for a specific Lease Year shall terminate for each Lease Year on the date five (5) years after the end of that Lease Year.

3.6.1 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; or

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

3.6.2 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.

3.7. Delinquent Rent. If Lessee fails to make any payment of Rent or 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.

3.8. 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 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 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, which include but are not limited to the requirements set forth in Sections 7 and 13. City shall require, as a condition to approval of any sublease of the majority portion of the leasehold, or any assignment, that Lessee pay additional consideration to City, as set forth in Section 4.3, Equity Sharing, hereof, payable as of the effective date of such proposed Major Sublease, as defined in Section 4.3, below, or any assignment, and may further

require that this Lease or the requested sublease otherwise be revised to comply with then current City lease provisions.

4.2.1 Consent to Existing Sublessee. Under the Prior Lease, City consented to Gibbs subleasing portions of the Premises to the individuals and/or entities listed in **Exhibit C-1** Schedule of Existing Sublessees ("**Existing Sublessees**"). Lessee may, without additional consent from and without paying additional fees therefore to the City, enter into new subleases with the Existing Sublessees, provided that Lessee does so using the "form of" Sublease attached as **Exhibit C-2** without any substantive changes and the sublease is for the same portion of the Premises currently subleased by that Existing Sublessee. Lessee acknowledges that, City's consent is conditioned upon the following:

(a) Subordination. All terms and conditions of this Lease shall control and supersede any inconsistent or contrary provisions in any sublease executed between Lessee and each Existing Sublessee. Any sublease executed between Lessee and each Existing Sublessee listed is and shall be subordinate to this Lease in all aspects and City shall not be bound by any term or conditions in any such sublease.

(b) Lease Provisions. Without releasing Lessee from any obligation under this Lease, Lessee shall ensure that each Existing Sublessee assumes and shall perform the obligations of Lessee under this Lease as and to the extent such obligations are applicable to the portion of the Premises subleased to each Existing Sublessee or use of any common area within the Premises by each Existing Sublessee as set forth in any sublease agreement. CITY's consent is conditioned upon the written agreement by each Existing Sublessee that it will assume all rights and obligations as a sublessee under this Lease, as applicable to each Existing Sublessee as the sublessee of that certain portion of the Premises set forth in any sublease agreement.

(c) Lessee's Obligations. By granting this consent, City does not release, discharge or modify Lessee's obligations to City under this Lease. As set forth in applicable law, Lessee's obligations under this Lease shall survive any such sublease with an Existing Sublessee and shall continue through the Term of this Lease.

(d) No Modification of Master Lease or Sublease. This consent shall not be deemed or construed to modify, waive impair, or affect any of the terms and conditions of this Lease.

(e) Additional Subleases. For any other sublessees, or for subleases to Existing Sublessees for additional portions of the Premises or for additional periods of time beyond that provided for in the "form of" Sublease attached as **Exhibit C-2**, Lessee shall provide City with all applicable information therefor, and pay all City fees, for all subleases for which Lessee seeks City's Consent. Lessee shall not enter into any additional subleases without obtaining the City's consent thereto. Any unconsented-to sublessees occupying space on the Premises shall be considered a default pursuant to Section 5.1 below and shall entitle City to the remedies set forth in Section 5.2 below.

Equity Sharing . Lessee agrees that as additional consideration for this Lease, and in addition to all other Rents payable to City, City shall be entitled to participate in any equity

received by Lessee during the Term. For purposes of this Section 4.3, "equity" shall mean any amount paid to Lessee as consideration for an assignment of this Lease or Major Sublease of the Premises; provided, however, equity shall not include any base rents or additional rents payable to Lessee by its subtenants. "**Major Sublease**" shall mean any sublease or series of subleases entered into by Lessee that constitute a single related transaction which individually or cumulatively involves twenty-five (25%) percent or more of the total acreage of the Premises, except for Permitted Transactions, as defined in this Section 4.3. In addition, equity shall include any proceeds of a loan secured by Lessee's leasehold interest in the Premises which are not expended for permanent leasehold improvements. In the event of any action resulting in equity as described above, Lessee agrees that City shall be entitled to a payment equal to two percent (2%) of any such equity. For purposes of calculating such payment, equity shall be the total consideration resulting from the transaction including total cash payments and the market value of non-cash consideration, including, but not limited to, stocks, bonds, deferred payments, secured and unsecured notes and forbearances, regarding claims and judgments. Lessee also agrees that as a condition to consenting to any assignment or Major Sublease, City shall be entitled to a payment equal to two percent (2%) of the value of all consideration payable on a lease or on the full sale price for any Lessee-owned buildings, hangars or other structures, or any portion thereof on the Premises upon the Commencement Date of this Lease. City shall also be entitled to a payment equal to two percent (2%) of the value of all consideration payable on a lease or on the full sale price for any buildings, hangars or other structures, or any portion thereof built on the Premises pursuant to **Exhibit "B"** General Development Plan; provided, however, for avoidance of doubt the immediately foregoing covenant shall not apply to Lessee taking possession of the Premise, the Existing Improvements, or the Trade Fixtures as set forth in this Agreement. Prior to City's consent to any assignment, Major Sublease or refinancing, Lessee shall deliver to City a written statement of all sums due and owing to City from Lessee pursuant to the provisions of this paragraph together with a written acknowledgment of accuracy of Lessee's written statement from the proposed assignee, sublessee or lender of the amount due City. The sum due City shall be payable in full to City concurrent with the closing of the transaction, whether it be an assignment, a Major Sublease or a refinancing. In the case of a Major Sublease which provides for periodic payment of rent, City shall be entitled to ten percent (10%) of the difference between the Rent paid by Lessee to City and the rent paid by the sublessee to Lessee, which amounts shall be added to the Rent paid to City. Any assignment, subletting or refinancing in violation of the terms and conditions of this paragraph shall be void. The provisions of this paragraph shall not apply to the following "**Permitted Transactions**":

4.3.1 an assignment or transfer of a beneficial interest in Lessee's leasehold estate resulting from a devise, bequest, or intestate succession for the benefit of Lessee's principal owner or chief executive officer (if Lessee is other than an individual);

4.3.2 such other assignment or transfer due to a reorganization or other activity of Lessee which City reasonably determines does not result in a substantial change with respect to the direct or indirect legal and equitable ownership interests in Lessee, or in the legal or fictitious name of Lessee, because there is no material change in the equity, in the beneficial use of, or in the legal title to the leasehold as an asset or the income produced thereby.

4.4. Encumbrance. Subject to receipt of City's prior written consent, which shall not be unreasonably withheld, Lessee may encumber its leasehold estate, and those permanent improvements that Lessee has constructed on the Premises during the Term of this Lease, by a

deed of trust, mortgage, chattel mortgage, or other security instrument to secure the payment of a promissory note or notes of Lessee, upon the express condition that the proceeds of such loan or loans be devoted exclusively to the purpose of developing the Premises in accordance with **Exhibit "B"** General Development Plan. However, no more than ten percent (10%) of the loan proceeds may be disbursed for payment of incidental costs of construction, including but not limited to the following: off-site improvements for service of the Premises; escrow charges; premiums for hazard insurance or other insurance or bonds required by City; title insurance premiums; reasonable loan costs such as discounts, interest, and commissions; and architectural, engineering, and attorneys' fees and other normal expenses incidental to such construction.

All encumbrances consented to pursuant to this Section 4.4 shall be for the exclusive purpose of development of the Premises. In the event any such approved deed of trust or mortgage or other security agreement should at any time be in default and be foreclosed or transferred in lieu of foreclosure, City will accept such City-approved mortgagee or beneficiary thereof as its new tenant under this Lease with all the rights, privileges, and duties granted and imposed in this Lease.

Upon prior written approval by City, said mortgagee or beneficiary may assign this Lease to its nominee, if, in the opinion of City, the nominee is a reputable, qualified, and financially responsible person or entity. Any deed of trust, mortgage, or other security agreement shall be subject to all of the terms, covenants, and conditions of this Lease and shall not be deemed to amend or alter any of the terms, covenants, or conditions hereof.

4.5. 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.

5.4. Lender Rights. 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.

5.5. 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.

5.6. 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. Indemnification and Hold Harmless. Lessee will protect, defend, indemnify, and hold City and its elected officials, officers, employees, representatives, and agents 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 officers, employees, invitees, guests, agents, or contractors, which arise out of or are in any manner directly or indirectly connected with this Lease or Lessee's occupancy, use, development, maintenance, restoration, or improvement of the Premises, and all expenses of investigating and defending against same, including without limitation attorneys' fees and costs; provided, however, that Lessee's duty to indemnify and hold City harmless will not include any established liability arising from the sole negligence or willful misconduct of City and its elected officials, officers, employees, representatives, and agents. City may, at its own discretion, conduct the defense, or participate in the defense, of any claim related in any way to this indemnification. If City elects 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 will pay City for all costs related thereto, including, without limitation, reasonable attorneys' 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 (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits of at least Ten Million Dollars ($10,000,000) per occurrence, subject to an annual aggregate of at least Twenty Million Dollars ($20,000,000); 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. Non-licensed vehicles operated on the movement area will require coverage in an amount not less than Five Million Dollars ($5,000,000) combined single limit per occurrence for bodily injury, personal injury, and property damage.

(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 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 4.4, 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 or Two Million Dollars ($2,000,000) per occurrence for automobiles operated on airside. 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) and shall be endorsed with a waiver of subrogation in favor of the City. This provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

(e) Hangar Keeper's Insurance, sufficient to cover replacement cost and aircraft stored for others, but no less than Ten Million Dollars ($10,000,000).

(f) Aircraft and Airport Operations Liability Insurance. On an "occurrence" basis, including products and completed operations, property damage, bodily injury with limits no less than Ten Million Dollars $10,000,000 per occurrence, including owned and non-owned aircraft coverage.

(g) Pollution Legal Liability and Remediation and/or Errors and Omissions Insurance. Pollution Legal Liability and Remediation and/or Errors and Omissions applicable to underground or above ground fuel storage tanks, fueling or refueling operations with a limit no less than $5,000,000 per claim or occurrence and $5,000,000 aggregate per policy period of one year. This policy shall include coverage for bodily injury, property damage personal injury and

environmental site restoration, including fines and penalties in accordance with applicable United States Environmental Protection Agency or state regulations.

7.2.2 Additional Insureds. Pursuant to a separate endorsement, on form CG 20 10 (11/85) or equivalent, "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 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) 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) 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 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 a default pursuant to Section 5.1 below and shall entitle City to the remedies set forth in Section 5.2 below.

9.6. Building Inspections. City may, at City's sole cost and expense, cause all buildings and structures on the Premises to be inspected not less than every ten (10) years during the Term, beginning on the tenth (10th) Lease Year. Lessee shall cause said inspections to be conducted by a licensed California civil or structural engineer selected by City. As required by Section 9.3 above, Lessee shall cause to be done such repair and maintenance work identified in the judgment of the inspector as being reasonably required, at Lessee's sole cost and expense. Any repair and maintenance work shall not be subject to rent credit to Lessee. Lessee shall submit copies of the inspection reports to City not later than ten (10) calendar days after Lessee's receipt of same and shall seek City's prior written approval for all non-routine maintenance and/or capital repairs identified by the inspector(s).

9.7. Improvements. Other than as set forth in Section 10 below, 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 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 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.

9.8. Ownership of Improvements and Personal Property.

9.8.1 The Existing Improvements and any and all permanent improvements, structures, and installations or additions to the Premises constructed on the Premises by Lessee 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.

9.8.2 If City elects not to assume ownership of all or any improvements, including the Existing Improvements, in- ground plant or tree material, in-ground irrigation and water wells, structures, and installations, City shall so notify Lessee a minimum of one (1) year 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 either (1) quitclaim its interest in any or all 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; or (2) remove all such improvements, in-ground plant or tree material, in-ground irrigation and water wells, structures and installations, as directed by City at Lessee's sole cost and expense on or before lease expiration or earlier termination. If Lessee fails to remove any

improvements, in-ground plant or tree material, in-ground irrigation and water wells, structures, and installations as directed, Lessee agrees to reimburse City for all costs and fees, including attorneys' fees, incurred by City involved with said removal and collecting reimbursement for said removal.

9.8.3 Lessee-owned machines, appliances, equipment, trade fixtures, and other items of personal property shall 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 be removed and/or stored by City subject to California law, and Lessee agrees to reimburse City for all costs and fees, including attorneys' fees, incurred by City involved with said removal and/or storage and collecting reimbursement for said removal and/or storage.

9.8.4 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.

9.8.5 Any necessary removal by either City or Lessee which takes place beyond the expiration or earlier termination hereof shall require Lessee to pay Rent to City at the Rent rate in effect immediately prior to said expiration or earlier termination. Said Rent rate will double for each 30-day period, or part thereof, that Lessee remains working at the Premises beyond the first sixty (60) days from the expiration or earlier termination date.

9.8.6 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.

9.9. 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. NEW DEVELOPMENT PLAN AND IMPROVEMENTS

10.1. General Development Plan. Notwithstanding anything to the contrary contained herein, Lessee shall make certain improvements to the Premises as set forth in the General Development Plan, described in **Exhibit "B"** General Development Plan and depicted on **Exhibit "B-1"** Master Leasehold Map, attached hereto and made a part hereof. City and Lessee understand, acknowledge and agree that reasonable modifications of the General Development Plan may be necessary in connection with the processing of building permits and other approvals from the City of San Diego acting in its regulatory capacity. City's Deputy Director of Airports shall have the authority to approve changes to the General Development Plan for the purposes of compliance with this Lease, when requested by the Lessee in writing, provided that the Lessee meets the Minimum Improvement Cost as defined below for each phase of the General Development Plan. Lessee shall at all times conduct its construction operations so that such operations do not interfere with the normal operation and use of the Airport by City, with the operation and maintenance of the transient ramp, with the monitoring and sampling of groundwater, or other monitoring

components, and the public and other persons and organizations entitled to use of the same. Lessee shall secure City's prior written approval to commence work on the improvements set forth in **Exhibit "B"** General Development Plan and depicted on **Exhibit "B-1"** Master Leasehold Map.

10.2. Permits and Approvals. Lessee shall, at its sole cost and expense, seek and obtain all necessary development permits and approvals, including environmental clearance for the General Development Plan, required for developing the Premises pursuant to the General Development Plan. Prior to commencing any work on the Premises in accordance with the General Development Plan, Lessee shall (1) submit detailed construction plans and specifications to the applicable City departments (e.g., Development Services Department); and (2) secure all required permits and approvals from all competent governmental authorities for all work set forth in the General Development Plan, including final review pursuant to the California Environmental Quality Act ("**CEQA**"). For the avoidance of doubt, approval of this Lease does not foreclose all options, alternatives or mitigation measures for purposes of CEQA. If Lessee fails to secure all required permits and approvals from all competent governmental authorities to commence work on the Premises in accordance with Phase I of the General Development Plan within twenty-four (24) months from the Commencement Date, Lessee shall have the option to terminate this Lease or if these approvals are not obtained within forty eight (48) months, the parties shall terminate this Lease pursuant to a lease termination agreement in a form approved by the San Diego City Attorney, without the need for further City Council resolution.

10.3. Liquidated Damages. The Parties agree that the damages to City resulting from Lessee's failure to materially complete the improvements identified in the General Development Plan by the scheduled completion dates would be extremely difficult to determine. Therefore, the Parties agree that if Lessee fails to complete the General Development Plan as required by this Lease by the scheduled completion dates and such failure is not attributable to an unavoidable delay, in accordance with Section 12.9 below, Lessee shall pay to City the amount of Two Hundred Dollars ($200) as liquidated damages, and not as a penalty, for each day after the applicable scheduled completion date until completion of the improvement. Such liquidated damages shall be deemed Additional Rent due and payable upon City's demand therefor.

10.4. Minimum Improvement Costs. Lessee agrees to spend a minimum of Sixteen Million Thirty Five Thousand Eight Hundred Eighty One Dollars ($16,035,881) on all the improvements described in the General Development Plan, as set forth in **Exhibit "B"** General Development Plan and depicted on **Exhibit "B-1"** Master Leasehold Map.

10.5. City's Costs; Indemnity. In addition to all fees, costs, etc., required to be paid by Lessee for the processing of its construction plans through City's Development Services Department, or any other regulatory agency, Lessee shall reimburse City for all reasonable out-of-pocket costs and expenses (including, without limitation, any architect and/or engineer fees) incurred by City in approving or disapproving Lessee's plans for any improvements. Lessee shall be liable for and shall indemnify and defend City from any claim, demand, lien, loss, damage or expense, including reasonable attorneys' fees and costs, arising from Lessee's construction or installation of any improvements permitted under this Lease.

10.6. Onsite and Offsite Utilities. City shall assist in determining location of existing utilities by providing Lessee with any surveys on file with City. Nothing set forth in Section 10.5

shall affect the provisions of Section 12.25 below. All utilities will be installed underground, at Lessee's sole cost and expense, upon prior written approval by City of the utility installation and location thereof.

SECTION 11. SECURITY OF PREMISES REQUIREMENTS

11.1. 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 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 City prior to construction. Lessee shall provide lighting adequate, in the judgment of 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 12. GENERAL PROVISIONS

12.1. 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: Director Real Estate Assets
1200 3rd Ave, Suite 1700
San Diego, CA 92101

Lessee:

Executive Airpark
Attn: David S. Ryan
3753 John J. Montgomery Dr.
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.

12.1.1 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.

12.2. Single Use Plastic Reduction Ordinance. Unless an exception applies, Lessee will comply with the Single Use Plastic Reduction Ordinance codified in San Diego Municipal Code sections 66.0901 through 66.0907. By signing this Lease, Lessee certifies that it will comply with the requirements of the Single Use Plastic Reduction Ordinance throughout the Term.

12.3. 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 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).

12.4. 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 or required by law. City's discretionary acts hereunder shall be made in the Mayor's discretion, unless otherwise expressly provided or required by law.

12.5. 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 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 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.

12.6. 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 City, which approval shall be within City's sole discretion. Lessee shall submit

sketches of proposed antennas and signs to 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.

12.7. 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 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.

12.8. 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.

12.9. 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.

12.10. Construction Bond. If Lessee constructs improvements on the Premises, City may at any time require Lessee to deposit with City a faithful performance bond in the amount of one hundred percent (100%) of the estimated cost of the work to be performed. The bond may be in cash or may be a corporate surety bond or other security satisfactory to City. The bond shall insure that the work commenced by Lessee will be completed in accordance with the plans approved by City or, at the option of City that the uncompleted work will be removed and the Premises restored

to a condition satisfactory to City. The bond or cash shall be held in trust by City for the purpose specified above, or at City's option may be placed in an escrow approved by City.

12.11. Nondiscrimination. This Lease is made and accepted upon and subject to the covenant and condition, which will run with the land, that Lessee or any person claiming under or through Lessee will not establish or allow any discrimination against or segregation of any person or group of persons on account of race, color, religion, gender, gender identity, gender expression, disability, sexual orientation, marital status, national origin, ancestry, familial status or source of income in the possession, use or occupancy of the Premises or in the selection, location, number, use or occupancy of tenants, subtenants or vendees in the Premises.

12.12. 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.

12.13. Compliance with City's Equal Opportunity Contracting Program.

12.13.1 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.

12.13.2 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 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 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 in this Section 12.13 to be inserted in all subcontracts for any work covered by this Lease so that such provisions will be binding upon each subcontractor.

12.13.3Local 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.

12.14. 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.

12.15. 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.

12.16. 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.

12.17. 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.

12.18. 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:

12.18.1 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.

12.18.2 Establish 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.

12.18.3 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 12.18 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.

12.19. 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 City under Title II of the ADA ("**Title II**") (42 uses§§ 12131- 12165).

12.20. Accessibility Compliance. Lessee will, as applicable to the Premises and Lessee's possession, use, and occupancy of the Premises, comply with all accessibility requirements under California Government Code sections 11135-11139.5; Title 24 of the California Code of Regulations; the Federal Rehabilitation Act of 1973, Section 504, Title V; the Americans with Disabilities Act of 1990 (ADA); and all other applicable state and federal laws, rules, and regulations of competent governmental authority protecting the rights of individuals with disabilities. When a conflict exists between any federal or state accessibility requirements, Lessee will follow the most restrictive accessibility requirement (i.e., that which provides the most access). Lessee's compliance will include without limitation the following:

12.20.1 Lessee will not discriminate against qualified individuals with disabilities in any aspects of employment, including recruitment, hiring, promotions, conditions and privileges of employment.

12.20.2 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.

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

12.20.4 Where required by law, fixtures, structures, or installations on the Premises will comply with municipal, state, and federal accessibility requirements by bringing up to code and making accessible any areas of the Premises which deny access to individuals with disabilities. All improvements and alterations will be at Lessee's sole expense.

12.20.5 Lessee will include language in each sublease which indicates the sublessee's agreement to abide by the provisions of this Section 12.20. Lessee and each of its sublessees will be individually responsible for their own ADA employment programs.

12.20.6 Lessee's failure to comply with the accessibility requirements of this Section 12.20 or submitting false information in response to these accessibility requirements, or both, will be a default of this Lease.

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

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

12.23. Supersedure. It is mutually agreed that as of the Commencement Date this Lease supersedes any previous lease(s) that City and Lessee were Parties to for the lease of the Premises, and that said former lease shall be of no effect between the Parties except as to any Rents and other monies that may have accrued and are still owing and as to all other rights, obligations remedies, etc., which were intended to survive the expiration or earlier termination of that lease (including, but not limited to, indemnifications, insurance coverage).

12.24. 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 City's precious water resources. It is 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 both 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 City.

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

12.25. Reporting Requirements. Lessee agrees to provide to 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.

12.26. 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 12.26, City would not enter into this Lease.

12.27. 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) 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 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.

12.28. California Public Records Act. City shall determine, in its sole discretion, whether information provided to City by Lessee is or is not a public record subject to disclosure under the California Public Records Act ("**Act**"). If Lessee notifies City that it objects to the disclosure of certain information to a third party, Lessee shall deliver to City with such notice specific and detailed legal grounds, including any applicable case law, upon which City may rely for withholding any information requested pursuant to the Act. If City withholds disclosure of information in reliance on such legal analysis provided by Lessee, Lessee shall protect, defend, indemnify and hold City and its elected officials, officers, employees, representatives and agents harmless for and from legal actions or challenges seeking to obtain the information from CITY and all costs incurred by City associated therewith, and shall defend, at Lessee's sole expense, any action brought against City resulting from City's nondisclosure of the information. 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.

12.28.1 City shall not be liable or obligated for any burden or loss (financial or otherwise) incurred by Lessee as a result of City's disclosure or non-disclosure of Lessee information requested pursuant to the Act.

12.28.2 Lessee's Waiver. LESSEE EXPRESSLY WAIVES ANY CLAIM AGAINST CITY AND ITS ELECTED OFFICIALS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS FOR ANY BURDEN, EXPENSE OR LOSS THAT LESSEE INCURS AS A RESULT OF CITY'S DISCLOSURE OR NON-DISCLOSURE OF LESSEE INFORMATION REQUESTED PURSUANT TO THE ACT.

12.29. Equal Benefits. Lessee shall comply with San Diego Municipal Code sections 22.4301-22.4308, as may be amended from time to time, which require lessees of City-owned property to offer the same employment benefits to employees with spouses and employees with registered domestic partners. By signing this Lease, Lessee certifies that it will maintain such equal benefits throughout the term of this Lease. Lessee's failure to maintain equal benefits shall be a default of this Lease.

12.30. Equal Pay Ordinance. Unless an exception applies, Lessee shall comply with the Equal Pay Ordinance codified in San Diego Municipal Code sections 22.4801 through 22.4809. By signing this Lease, Lessee certifies that it will comply with the requirements of the Equal Pay Ordinance throughout the Term.

12.30.1 Lessee and Sublessee Requirement. The Equal Pay Ordinance applies to any sublessee of the Premises to the same extent as it would apply to Lessee. Lessee shall require sublessees to certify compliance with the Equal Pay Ordinance in their subleases.

12.30.2 Notice Requirement. Lessee must post a notice informing its employees of their rights under the Equal Pay Ordinance in their workplace or job site.

12.31. Hazardous Substances. Lessee shall not allow the illegal installation, storage, utilization, generation, sale or release of Hazardous Substances or otherwise regulated substances in, on, under or from the Premises. Lessee and Lessee's agents and contractors shall not install, store, utilize, generate or sell any Hazardous Substance on the Premises without City's written consent in each instance or in violation of applicable law. Lessee shall obtain and maintain all required licenses and permits from applicable regulatory agencies, including without limitation the San Diego County Department of Environmental Health, local fire agencies, the San Diego County Department of Weights and Measures, the San Diego County Air Pollution Control District, and the San Diego Regional Water Quality Control Board. Installing, utilizing, storing or any other presence of a Hazardous Substance includes boxes, bags, bottles, drums, cylinders, above or below ground tanks, equipment with tanks, or any other type of container, equipment or device which holds or incorporates a Hazardous Substance or hazardous waste in violation of applicable law.

12.31.1 Definitions. A "release" shall include without limitation any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or otherwise disposing of Hazardous Substances. "**Hazardous Substances**" shall mean any hazardous liquid, solid, gaseous material, or waste substances listed by the Environmental Protection Agency or the State of California as a Hazardous Substance, and any type of petroleum-related substances and their chemical constituents.

12.31.2 Remediation. If Lessee's occupancy, use, development, maintenance or restoration of the Premises results in a release of a Hazardous Substance, Lessee shall pay all costs of remediation and removal to City's satisfaction for unrestricted reuse of the Premises in accordance with all applicable laws, rules and regulations of competent governmental authority.

12.31.3 Removal. If Lessee or Lessee's contractor or agent has received approval and permits to store, utilize, generate or install, or otherwise bring Hazardous Substances onto the Premises, Lessee shall remove, or cause to be removed, all such Hazardous Substances from the Premises immediately upon or prior to the expiration or earlier termination of this Lease. City reserves the right to conduct inspections of the Premises and/or request documentation demonstrating the legal removal and/or disposal of the Hazardous Substances from the Premises. Lessee shall pay any and all costs incurred by City to remove or cause the removal of such Hazardous Substances from the Premises.

12.31.4 Indemnity. Lessee shall protect, defend, indemnify and hold City harmless from any and all claims, costs and expenses related to environmental liabilities resulting from Lessee's occupancy, use, development, maintenance or restoration of the Premises, including without limitation: (i) costs of environmental assessments; (ii) costs of regulatory remediation oversight; (iii) costs of remediation and removal; (iv) any necessary City response costs; (v) all fines, penalties, or fees assessed by any regulatory agency; (vi) damages for injury to natural resources, Lessee's officers, employees, invitees, guests, agents, or contractors, or the public; and (vii) all costs of any health assessments or health effect studies.

12.31.5 Notice of Release. If Lessee knows or has reasonable cause to believe that a Hazardous Substance has been released on, from or within the Premises, Lessee shall immediately notify City and any appropriate regulatory or reporting agency per California Code of Regulations Title 19 and any other applicable laws or regulations. Lessee shall deliver a written

report thereof to City within three (3) days after receipt of the knowledge or cause for belief and submit any required written reports to regulatory or reporting agencies as required by regulation or law. If Lessee knows or has reasonable cause to believe that such substance is an imminent release or is an imminent substantial danger to public health and safety, Lessee shall take all actions necessary to alleviate the danger. Lessee shall immediately notify City in writing of any violation, notice to comply, or notice of violation received or the initiation of environmental actions or private suits related to the Premises.

12.31.6 Environmental Assessment. Upon reasonable cause to believe that Lessee's occupancy, use, development, maintenance or restoration of the Premises ("**Lessee's Operations**"), resulted in any Hazardous Substance being released on, from or beneath the Premises, City may cause an environmental assessment under regulatory oversight of the suspect area to be performed by a professional environmental consultant registered with the State of California as a Professional Engineer, Certified Engineering Geologist or Registered Civil Engineer. The environmental assessment shall be obtained at Lessee's sole cost and expense, and shall establish what, if any, Hazardous Substances have more likely than not been caused by Lessee's Operations on, in, from or under the Premises, and in what quantities. If any such Hazardous Substances exist in quantities greater than allowed by laws, rules and regulations of competent governmental authority, or require future restricted re-use of the Premises, then the environmental assessment shall include a discussion of such substances with recommendations for remediation and removal necessary to effect unrestricted re-use and in compliance with those laws, rules and regulations, and estimates of the cost of such remediation or removal. Lessee shall cause, or if Lessee fails to do so within a reasonable period of time, as determined by City in its reasonable discretion, City may cause the remediation and/or removal recommended in the environmental assessment of Hazardous Materials caused by Lessee's Operations such that unrestricted re-use of the Premises and compliance with the laws, rules and regulations of competent governmental authority is achieved, and Lessee shall pay all costs and expenses therefor.

12.32. Entire Understanding. This Lease, including any exhibits attached hereto and any other agreements and schedules to be entered into in connection herewith, 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 this 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.

12.33. Interpretation. Every covenant, term, and provision of this Lease shall be construed simply according to its fair meaning and not strictly for or against any party. Terms that are not specifically defined herein shall be given their ordinary meaning. Section references, unless otherwise specified, refer to sections of this Lease. Every exhibit, schedule, attachment, or other appendix attached to this Lease and referred to herein shall constitute a part of this Lease and is hereby incorporated herein by reference. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to (i) all rules and regulations promulgated thereunder, unless the context clearly requires otherwise; and (ii) such statute, law, rule or regulation as

amended or otherwise modified from time to time. Any reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable, hereof. Unless the context clearly requires otherwise, (i) plural and singular numbers will each be construed to include the other; (ii) the masculine, feminine, and neutral genders will each be construed to include the others; (iii) "shall," "will," "must," "agree," and "covenants" are each mandatory; (iv) "may" is permissive; (v) "or" is not exclusive; (vi) "includes" and "including" are not limiting; and (vii) "knowledge" will mean actual knowledge.

12.34. Counterparts and Signature Pages. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com and California Government Code section 16.5) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

SECTION 13. 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.

13.1. 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.

13.2. 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.

13.3. 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.

13.4. Height Limitation. 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 Lessee, and Lessee agrees to reimburse City for all costs and fees, including attorney's fees, incurred by City involved with said removal.

13.5. 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 Lessee from pursuing any rights it may have for reimbursement from the United States Government.

13.6. 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 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.

13.7. 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).

13.8. 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.

13.9. 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**"):

13.9.1 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.

13.9.2 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.

13.9.3 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, 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.

13.10. 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.

13.11. 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 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.

13.12. 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.

13.13. 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.

13.14. 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.

13.15. 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.

13.16. 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.

*****THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK*****

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

THE CITY OF SAN DIEGO,
a California municipal corporation

Date: 5-24-2021

By: _____
Name: Penny Maus
Title: Director Real Estate Assets

MYF PROPERTIES, LLC,
a California limited liability company,
dba Executive Airpark

Date: 03.02.21

By: _____
Name: David S. Ryan
Title: President/CEO

Approved as to form this 28th *day of* May, *2021.*

MARA W. ELLIOTT, City Attorney

By: _____
Name: Melissa Ables
Title: Deputy City Attorney

R-313508

EXHIBITS
Exhibit "A" - PREMISES
Exhibit "A-1" - LEGAL DESCRIPTION
Exhibit "A-2" - SCHEDULE OF EXISTING IMPROVEMENTS
Exhibit "A-3" - SCHEDULE OF SUBLESSEE IMPROVEMENTS
Exhibit "A-4" - SCHEDULED OF TRADE FIXTURES
Exhibit "B" - GENERAL DEVELOPMENT PLAN
Exhibit "B-1" - MASTER LEASEHOLD MAP
Exhibit "C" - FORM OF NOTICE OF COMMENCEMENT DATE
Exhibit "C-1" - SCHEDULE OF EXISTING SUBLESSEES
Exhibit "C-2" - "Form of" SUBLEASE
Exhibit "D" - FORM OF QUITCLAIM DEED

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

THE CITY OF SAN DIEGO,
a California municipal corporation

Date: 5-24-2021

By: _____
Name: Penny Maus
Title: Director Real Estate Assets

MYF PROPERTIES, LLC,
a California limited liability company,
dba Executive Airpark

Date: 05.02.21

By: _____
Name: David S. Ryan
Title: President/CEO

Approved as to form this _____ day of _____, 2021.

MARA W. ELLIOTT, City Attorney

By: _____
Name: Melissa Ables
Title: Deputy City Attorney

R- 313508

EXHIBITS
Exhibit "A" - PREMISES
Exhibit "A-1" - LEGAL DESCRIPTION
Exhibit "A-2" - SCHEDULE OF EXISTING IMPROVEMENTS
Exhibit "A-3" - SCHEDULE OF SUBLESSEE IMPROVEMENTS
Exhibit "A-4" - SCHEDULED OF TRADE FIXTURES
Exhibit "B" - GENERAL DEVELOPMENT PLAN
Exhibit "B-1" - MASTER LEASEHOLD MAP
Exhibit "C" - FORM OF NOTICE OF COMMENCEMENT DATE
Exhibit "C-1" - SCHEDULE OF EXISTING SUBLESSEES
Exhibit "C-2" - "Form of " SUBLEASE
Exhibit "D" - FORM OF QUITCLAIM DEED

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

THE CITY OF SAN DIEGO,
a California municipal corporation

Date: _____

By: _____
Name: Kristin Geitz
Title: Interim Director Real Estate Assets

MYF PROPERTIES, LLC,
a California limited liability company,
dba Executive Airpark

Date: 05.02.21

By: _____
Name: David S. Ryan
Title: President/CEO

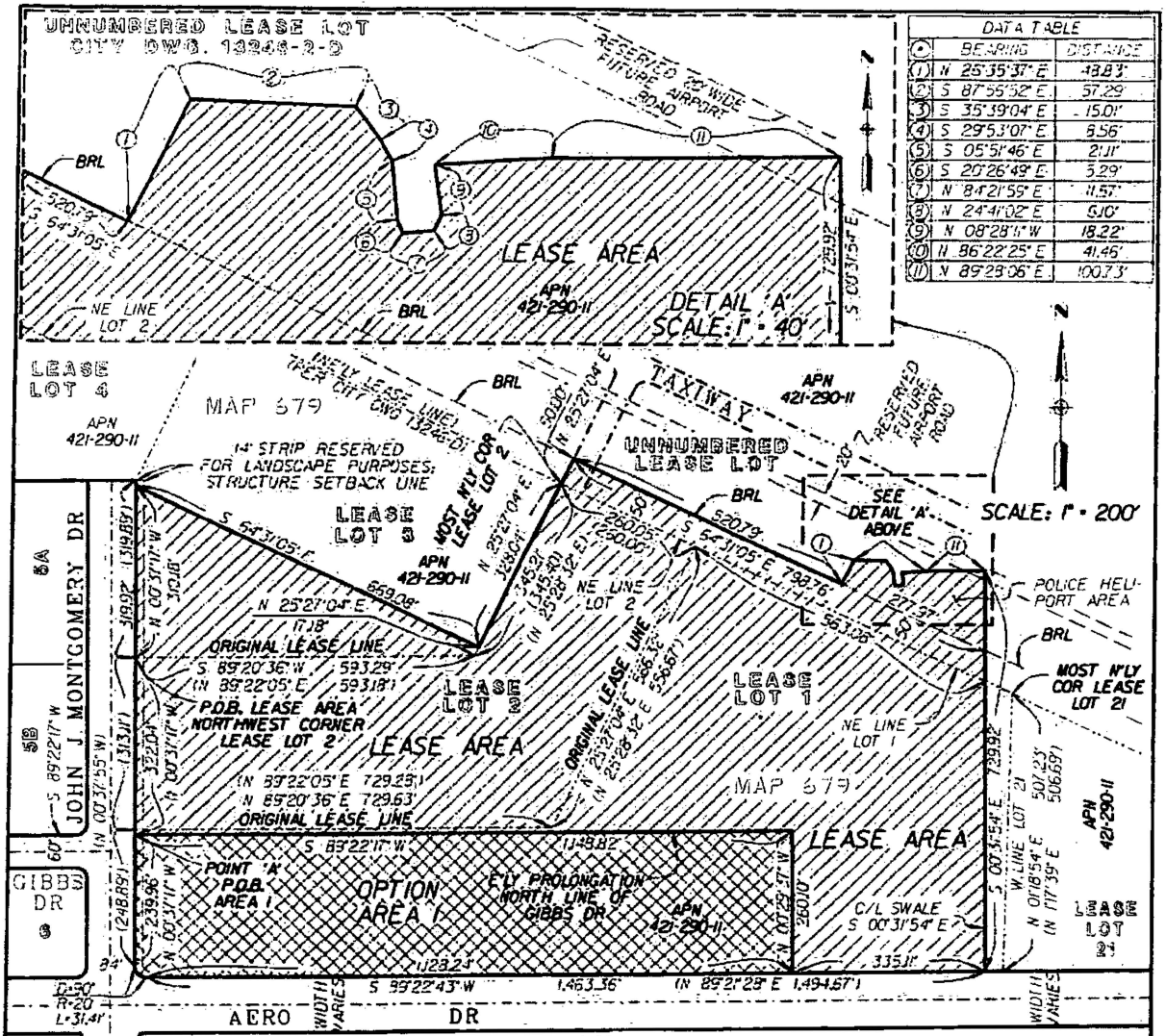
Approved as to form this _____ day of _____, 2021.

MARA W. ELLIOTT, City Attorney

By: _____
Name: Melissa Ables
Title: Deputy City Attorney

EXHIBITS
Exhibit "A" - PREMISES
Exhibit "A-1" - LEGAL DESCRIPTION
Exhibit "A-2" - SCHEDULE OF EXISTING IMPROVEMENTS
Exhibit "A-3" - SCHEDULE OF SUBLESSEE IMPROVEMENTS
Exhibit "A-4" - SCHEDULED OF TRADE FIXTURES
Exhibit "B" - GENERAL DEVELOPMENT PLAN
Exhibit "B-1" - MASTER LEASEHOLD MAP
Exhibit "C" - FORM OF NOTICE OF COMMENCEMENT DATE
Exhibit "C-1" - SCHEDULE OF EXISTING SUBLESSEES
Exhibit "C-2" - "Form of " SUBLEASE
Exhibit "D" - FORM OF QUITCLAIM DEED

EXHIBIT 'A'



DATA TABLE		
⊙	BEARING	DISTANCE
(1)	N 25°35'37" E	48.83'
(2)	S 87°55'32" E	57.29'
(3)	S 35°39'04" E	15.01'
(4)	S 29°53'07" E	8.56'
(5)	S 05°51'46" E	21.11'
(6)	S 20°26'49" E	5.29'
(7)	N 84°21'59" E	11.57'
(8)	N 24°41'02" E	6.10'
(9)	N 08°28'11" W	18.22'
(10)	N 86°22'25" E	41.46'
(11)	N 89°23'06" E	100.73'

REFERENCES

CITY OF SAN DIEGO SURVEY FIELD NOTES: LEPAGE, 836-1735, 4-10-1994, W.O.252195 FARNSWORTH, 932-1173, 5-20-1993, W.O. 187833 CITY DWG. 13246-2-D

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE CALIFORNIA COORDINATE SYSTEM (NAD 83) ZONE 6, AS DETERMINED LOCALLY BY THE LINE BETWEEN COUNTY OF SAN DIEGO HPGN STATION 'I' AND CITY OF SAN DIEGO GPS STATION "09A", I.E. N 83°31'19" W USING GPS PROCEDURES AND CONSTRAINING TO SAN DIEGO COUNTY HPGN POINTS. GPS 'I' (MONTGOMERY FIELD) AND GPS 23 (POINT LOMA), EPOCH 1991.35.

LEGEND:

LEASE AREA
AREA = 844,097.7150 SQ. FT.
19.3778 ACRES

OPTION AREA 1
AREA = 298,589.80 SQ. FT.
6.8548 ACRES

XX MONTGOMERY FIELD - LEASE LOTS PER CITY DWG. 13246-2-D

BRL BUILDING RESTRICTION LINE

( ) INDICATES RECORD DATA PER CITY DWG. 13246-2-D

P.O.B. INDICATES POINT OF BEGINNING

T.P.O.B. INDICATES TRUE POINT OF BEGINNING

PREPARED BY:

THE CITY OF SAN DIEGO PUBLIC WORKS DEPARTMENT, FIELD DIVISION UNDER THE DIRECTION OF JOHN R. BUTCHER, L.S. 8240 SENIOR LAND SURVEYOR

1-10-20

JOHN R. BUTCHER P.L.S. 8240

PROFESSIONAL LAND SURVEYOR JOHN R. BUTCHER NO. 8240 STATE OF CALIFORNIA

MONTGOMERY - GIBBS EXECUTIVE AIRPORT
LEASE PARCEL OVER LEASE LOTS 1, 2 & POR. OF LOT 3 & POR. OF MONTGOMERY AIRPORT PER CITY OF SAN DIEGO DWG NO. 13246-2-D

EXHIBIT 'A-1'

APN: 421-290-11

Lease Lots 1, 2, a portion of Lease Lot 3, and a portion of an un-numbered lease lot all within 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. 76235, more particularly described as follows:

Lease Area (Lease Lots 1, 2, Portion of Lease Lot 3 and Portion of un-numbered lease lot)
Beginning at the northwest corner of said Lease Lot 2, said point lying on the easterly line of John J. Montgomery Drive as shown on said Drawing 13246-2-D; Thence along said easterly line of John J. Montgomery Drive North 00°37'17" West 310.18 feet; Thence leaving said easterly line of John J. Montgomery Drive South 64°31'05" East 669.08 feet to a point on the westerly line of said Lease Lot 2, said point lying North 25°27'04" East 17.18 feet from the easterly terminus of that course shown and delineated on said drawing 13246-2-D of said Lease Lot 2 as North 89°22'05" East 593.18 feet; Thence along said line of Lease Lot 2 North 25°27'04" East 328.04 feet to the most northerly corner of said Lease Lot 2; Thence continuing along the northerly prolongation of said line of Lease Lot 2 North 25°27'04" East 50.00 feet to an intersection with the Building Restriction Line (BRL) lying 950.00 feet southwesterly of and parallel with the centerline of Runway "28R", all as shown on said City Drawing No. 13246-2-D; Thence along said BRL, South 64°31'05" East 520.79 feet; Thence leaving said BRL North 26°35'37" East 48.83 feet; Thence South 87°56'52" East 57.29 feet; Thence South 35°39'04" East 15.01 feet; Thence South 29°53'07" East 8.56 feet; Thence South 05°51'46" East 21.11 feet; Thence South 20°26'49" East 5.29 feet; Thence North 84°21'59" East 11.57 feet; Thence North 24°41'02" East 6.10 feet; Thence North 08°28'11" West 18.22 feet; Thence North 86°22'25" East 41.46 feet; Thence North 89°28'06" East 100.73 feet; Thence South 00°31'54" East 729.92 feet to a point on the northerly line of Aero Drive as shown on said Drawing 13246-2-D; Thence along said northerly line of Aero Drive South 89°22'43" West 335.11 feet; Thence leaving said northerly line of Aero Drive North 00°29'37" West 260.10 feet, to a point of intersection with the easterly prolongation of the northerly line of Gibbs Drive as shown on said Drawing 13246-2-D; Thence along said easterly prolongation of the northerly line of Gibbs Drive South 89°22'17" West 1,148.82 feet to a point on said easterly line of John J. Montgomery Drive, said point heretofore known as **Point 'A'**; Thence leaving said easterly prolongation of the northerly line of Gibbs Drive and continuing along said easterly line of John J. Montgomery Drive North 00°37'17" West 322.04 feet to the **Point of Beginning.**

The above described lease lot contains 844,097.71 Square Feet, 19.3778 Acres.

Option Area 1

Beginning at herein above described **Point 'A'**; Thence leaving said easterly line of John J. Montgomery Drive and continuing along said easterly prolongation of the northerly line of Gibbs Drive and said south line of hereinabove described Lease Area North 89°22'17" East 1,148.82 feet; Thence leaving said easterly prolongation of the northerly line of Gibbs Drive South 00°29'37" East 260.10 feet to a point on the northerly line of said Aero Drive; Thence leaving said south line of hereinabove described Lease Area and continuing along the northerly line of said Aero Drive South 89°22'43" West 1,128.24 feet to the beginning of a tangent 20.00 foot radius curve, concave northeasterly; Thence northwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.41 feet to said easterly line of John J. Montgomery Drive; Thence along said easterly line of John J. Montgomery Drive North 00°37'17" West 239.96 feet to the **Point of Beginning**.

The above described lease lot contains 298,569.82 Square Feet, 6.8542 Acres.

Exhibit 'B', attached and by this reference is made a part hereto.



1-10-20

John R. Butcher LS 8240 Date
Senior Land Surveyor, Field Engineering
City of San Diego
My Registration Expires 12-31-2021

File: MG FIELD LEASE LOTS 1 AND 2_OPTION.docx
WBS 21003181– January, 2020

EXHIBIT A-2

SCHEDULE OF EXISTING IMPROVEMENTS				
	Facilities	Style	Size	Qty
1	Office Building	Square	3,000	1
2	Box Hangars	Square	4,000	2
3	Box Hangars	Square	2,500	1
4	Maintenance Building/Office	Square	4,900	1
5	Community Hangar/Office	Square	14,000	1

EXHIBIT A-3

SCHEDULE OF SUBLESSEE IMPROVEMENTS				
	Facilities	Style	Size	Qty
1	Box Hangars	Square	2,500	1
2	Large Nested T-Hangars	Port-a-Port	Unknown	34

EXHIBIT A-4

SCHEDULE OF EXISTING TRADE FIXTURES				
	Facilities	Style	Size	Qty
1	Tiedowns			176
2	Large Nested T-Hangars	Port-a-Port	18,000	
3	Covered Tiedowns		20,000	22
4	Nested T-Hangars	T	18,000	
5	Nested T-Hangars	T	18,000	
6	Nested T-Hangars	T	Unknown	
7	T-Hangars	Port-a-Port	Unknown	
8	Large Nested T-Hangars	Port-a-Port	Unknown	
9	T-Hangars/Office	Port-a-Port	Unknown	
10	Nested T-Hangars	T	9,600	
11	Nested T-Hangars	T	11,400	
12	Large Nested T-Hangars	Port-a-Port	Unknown	
13	Large Nested T-Hangars	Port-a-Port	Unknown	
14	Large Nested T-Hangars	Port-a-Port	Unknown	
15	Large Nested T-Hangars	Port-a-Port	Unknown	
16	Large Nested T-Hangars	Port-a-Port	Unknown	
17	Fuel Farm			

EXHIBIT B
GENERAL DEVELOPMENT PLAN
EXECUTIVE AIRPARK

	DEVELOPMENT DESCRIPTION	DATE TO BEGIN	COMPLETION DATE	MINIMUM IMPROVEMENT COST
Phases 1&2	IMPROVE EXISTING PAVEMENTS UPDATE MARKINGS AND SIGNAGE VEHICULAR PARKING RECONFIGURATION (New Pavements) ADA UPRGRADES TIE DOWN RECONFIGURATION LANDSCAPE IMPROVEMENTS/PLAY AREA INDOOR / OUTDOOR FLIGHT CLUB AND SITE (5,850 sq ft) HANGAR REFURB (DOORS AND PAINT) NEW FENCING AND SECURITY HANGAR REFURB PHASE II IMPROVE SHADE AREA (PV SYSTEM) IMPROVE EXISTING PAVEMENTS PHASE II NEW SMALLER CONVENTIONAL HANGARS (6,800 sq ft) NEW CORPORATE CONVENTIONAL HANGARS (35,000 sq ft) NEW COMMUNITY WASH RACK START EIR PHASE 1 FOR HANGAR DEVELOPMENT SITE	1 year from the commencement date	5 years from the commencement date	9,542,870
Phase 3	NEW DEVELOPMENT HANGAR AREAS (17,500 sq ft) FUEL FARM DEVELOPMENT (2) 20K GAL (1) 12K GAL SITE INFRASTRUCTURE/PAVEMENTS/FENCING	10 years from the commencement date	13 years from the commencement date	4,393,011
Phase 4	HANGAR/MUSEUM DEVELOPMENT (11,000 sq ft)	10 years from the commencement date	15 years from the commencement date	2,100,000
TOTAL				16,035,881

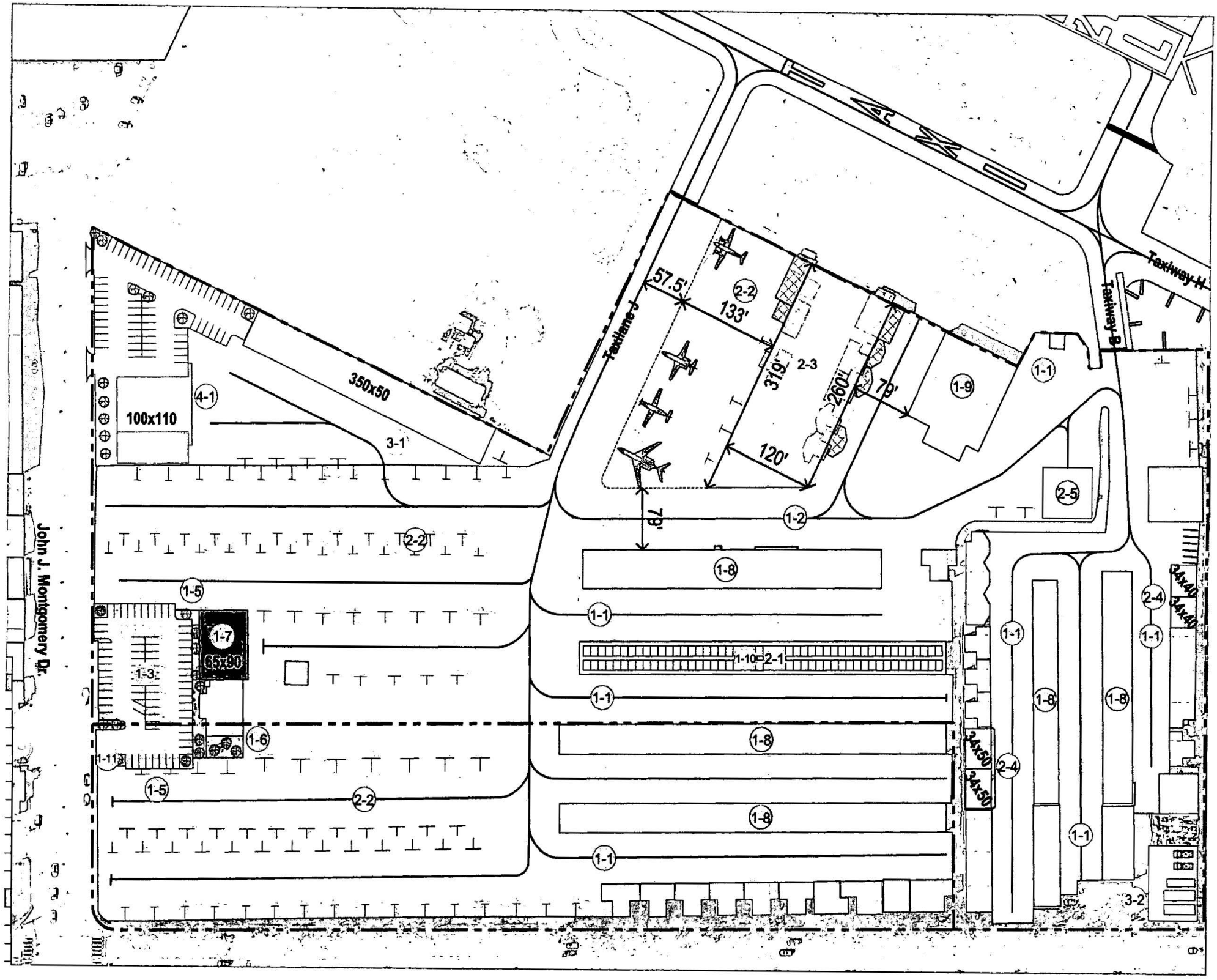

John J. Montgomery Dr.
Taxilane J
Taxiway H
Taxiway B
57.5'
133'
319'
260'
79'
120'
79'
350x50
100x110
65x90
24x40
24x40
24x50
24x50
4-1
3-1
2-2
2-3
1-9
1-1
2-5
1-2
1-8
1-5
1-7
1-3
1-6
1-11
1-10
2-1
2-4
3-2

EXHIBIT C

Date

MYF Properties LLC
Attn: Dave Ryan
3753 John J. Montgomery Dr.
San Diego, CA 92123

Reference: Notice of Commencement Date

Dear Mr. Ryan:

Pursuant to Section 2.1 of that certain Flat Rate Lease ("Lease") entered into between the City of San Diego (City), as a lessor, and MYF Properties LLC, as lessee, filed with the City Clerk as Document No. RR-_____, City is required to execute a Notice of Commencement Date to memorialize the Commencement Date of the Lease. Unless otherwise stated all defined terms shall have the same meaning as provided in the Lease.

City hereby provides this Notice of Commencement Date providing that the Commencement Date of the Lease is _____.

If MYF Properties LLC agrees with the terms and conditions of this correspondence, please have an authorized officer of MYF Properties LLC sign below and return this letter to Thurman Hodges for the City's record.

Regards,

Jorge E. Rubio
Deputy Director Airports

THE UNDERSIGNED AGREES TO AND ACCEPTS THE TERMS AND CONDITIONS OF THIS LETTER:

MYF PROPERTIES LLC

BY: _____
NAME: _____
TITLE: _____
DATE: _____

EXHIBIT C-1
SCHEDULE OF EXISTING SUBLESSEES

SPACE #	CUSTOMER NAME
125	N560HP, LLC
126	BEAUMONT, NIELSEN
127	BRIGHTEN ARCHITECTURAL GROUP
128	AERO TRACK
129	EQUITY PARTNER, LLC
130	BAYLESS, SMOKY
131	PRESSLEY, SCOTT
132	VACANT
133	JIMENEX, CARLOS
134	VACANT
150	PERKINS, STANLEY
155	JAMES CERNILIA TRUSTEE
156	SILVER STATE INVESTMENT
157	COMANCHE 5 PAPA
158	CRONKHITE, DOUG
159	VACANT
160	ROOD, DON
163	ZUCKERMAN, CHARLES
165	BULLENE, SCOTT
166	GHEREBI, BELAID
171	PARRISH AIR, INC.
201	THE LAW OFFICES OF SHAWN MCMILLAN
202	THIELE, KLAUS
203	TOTH, STEPHEN
204	ZACKARY JR., FORT A
205	THE CARDINAL CLASSIC GRP
206	LUSTI, ANDRE
209	SICKELS, HENRY
210	SICKELS, HENRY
211	TEIRSTEIN, PAUL
214	RADISCH, HERB
215	KLICPERA, MICHAEL
216	RADISCH, HERB
217	SPOONER & MOEHLE AVIATION
161	STEARMAN ALE HOUSE

EXHIBIT C-2
FORM OF SUBLEASE

HANGAR GROUND LEASE AGREEMENT

This Hangar Ground Lease Agreement ("**Lease**") is made as of this _____ day of _____, XXXX ("**Effective Date**") by and between MYF Properties LLC, a California limited liability company, doing business in San Diego County, California as "**Executive Airpark**" ("**Sublessor**"), and XXXXXXX, a _____ ("**Subtenant**") with reference to the following:

PREAMBLE

Basic Terms:

Commencement Date:	XXXXXXX
Sublessor:	MYF Properties LLC, a California limited liability company, doing business in San Diego County, California as "**Executive Airpark**"
Sublessor Address:	3794 John J. Montgomery Drive, San Diego, CA, 92123
Subtenant:	XXXXXXXX
Subtenant Address:	XXXXXXXX
Premises:	That certain parcel of land, consisting of approximately **XXXX** square feet (XX' x **XX'**), located within the Executive Airpark identified as hangar XXX.
Lease Term:	The term of this Lease shall commence on XXXXX and expire on XXXXXX (the "**Term**").
Rent:	**Base Rent**: $0.XX per square foot per month subject to increase as reflected in the in that certain Flat Rate Lease by City of San Diego, a California municipal corporation (the "**City**"), and Sublessor (the "**Master Lease**"), currently XXXXX per month. Payment is due in advance, on the first day of each and every calendar month during the Term. Rent is payable at **MYF Properties, 3794 John J. Montgomery Drive, San Diego, CA 92123.**
Late Charge:	5% of the overdue amount per month.
Permitted Use:	The Premises shall be used by Subtenant for the storage of aircraft, small aircraft parts and equipment, subject to any applicable covenants,

conditions, rules, regulations and restrictions affecting the Premises, including without limitation the Master Lease, and for no other use or purpose, except as Sublessor may otherwise consent in writing. Subtenant shall not perform maintenance or repair on any aircraft without prior written approval of Sublessor.

Hangar is used primarily for aeronautical purposes, non-aeronautical items are allowed to be stored in hangars provided the items are in compliance with Airport Rules and Regulations, do not interfere with the aeronautical use of the hangar, do not impede the movement of the aircraft in and out of the hangar or impede access to aircraft or other aeronautical contents of the hangar, and comply with FAA Final Policy on Non-Aeronautical Use of Hangars, Docket Number FAA 2014-0463 of the Federal Register, dated June 15, 2016, as amended. All uses, stored items, and activities must comply with all federal, state, and local laws, including, but not limited to, all applicable state and local building and safety standards and codes and Airport rules and regulations; and must comply with all federal grant assurances, guidelines, and airport deed restrictions. Storage is only allowed inside of the hangar.

Subtenant may not conduct any commercial activity on or near the hangar, regardless of whether Lessee or any other occupant of the Premises holds a commercial activity permit from City. Subtenant may use the Hangar to store the Aircraft, even if the Aircraft is used to support a commercial activity, but only if no commercial activity aside from mere storage of the Aircraft takes place in or near the Hangar. Non-profit flying clubs registered with the City are not considered a commercial activity under this section.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein this Lease, the parties agree as follows:

ARTICLE I

INCORPORATION OF BASIC TERMS; LEASE OF PREMISES & LEASE TERM

1.1 **Premises**. Sublessor, for and in consideration of the rents, covenants and agreements hereinafter set forth, hereby leases to Subtenant and Subtenant hereby leases from Sublessor, upon and subject to the terms, covenants and conditions hereinafter set forth, all that certain parcel of land upon which Hangar **XX** situated at Montgomery-Gibbs Executive Airport (the "**Airport**"), in San Diego County, California.

1.2 **Term of Lease**. The term of this Lease ("**Term**") shall commence on XXXXX (the "**Commencement Date**") and shall end on XXXXXX.

1.3 **Basic Terms**. The Basic Terms contained in the preamble herein above are hereby incorporated into and made a part of this Lease. Each reference in this Lease to the Basic Terms shall mean the information set forth above and shall be construed to incorporate all of the terms provided under the particular Lease paragraph pertaining to such information. In the event of a conflict between the Basic Terms and the remainder of this Lease, the remainder of this Lease shall prevail.

ARTICLE II

RENT & OTHER PAYMENTS

2.1 Base Rent. In consideration of the leasing of the Premises, Subtenant covenants to pay Sublessor in advance, on the first day of each and every calendar month during the Term, at the address of Sublessor as specified in the Basic Terms.

2.1.1 **Security Interest**. Subtenant grants Sublessor a security interest in Subtenant's improvements, fixtures, and personal property, including aircraft, located upon the Premises (the "**Subtenant Property**") and consents and agrees that Sublessor may perfect such security interest as provided in the Uniform Commercial Code in effect in the State of California (the "**UCC**"). In the event of Subtenant's failure to pay Rent pursuant to this Lease, Sublessor may foreclose on the Subtenant Property in which case Sublessor shall have the right to take and recover possession of such Subtenant Property without notice, and may levy and execute on its lien against such Subtenant Property to satisfy Subtenant's indebtedness to Sublessor and related costs, including attorney fees, in accordance with California Code of Civil Procedure Sections 1208.61 through 1208.70 and any other applicable laws, including but not limited to the UCC.

2.2 **Delinquent Rental Payments**. Any installment of Rent which shall not be paid when due, and which remains unpaid five (5) business days thereafter shall be subject to a late payment fee of five percent (5%) of the unpaid amount. Subtenant acknowledges that Subtenant's failure to pay Rent or any other charges when due may cause Sublessor to incur unanticipated costs, the exact amount of such costs being impractical or extremely difficult to ascertain. The parties agree that the late charge specified above represents a fair and reasonable estimate of the costs Sublessor will incur by reason of such late payment, and that acceptance of late Rent does not constitute a waiver of Subtenant's default, or limit any other remedy of Sublessor. The late charge shall be deemed Rent and the right to require it shall be in addition to all of Sublessor's rights and remedies hereunder or at law.

2.3 **Independent Obligations**. Any term or provision of this Lease to the contrary notwithstanding, the covenants and obligations of Subtenant to pay Base Rent and Additional Rent hereunder shall be independent from any obligations, warranties or representations, express or implied, if any, of Sublessor herein contained.

ARTICLE III

USE

3.1 **Permitted Use**. Subtenant may use the Premises only for the Permitted Use specified in the Basic Terms. Subtenant shall not use or occupy the same, or permit them to be used or occupied, contrary to any statute, governmental, quasi-governmental or administrative rule, order, ordinance, regulation, requirement or policy applicable thereto and in effect from time to time ("**Regulatory Requirement**"), or in any manner which would make void or voidable any insurance then in force with respect thereto or which would cause the value or usefulness of the Premises, or any portion thereof, substantially to diminish (reasonable wear and tear excepted), or which would constitute a public or private nuisance or waste and Subtenant agrees that it will promptly, upon discovery of any such use, take all necessary steps to compel the discontinuance of such use.

3.2 **Acceptance of Premises**. Subtenant acknowledges that neither Sublessor nor any agent of Sublessor has made any representation or warranty with respect to the Premises or with respect to the suitability or fitness thereof for the conduct of Subtenant's business, use of the Premises, or for any other purpose. Subtenant shall (i) comply all terms and conditions set forth in the Master Lease as such terms and conditions would apply to a sublessee; (ii) comply with any and all recorded covenants, conditions, restrictions and encumbrances affecting the Premises as of the commencement of this Lease or which are recorded during the Term; (iii) and shall do nothing to violate, or cause Sublessor to be in violation of, any terms of the Master Lease, including, but not limited to, the obligations contained in Section 7 Indemnification and Insurance and Section 13 FAA Requirements.

3.3 **Increase Insurance**. Subtenant shall not knowingly do or permit to be done anything which will (i) increase the premium of any insurance policy covering the Premises or any adjoining property owned by Sublessor within Sublessor's leasehold estate at the Airport and/or the property located therein pursuant to the Master Lease; (ii) cause a cancellation of or be in conflict with any such insurance policies; (iii) result in a refusal by insurance companies in good standing to issue or continue any such insurance in amounts satisfactory to Sublessor; or (iv) subject Sublessor to any liability or responsibility for injury to any person or property by reason of any operation in the Premises. Subtenant shall, at Subtenant's expense, comply with all rules, orders, regulations and requirements of insurers and of the American Insurance Association or any other organization performing a similar function. Subtenant shall promptly, upon demand, reimburse Sublessor for any additional premium charges for such policy or policies caused by reason of Subtenant's failure to comply with the provisions of this Section.

3.4 **Rules and Regulations**. Subtenant shall comply with all rules and regulations adopted by Sublessor from time to time for its leasehold estate at the Airport and any minimum standards that the Airport may adopt from time to time.

3.5 **Subtenant's Obligations**. Subtenant shall obtain and pay for all permits required for Subtenant's occupancy of the Premises and shall promptly take all actions necessary to comply with all applicable Regulatory Requirements regulating the use by Subtenant of the Premises,

including, without limitation, the Occupational Health and Safety Act ("**OSHA**") and the Americans with Disabilities Act ("**ADA**").

3.6 **Indemnification**. Subtenant shall indemnify, defend (with counsel reasonably acceptable to Sublessor), protect and hold City and its elected officials, officers, employees, representatives, and agents Sublessor, and each of Sublessor's officers, directors, partners, employees, agents, attorneys, successors and assigns (collectively, "**Sublessor Indemnitees**") harmless from and against any and all claims, liabilities, damages, costs, penalties, forfeitures, losses or expenses (including attorneys' fees) for death or injury to any person or damage to any property whatsoever ("**Claims**") arising or resulting in whole or in part, directly or indirectly, from breaches of OSHA and the ADA, to the extent caused or permitted by Subtenant, its agents, employees, contractors, licensees or invitees, whether prior to the Commencement Date of this Lease as a result of Subtenant's prior occupancy of the Premises pursuant to the Prior Lease, or after the Commencement Date of this Lease. Subtenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repairs of the Premises or the Improvements and shall survive the expiration of or early termination of the Term of this Lease and any costs and fees incurred in the enforcement of the indemnity action.

ARTICLE IV

HAZARDOUS MATERIALS

4.1 **Hazardous Materials**. The term "**Hazardous Material(s)**" shall mean any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any of the statutes or regulations listed in Section 4.2, and any and all of those substances included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "hazardous chemical substance or mixture," "imminently hazardous chemical substance or mixture," "toxic substances," "hazardous air pollutant," "toxic pollutant," or "solid waste" in the statutes or regulations in Section 4.2. Hazardous Materials shall also mean any and all other similar terms defined in other federal, state and local laws, statutes, regulations, orders or rules, and materials and wastes which are, or in the future become, regulated under applicable local, state or federal law for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including, without limitation, (i) trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents, (ii) oil or any petroleum products or fractions thereof, (iii) asbestos, (iv) polychlorinated biphenyls, (v) flammable explosives, (vi) urea formaldehyde and (vii) radioactive materials and waste, and (viii) infectious waste.

4.2 **Hazardous Materials Laws**. The term "**Hazardous Materials Law(s)**" shall mean any federal, state or local laws, ordinances, codes, statutes, regulations, administrative rules, policies and orders, and other authority, existing now or in the future, which classify, regulate, list or define hazardous substances, materials, wastes contaminants, pollutants and/or the Hazardous Materials, including without limitation federal, state, and local statutes and regulations, and any

other legal authority, regulations, or policies relating to or implementing such statutes and regulations.

4.3 **Compliance with Hazardous Materials Laws**. Subtenant shall not cause or permit any Hazardous Materials to be brought upon, kept, or used in connection with the Premises or by Subtenant, its agents, employees, contractors or invitees, in a manner or for a purpose prohibited by or which could result in liability under any applicable law, regulation, rule or ordinance, including, without limitation, the Hazardous Materials Laws. Subtenant shall, at its own expense, at all times and in all respects comply with all Hazardous Materials Laws relating to the industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any Hazardous Materials. Subtenant shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals relating to the presence of Hazardous Materials within, on, under or about the Premises or required for Subtenant's use of the Premises, Subtenant shall cause any and all Hazardous Materials to be removed from the Premises and transported in accordance with and in compliance with all Hazardous Materials Laws. Subtenant shall in all respects, handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Premises in complete conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding the management of such Hazardous Materials. Upon expiration or earlier termination of this Lease, Subtenant shall at its own expense, cause all Hazardous Materials (to the extent such Hazardous Materials are generated, stored, released or disposed of during the Term of this Lease by Subtenant or Subtenant's agents, employees, contractors or invitees ("**Subtenant's Agents**")) to be removed from the Premises and transported for use, storage or disposal in accordance and in compliance with all applicable Hazardous Materials Laws. Subtenant shall not take any remedial action in response to the presence of any Hazardous Materials in, on, about or under the Premises or in any improvements situated on the Land, or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to or in any way connected with the Premises or the Sublessor's improvements on the Land without first notifying Sublessor of Subtenant's intention to do so and affording Sublessor ample opportunity to appear, intervene or otherwise appropriately assert and protect Sublessor's interest with respect thereto.

4.4 **Notice of Actions**. Subtenant shall immediately notify Sublessor in writing of (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened against Subtenant, Sublessor, or against the Premises pursuant to any Hazardous Materials Laws; (b) any claim made or threatened by any person against Sublessor, Subtenant, or the Premises for which Subtenant receives notice, relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (c) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in, on or about the Land or the Premises or with respect to any Hazardous Materials removed from the Land or the Premises, including, any complaints, notices, warnings, reports or asserted violations in connection therewith. Subtenant shall also provide to Sublessor, as promptly as possible, and in any event within five (5) business days after Subtenant first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Land or the Premises or Subtenant's or Subtenant's Agents use thereof.

4.5 **Indemnification**. Subtenant shall indemnify, defend (with counsel reasonably acceptable to Sublessor), protect and hold Sublessor Indemnitees free and harmless from and against any and all Claims arising or resulting in whole or in part, directly or indirectly, from the presence or discharge of Hazardous Materials, in, on, under, upon or from the Premises or any improvements located thereon or from the transportation or disposal of Hazardous Materials to or from the Premises, to the extent caused or permitted by Subtenant, its agents, employees, contractors, licensees or invitees, whether prior to the Commencement Date of this Lease as a result of Subtenant's prior occupancy of the Premises pursuant to the Prior Lease or after the Commencement Date of this Lease. Subtenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repairs, clean-up or detoxification or decontamination of the Premises or the Improvements, and the presence and implementation of any closure, remedial action or other required plans in connection therewith, and shall survive the expiration of or early termination of the term of this Lease and any costs and fees incurred in the enforcement of the indemnity action.

ARTICLE V

SERVICES & UTILITIES

5.1 During the Term of this Lease, Subtenant will pay, when due, all charges of every nature, kind or description (including, without limitation, charges imposed by any utility company as a condition precedent to furnishing or continuing to furnish utilities or services to the Premises for utilities furnished to the Premises or chargeable against the Premises, if any, including all charges for water, sewage, heat, gas, light, garbage, electricity, telephone, steam, power, data, refuse collection or other public or private utility services and any charges or fees for present or future water or sewer capacity to serve the Premises, any charges for the underground installation of gas or other utilities or services, and other charges relating to the extension of or change in the facilities necessary to provide the Premises with adequate utility services. No interruption in, or temporary stoppage of, any utility service or blockage of access to the Premises caused by repairs, renewals, improvements, alterations, stripes, walk outs, labor controversy, accidents, inability to obtain fuel or supplies, or other causes shall be deemed an eviction of disturbance of Subtenant's use and possession, or render Sublessor liable for damages, by abatement of rent or otherwise, or relieve Subtenant from any obligation whatsoever under this Lease. Nothing contained in this Article 6 shall be construed to impose any obligation or duty on Sublessor to supply any utilities to the Premises. Subtenant shall also be responsible for "possessory interest" and personal property taxes, if any, levied on the Premises by any applicable government body or agency. Subtenant shall reimburse Sublessor for all expenses incurred by Sublessor in modifying existing utilities for Subtenant's benefit relating to possession and use of the Premises.

ARTICLE VI

MAINTENANCE AND REPAIR OF PREMISES

6.1 **Subtenant's Maintenance**. Subtenant, at its sole cost and expense, throughout the Term of this Lease, whether Subtenant is occupying or has vacated the Premises, shall take good care of the Premises and shall keep the same in at least the same order, condition, and repair, including exterior appearance, consistent with standards applied to the same class of hangars on

the leasehold and shall make and perform all routine maintenance thereof and all necessary repairs thereto, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description.

6.2 **Subtenant's Waiver of Claims Against Sublessor**. Sublessor shall not be required to furnish any services or facilities or to make any repairs or alterations in, about or to the Premises or any improvements erected thereon. Subtenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises and any improvements hereafter erected thereon, and Subtenant hereby waives any rights created by any law now or hereafter in force to make repairs to the Premises or improvements hereafter erected thereon at Sublessor's expense. Subtenant hereby waives and releases its right to perform repairs at Sublessor's expense under any law, statute, or ordinance now or hereafter in effect in the State of California.

ARTICLE VII

CHANGES AND ALTERATIONS

7.1 **Subtenant's Changes and Alterations**. Subtenant shall not make any alterations, additions or improvements ("**Alterations**") to the exterior of the Hangar, without Sublessor's prior written consent, which may not be unreasonably withheld. Subtenant shall promptly remove any Alterations constructed in violation of this Section upon Sublessor's written request. Any Alterations to the exterior of the Premises shall be made in accordance with this Lease, and all Alterations made to the interior of the Hangar shall be made in accordance with applicable rules and regulations promulgated by any federal, state or local authority having jurisdiction.

7.2 **Liens**. Subtenant shall keep the Premises free from any mechanics', materialmen's, designer's or other liens arising out of any work performed, materials furnished or obligations incurred by or for Subtenant or any person or entity claiming by, through or under Subtenant. Sublessor shall have the right at all times to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such liens are filed and are not released of record by payment or posting of a proper bond within thirty (30) days after such filing, Sublessor may, without waiving its rights and remedies based on such breach by Subtenant and without releasing Subtenant from any obligations hereunder, cause such liens to be released by any means it shall deem proper, including payment of the claim giving rise to such lien or posting security to cause the discharge of such lien, in which event all amounts paid by Sublessor shall immediately be due and payable by Subtenant as Additional Rent. Subtenant hereby indemnifies, protects, defends and holds Sublessor and Sublessor's Indemnitees and the Premises harmless from any liability, cost, obligation, expense (including, without limitation, reasonable attorneys' fees and expenses and attorneys' fees incurred in enforcing of this indemnity), or claim of any mechanics', materialmen's, design professional's or other liens in any manner relating to any work performed, materials furnished or obligations incurred by or for Subtenant or any person or entity claiming by, through or under Subtenant. Subtenant shall notify Sublessor in writing thirty (30) days prior to commencing any Alterations so that Sublessor shall have the right to record and post notices of non-responsibility or any other notices deemed necessary by Sublessor on the Premises. Subtenant shall not create, and shall promptly discharge and satisfy of record, any other lien, encumbrance, charge, security interest, or other right or interest which shall be or become a lien, encumbrance, charge or security interest on or in the Premises, or any portion thereof.

ARTICLE VIII

RIGHTS RESERVED BY SUBLESSOR

8.1 **Sublessor's Entry**. In addition to any other right of entry provided to Sublessor in this Lease, Sublessor reserves the right at all reasonable times and upon reasonable notice to Subtenant to enter the Premises to: (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to the ground or underlying sublessors; (iii) post notices of non-responsibility or other notices as may be customary in the State of California; or (iv) for any other purpose Sublessor deems reasonably necessary. Except in cases of emergency, two (2) business days prior notice shall be deemed reasonable notice. Sublessor and its authorized representatives may enter the Premises at any time in case of emergency and shall have the right to use any and all means which Sublessor may deem proper to open such doors during an emergency in order to obtain entry to any vehicles or improvements or fixtures on the Premises. Any such entry obtained by Sublessor in the event of any emergency shall not, under any circumstances, be construed or deemed to be a forcible or unlawful entry into, or detainer of, the Premises, or to be an eviction of Subtenant from the Premises or any portion thereof.

8.2 **Sublessor's Cure**. If Subtenant shall default in the performance of its obligations under this Lease and if such default is not cured within the applicable periods provided in Article 11, Sublessor may, but shall not be obligated to, make any such payment or perform any such act on Subtenant's part without waiving its right based upon any default of Subtenant and without releasing Subtenant from any obligations hereunder. Except as may be specifically provided to the contrary in this Lease, Subtenant shall pay to Sublessor, within ten (10) days after delivery by Sublessor to Subtenant of statements therefor, sums equal to expenditures reasonably made and obligations incurred by Sublessor in connection with the remedying by Sublessor of Subtenant's defaults. If there are any outstanding monetary obligations of Subtenant under this Lease attributable to the period prior to the expiration or termination of this Lease, such obligations shall survive the termination or expiration of this Lease and such amount shall be payable to Sublessor within ten (10) days after receipt of notice therefor from Sublessor. Subtenant hereby agrees to indemnify, protect, defend (with legal counsel reasonably acceptable to Sublessor) and save Sublessor Indemnitees harmless from and against such impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, all expenses relating to compliance with laws, and all other costs, fees, charges, expenses, reimbursements and obligations above referred to.

ARTICLE IX

INDEMNITYAND INSURANCE

9.1 **Insurance**. Subtenant shall, at Subtenant's sole cost and expense, procure and maintain during the entire term of this Lease an insurance policy or policies with the following minimum requirements:

9.1.1 Airport Premises Liability insurance covering bodily injuries to third parties and damage to property, including public liability, occasioned by or arising out of or in connection with the use, occupancy, condition of or operation conducted on the premises in a

minimum amount of Two Million Dollars ($2,000,000), COMBINED SINGLE LIMIT LIABILITY.

9.1.2 Fire, Extended Coverage and Vandalism insurance, insuring all **permanent structures (including hangar)** on the premises. Such insurance shall insure the full value of such property and improvements **(100% replacement cost)** and shall include vandalism and malicious mischief endorsements. Such policy shall contain a loss payable endorsement in favor of the parties as their respective interests may appear.

9.1.3 Insurance shall be placed with insurance companies acceptable to Sublessor and the City and authorized to conduct insurance business in the State of California.

9.1.4 Subtenant shall be the "**named insured**" on all insurance policies required under this Lease.

9.1.5 "Sublessor" and "The City of San Diego, its Elected Officials, Officers, Representatives, Agents and Employees" shall be named as "**additional insured**".

9.1.6 Such policy(s) shall contain a provision that written notice of cancellation or any material change shall be delivered to Sublessor and City not less than thirty (30) days prior to the effective date of such cancellation or change.

9.1.7 The Sublessor and/or City may require TENANT to periodically increase the required amounts and types of insurance coverage's, to reasonably protect the Sublessor's and City's interests and to reflect any changes in TENANT'S approved uses.

9.1.8 Evidence of such insurance shall be provided by Subtenant by filing with Sublessor and City a copy of a duly executed **Certificate of Insurance**. Copies of each Insurance Policy shall be provided upon request. Notices shall be addressed to City at: City of San Diego Airports Division, Real Estate Assets, 3750 John J. Montgomery Drive, San Diego, CA 92123 (fax 858-279-0536).

9.2 **Waiver of Subrogation**. Subtenant shall cause to be inserted in the policy or policies of insurance required by this Article 9 hereof a so-called "Waiver of Subrogation Clause" as to Sublessor.

9.3 **Indemnification by Subtenant**. To the fullest extent allowed by law, Subtenant shall at all times indemnify, protect, defend (with legal counsel acceptable to Sublessor) and hold Sublessor and Sublessor's shareholders, officers, directors, partners, employees, lender, managing agent, successors and/or assigns (collectively, "**Sublessor's Indemnities**") harmless against and from any and all claims, costs, liabilities, actions and damages (including, without limitation, attorneys' fees and costs and costs related to the enforcement of this indemnity provision) arising from or out of any occurrence in, upon or about the Premises or the occupancy or use by Subtenant of the Premises, or the condition of the Premises or occasioned wholly or in part by any act or omission of Subtenant, its agents, contractors, servants, tenants, invitees or licensees (collectively "**Subtenant's Agents**") or arising from any act or negligence of Subtenant or Subtenant's Agents, or a default by Subtenant under this Lease or arising from any accident, injury or damage whatsoever caused to any person, or entity occurring during the Term of this Lease, in or about

the Premises, and from and against all costs, attorney's fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against Sublessor by reason of any such claim, Subtenant, upon notice from Sublessor, covenants to defend such action or proceeding by counsel reasonably satisfactory to Sublessor. Sublessor shall not be liable for injury or damage which may be sustained by a person, goods, wares, merchandise, or other property of Subtenant, or Subtenant's employees, invitees, customers, or of any other person in or about the Premises caused by or resulting from any peril which may affect the Premises, whether such damage or injury results from conditions arising upon the Premises or from other sources.

ARTICLE X

ASSIGNMENT AND SUBLETTING

10.1 **Restriction on Other Transfers**. Subtenant shall not assign, mortgage, pledge, transfer, sublease or otherwise encumber or dispose of this Lease, or any interest therein, or in any manner assign, mortgage, pledge, transfer or otherwise encumber or dispose of its interest or estate in the Premises, or any portion thereof ("**Transfer**") without the prior written consent of (a) Sublessor, such consent not to be unreasonably withheld, and (b) the City pursuant to the terms and conditions of the Master Lease. In no event may Subtenant Transfer its interest in this Lease to any party except in connection with the purchase of Subtenant's Hangar by such party, subject at all times to Sublessor's Right of First Refusal (as defined in Section 13.11). A Transfer shall include, without limitation, any direct or indirect transfer of any interest in, or ownership of, Subtenant by any partners, principals, members, or stockholders of Subtenant, as the case may be.

10.2 **Equity Sharing**. Subtenant agrees that as additional consideration for this Lease, and in addition to all other Rents payable to Sublessor, Sublessor shall be entitled to participate in any "equity" received by Subtenant during the Term. For purposes of this paragraph, "**equity**" shall mean any amount paid to Subtenant as consideration for an assignment of this Lease or sublease of the Premises; provided, however, equity shall not include any base rents or additional rents payable to Subtenant by its subtenants. In addition, equity shall include any proceeds of a loan secured by Subtenant's leasehold interest in the Premises which are not expended for permanent leasehold improvements. In the event of any action resulting in "equity" as described above, Subtenant agrees that Sublessor shall be entitled to a payment equal to four percent (4%) of any such equity. For purposes of calculating such payment, equity shall be the total consideration resulting from the transaction including total cash payments and the market value of non-cash consideration, including, but not limited to, stocks, bonds, deferred payments, secured and unsecured notes and forbearances, regarding claims and judgments. Prior to Sublessor's consent to any assignment, sublease or refinancing, Subtenant shall deliver to Sublessor a written statement of all sums due and owing to Sublessor from Subtenant pursuant to the provisions of this paragraph together with a written acknowledgment from the proposed assignee, sublessee or lender of the accuracy of Subtenant's written statement of the amount due Sublessor. The sum due Sublessor shall be payable in full to Sublessor concurrent with the closing of the transaction, whether it be an assignment, a sublease or a refinancing.

ARTICLE XI

DEFAULTS; REMEDIES

11.1 **Events of Default**. The occurrence of any of the following shall constitute a default and breach of this Lease by Subtenant:

11.1.1 If Subtenant fails to pay Rent or any charge as and when due where such failure continues for ten (10) days after written notice thereof by Sublessor to Subtenant;

11.1.2 If Subtenant fails to perform any of Subtenant's nonmonetary obligations under this Lease for a period of thirty (30) days after written notice from Sublessor, including but not limited to a breach of the "permitted use" provisions of Section 3.1; provided that if more time is required to complete such performance, Subtenant shall not be in default if Subtenant commences such performance within the thirty (30)-day period and thereafter diligently pursues its completion. However, Sublessor shall not be required to give such notice if Subtenant's failure to perform constitutes a non-curable breach of this Lease or if Sublessor has provided notice of such breach to Subtenant three (3) times previously.

11.1.3 If a Transfer occurs without the prior written consent of Sublessor or the City as provided in Section 11.1.

11.1.4 (a) If Subtenant makes a general assignment or general arrangement for the benefit of creditors; (b) a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by or against Subtenant and is not dismissed within thirty (30) days; (c) if a trustee or receiver is appointed to take possession of substantially all of Subtenant's assets located at the Premises or of Subtenant's interest in the Lease and possession is not restored to Subtenant within thirty (30) days; or (d) if substantially all of Subtenant's assets located at the Premises or Subtenant's interest in this Lease is subjected to attachment, execution or other judicial seizure which is not discharged within thirty (30) days. If a court of competent jurisdiction determines that any of the acts described in this Subsection is not a default under this Lease, and a trustee is appointed to take possession (or if Subtenant remains a debtor in possession) and such trustee or Subtenant transfers Subtenant's interest hereunder, Sublessor shall receive, as Additional Rent, the difference between the Rent (or any other consideration) paid in connection with such assignment or sublease and the Rent payable by Subtenant hereunder.

The notices required by this Section 11.1 are intended to satisfy any and all notice requirements imposed by law on Sublessor and are not in addition to any such requirements.

11.2 **Remedies**. Upon the occurrence of any default by Subtenant, Sublessor may, at any time thereafter, with or without notice or demand and without limiting Sublessor in the exercise of any right or remedy which Sublessor may have, terminate Subtenant's right to possession of the Premises at any time by any lawful means, in which case this Lease shall terminate and Subtenant shall immediately surrender possession of the Premises to Sublessor.

11.2.1 In the event of any termination of this Lease, Sublessor shall have the immediate right to enter upon and repossess the Premises, and any personal property or equipment of Subtenant may be removed from the Premises and stored in any public warehouse at the risk

and expense of Subtenant, and exercise all remedies available to Sublessor, including levy and execution and foreclosure of any security interest of Sublessor in any of Subtenant's property on the Premises.

11.2.2 Sublessor's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE XII

PROTECTION OF CREDITORS

12.1 **Subordination**. This Lease and all rights of Subtenant herein, and all interest or estate of Subtenant in the Premises, or any portion thereof, shall be subject and subordinate to the lien of any mortgage, deed of trust, or other document of like nature, including without limitation the Master Lease ("**Mortgage**"), which at any time may be placed upon the Premises, or any portion thereof, by Sublessor, and to any replacements, renewals, amendments, modifications, extensions or refinancing thereof, and to each and every advance made under any Mortgage. Subtenant agrees at any time hereafter, and from time to time on demand of Sublessor, to execute and deliver to Sublessor any instruments, releases or other documents that may be reasonably required for the purpose of subjecting and subordinating this Lease to the lien of any such Mortgage. It is agreed, nevertheless, that so long as Subtenant is not in default in the payment of Base Rent and Additional Rent and the performance and observance of all covenants, conditions, provisions, terms and agreements to be performed and observed by Subtenant under this Lease, that such subordination agreement or other instrument, release or document shall not interfere with, hinder or molest Subtenant's right to quiet enjoyment under this Lease, nor the right of Subtenant to continue to occupy the Premises, and all portions thereof, and to conduct its business thereon in accordance with the covenants, conditions, provisions, terms and agreements of this Lease. The lien of any such Mortgage shall not cover Subtenant's trade fixtures or other personal property located in or on the Premises.

12.2 **Attornment**. If Sublessor's interest in the Premises is acquired by any beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale or by any new person or entity as a result of any transfer by Sublessor, Subtenant shall attorn to the transferee of or successor to Sublessor's interest in the Premises and recognize such transferee or successor as Sublessor under this Lease. Subtenant waives the protection of any statute or rule of law which gives or purports to give Subtenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of Sublessor's interest.

12.3 **Estoppel Certificates**.

12.3.1 Within ten (10) business days after Sublessor's written request, Subtenant shall execute, acknowledge and deliver to Sublessor a written statement certifying: (a) that this Lease (and all guaranties, if any) is unmodified and in full force and effect (or, if there have been any modifications, that the same is in full force and effect, as modified, and stating the modifications); (b) that this Lease has not been canceled or terminated; (c) the last date of payment of Rent and other charges and the time period covered by such payment; (d) whether or not there are then existing any breaches or defaults by such party or the other party known by such party

under this Lease, and specifying such breach or default, if any, or any setoffs or defenses against the enforcement of any such breach of this Lease (or of any guaranties) on the part of Sublessor or Subtenant (or any guarantor), as the case may be, to be performed or complied with (and, if so, specifying the same and the steps being taken to remedy the same) and (e) such other statements as required by Sublessor, or any lender or prospective lender, investor or purchaser. Subtenant shall deliver such statement to Sublessor within ten (10) business days after Sublessor's request. Any such statement by Subtenant may be given by Sublessor to any prospective purchaser or encumbrancer of the Premises. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

12.3.2 If Subtenant does not deliver such statement to Sublessor within such ten (10) business day period, (a) Subtenant irrevocably constitutes and appoints Sublessor as its special attorney-in-fact to execute and deliver the certificate to any third party and (b) such failure shall constitute a default under this Lease entitling Sublessor to terminate this Lease. Further, Sublessor, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Sublessor; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Sublessor; (iii) that not more than one month's Base Rent or other charges have been paid in advance; and (iv) that Sublessor is not in default under this Lease. In such event, Subtenant shall be estopped from denying the truth of such facts.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 **Notices**. All notices, demands and requests which may be or are required to be given, demanded or requested by either party to the other shall be in writing. All notices, demands and requests shall be sent by United States registered or certified mail, postage prepaid or by an independent overnight courier service, addressed at the addresses specified in the Basic Terms or at such other place as either party may designate to the other party by written notice. Notices, demands and requests which shall be served upon Sublessor by Subtenant, or upon Subtenant by Sublessor, in the manner aforesaid, shall be deemed to be sufficiently served or given for all purposes hereunder three (3) business days after being mailed for delivery within the United States, or one (1) business day after being sent by overnight courier.

13.2 **Sublessor's Continuing Obligations**. The term "**Sublessor**," as used in this Lease so far as covenants or obligations on the part of Sublessor are concerned, shall be limited to mean and include only the owner or owners at the time in question of the leasehold estate of Sublessor in the Premises, and in the event of any transfer or transfers or conveyance of such leasehold estate the then grantor of such leasehold estate shall be automatically freed and relieved from and after the date of such transfer or conveyance of all liability as respects the performance of any covenants or obligations on the part of Sublessor contained in this Lease arising thereafter to be performed, provided that any funds in the hands of such landlord or the then grantor at the time of such transfer, in which Subtenant has an interest, shall be turned over to the grantee, and any amount then due and payable to Subtenant by Sublessor or the then grantor under any provision of this Lease shall be paid to Subtenant.

13.3 **Net Lease**. Sublessor and Subtenant do each state and represent that it is the intention of each of them that all Base Rent and Additional Rent shall be paid by Subtenant to Sublessor without abatement, deduction, diminution, deferment, suspension, reduction or setoff, and the obligations of Subtenant shall not be affected by reason of damage to Premises; nor shall the obligations of Subtenant be affected by reason of any condemnation, eminent domain or like proceedings; nor shall the obligations of Subtenant be affected by reason of any other cause whether similar or dissimilar to the foregoing or by any laws or customs to the contrary.

13.4 **Successors**. The covenants and agreements herein contained shall bind and inure to the benefit of Sublessor, its successors and assigns, and Subtenant and its permitted successors and assigns.

13.5 **Captions and Interpretation**. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Subtenant, the term "**Subtenant**" shall include Subtenant's agents, employees, contractors, invitees, successors or others using the Premises with Subtenant's expressed or implied permission.

13.6 **Relationship of Parties**. This Lease does not create the relationship of principal and agent, or of partnership, joint venture, or of any association or relationship between Sublessor and Subtenant, the sole relationship between Sublessor and Subtenant being that of landlord and tenant.

13.7 **Entire Agreement**. Any exhibits, addenda and schedules attached hereto ("**Exhibits**") shall be incorporated herein as though fully set forth herein. All preliminary and contemporaneous negotiations are merged into and incorporated in this Lease. This Lease Agreement together with the Exhibits contains the entire agreement between the parties. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Sublessor or Subtenant unless reduced to writing and signed by the party to be charged with their performance.

13.8 **Severability**. If any covenant, condition, provision, term or agreement of this Lease shall, to any extent, be held invalid or unenforceable, the remaining covenants, conditions, provisions, terms and agreements of this Lease shall not be affected thereby, but each covenant, condition, provision, term or agreement of this Lease shall be valid and in force to the fullest extent permitted by law.

13.9 **Sublessor's Limited Liability**. Subtenant agrees to look solely to Sublessor's interest in the Premises for recovery of any judgment from Sublessor, it being agreed that Sublessor (and if Sublessor is a partnership, its partners, whether general or limited, and if Sublessor is a corporation, its directors, officers or shareholders) shall never be personally liable for any personal judgment or deficiency decree or judgment against it.

13.10 **Transfer of Sublessor's Interest**. Should Sublessor sell, exchange or assign this Lease (other than a conditional assignment as security for a loan), Sublessor, as transferor, shall

be relieved of any and all obligations on the part of Sublessor accruing under this Lease from and after the date of the transfer and the express assumption of such obligations by the assignee. If any security deposit or prepaid rent has been paid by Subtenant, Sublessor may transfer the security deposit or prepaid rent to Sublessor's successor and on such transfer Sublessor shall be discharged from any further liability with respect to the security deposit or prepaid rent.

13.11 **Right of First Refusal.** Subtenant hereby grants to Sublessor a right of first refusal (the "**Right of First Refusal**") to purchase the Hangar on such terms and conditions as Subtenant would be willing to sell Hangar XXX to a third party. At such time as Subtenant receives an offer from a third party to purchase Hangar XXX which it wishes to accept (the "**Offer**"), it shall notify Sublessor of receipt of the Offer and shall provide Sublessor with a true and accurate copy of the Offer, if the Offer is in writing, or a true and accurate written description of the Offer. Sublessor shall then have a period of ten (10) business days, from delivery of such notice in the manner set forth below, within which to enter into a written agreement of sale and purchase with Subtenant on the same terms and conditions as are contained in the Offer, including any and all contingencies therein for such matters as, e.g., inspections, obtaining mortgage financing, zoning matters, or the like, which shall constitute Sublessor's exercise of the Right of First Refusal. All dates set forth in the Offer shall be adjusted to account for any delay between Subtenant's delivery of notice of the Offer and Sublessor's entering into a written agreement of sale and purchase on the same terms and conditions as are contained in the Offer. (For example: If the Offer is dated March 1st and sets forth a closing date of May 15th, notice of the Offer is delivered to Sublessor on March 6th and Sublessor exercises its Right of First Refusal on March 12th, Sublessor's agreement with Subtenant shall be considered to be "upon the same terms and conditions as are contained in the Offer if it sets forth a closing date of May 27th. Dates such as dates for earnest money deposits, inspection contingencies, and the like shall be similarly adjusted.) Sublessor shall be deemed to have "entered into a written agreement of sale and purchase with Subtenant" upon Sublessor's timely delivery to Subtenant of a writing signed by Sublessor on the same terms and conditions as are contained in the Offer; the failure, neglect or refusal of the Subtenant to sign such timely delivered "written agreement of sale and purchase with Subtenant" shall not defeat Sublessor's exercise of the Right of First Refusal hereunder.

If Sublessor does not enter into a written agreement of purchase and sale with Subtenant and the Hangar is sold, this Right of First Refusal shall be continued with respect to the purchaser of the Hangar and assignee of this Lease on the same terms and conditions as set forth above. Sublessor agrees to execute any and all documents which Subtenant may reasonably request to waive or release the Right of First Refusal not so exercised with respect to Subtenant, but the rights of the purchaser of the Hangar and assignee of this Lease shall be subject to the Right of First Refusal in favor of Sublessor. If Subtenant fails to close the purchase and sale of the Hangar with the third party purchaser, the Right of First Refusal shall continue for the benefit of Sublessor.

13.12 **Survival**. All obligations accruing prior to expiration of the Term of this Lease shall survive the expiration or other termination of this Lease.

13.13 **Attorneys' Fees**. In the event of any litigation or judicial action in connection with this Lease or the enforcement thereof or the enforcement of any indemnity obligation hereunder, the prevailing party in any such litigation or judicial action shall be entitled to recover all costs and expenses of any such judicial action or litigation (including, but not limited to, reasonable

attorneys' fees, costs and expenditures fees) from the other party. Subtenant shall pay Sublessor's reasonable attorneys' fees incurred in connection with Subtenant's request for Sublessor's consent under any provision of this Lease or in connection with any act which Subtenant proposes to do and which requires Sublessor's consent.

13.14 **Broker**. Each party represents to the other party that no other broker has negotiated or participated in negotiations of this Lease or is entitled to any commission in connection therewith. Each party shall indemnify and hold the other harmless from and against any and all commissions, fees and expenses and all claims therefor by any broker, salesman or other party in connection with or arising out of such party's actions in entering into this Lease.

13.15 **Governing Law**. This Lease shall be governed by the laws of the State of California. All covenants, conditions and agreements of Subtenant arising hereunder shall be performable in the county where the Premises are located. Any suit arising from or relating to this Lease shall be brought in the county where the Premises are located, and the parties hereto waive the right to be sued elsewhere.

13.16 **Time is of the Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

13.17 **Joint and Several Liability**. All parties signing this Lease as Subtenant shall be jointly and severally liable for all obligations of Subtenant.

13.18 **Delivery of Corporate Documents**. In the event that Subtenant is a corporation, Subtenant shall, without charge to Sublessor, at any time and from time to time within ten (10) days after written request by Sublessor, deliver to Sublessor, in connection with any proposed sale or mortgage of the Premises, the following instruments and documents:

13.18.1 Certificate of Good Standing in the state of incorporation of Subtenant and in the state in which the Premises are located issued by the appropriate state authority and bearing a current date;

13.18.2 A copy of Subtenant's articles of incorporation and bylaws (or other constituent documents, as applicable), and any amendments or modifications thereto certified by the secretary or assistant secretary of Subtenant.

13.19 **Provisions are Covenants and Conditions**. All provisions, whether covenants or conditions, on the part of the Sublessor, or on the part of Subtenant, shall be deemed to be both covenants and conditions.

13.20 **Business Days**. As used herein, the term "**business days**" shall mean any day which is not a Saturday, Sunday or a day on which Banks are permitted to be closed in the State of California.

THE FOREGOING IS AGREED as of the Effective Date.

XXXXXXXXXXXXX _____, a _____

By: _____

Print Name: _____

Print Title: _____

SUBLESSOR
MYF Properties LLC, a California limited liability company

By: _____

Print Name: Ray Richmond
Print Title: CFO

EXHIBIT A

DESCRIPTION OF PROPERTY

A portion of the Executive Airpark Master Lease at Montgomery-Gibbs Executive Airport that specifically is shown on the attached as Hangar XXXXX

3717 John J. Montgomery Drive
San Diego, CA 92123

MASTER PLOT PLAN

EXHIBIT B

MASTER LEASE

Exhibit "D"

After recording mail to:
City of San Diego
READ, Airports Division
Montgomery Field Airport
3750 John J. Montgomery Drive
San Diego, CA 92123
Mail Station 14

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUITCLAIM DEED

NO DOCUMENTARY TAX DUE – R & T 11922 (amended)
Presented for record by the CITY OF SAN DIEGO

For a good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged,

MYF PROPERTIES LLC, a California limited liability company ("Grantor"), does hereby Remise, Release and FOREVER QUITCLAIM to

CITY OF SAN DIEGO, A CALIFORNIA MUNICIPAL CORPORATION, ("Grantee")

all right, title and interest of Grantor in and to the following real property, situated in the City of San Diego, County of San Diego, State of California, described as follows:

that certain real property specifically depicted on Exhibit A and described in Exhibit A-1. attached to this Quitclaim Deed and is incorporated herein by this reference.

IN WITNESS WHEREOF, MYF Properties LLC. has caused this Quitclaim Deed to be executed and effective upon this _____ day of _____, 2021.

MYF PROPERTIES LLC, a California.
limited liability company

BY: _____

Exhibit "D"

This is to certify that the interest in real property conveyed by this instrument to the City of San Diego, a California municipal corporation, is hereby accepted by the undersigned officer on behalf of the City of San Diego pursuant to authority conferred by Resolution No. 250320, adopted by the Council of the City of San Diego on October 1, 1979, and the transferee consents to recordation thereof by its duly authorized officer.

THE CITY OF SAN DIEGO, a California municipal corporation

By: _____
KRISTIN GEITZ
Interim Director, Real Estate Assets

Date: _____

Approved as to form this _____ day of _____, 2021.
MARA W. ELLIOT, San Diego City Attorney

By: _____
Name: Melissa Ables
Title: Deputy City Attorney