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SAN DIEGO, CALIF.

FIRST AMENDMENT TO LEASE AGREEMENT
Percentage Rate Adjustment

THIS FIRST AMENDMENT (Amendment) is executed by and between the CITY of SAN DIEGO, a municipal corporation (CITY), and MONTFIELD FINANCIAL, LTD (LESSEE).

RECITALS

1. By a fifty (50) year Lease Agreement (AGREEMENT) between the CITY and LESSEE, filed on October 17, 1983, in the Office of the City Clerk in San Diego, California, Document number RR-259434, CITY leased to LESSEE certain real property on Montgomery Field Airport, in the City of San Diego, County of San Diego, State of California, more particularly described in AGREEMENT; and
2. Pursuant to Section III. CONSIDERATION, B. RENT, 4. Percentage Rent Adjustment, at least four (4) months prior to the end of the twentieth (20) year and at least four (4) months prior to the end of each tenth (10) year thereafter, CITY and LESSEE shall negotiate in good faith to adjust the percentage rate(s). In no event shall any rent adjustment result in any decrease in any percentage rental rate; and
3. At least four (4) months prior to end of the twentieth (20th) year, CITY and LESSEE have negotiated in good faith to adjust the percentage rates in accordance with the AGREEMENT; and
4. This Amendment sets forth the newly adjusted percentage rates which were negotiated and which shall be in effect for the period from November 1, 2003 to October 31, 2013; and
5. LESSEE acknowledges that the implementation of the new percentage rates pursuant to this Amendment does not relieve it from any requirements under the AGREEMENT; specifically, but not limited to, the further development of Parcel "B" in accordance with the General Development Plan, on file with the CITY, as further discussed in Section IV. COVENANTS AND CONDITIONS, B. LESSEE COVENANTS, 8. Development, of the AGREEMENT, which is to be completed by March 31, 2010, and to future reviews of percentage rate adjustments in accordance with the AGREEMENT;

NOW, THEREFORE, CITY and LESSEE agree to the following percentage rates adjustments, categories, and time periods therefor:

DOCUMENT NO. RR-259434-9
FILED JUL 29 2003
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

F. From November 1, 2003 to October 31, 2010.

For the first seven (7) years of the now applicable ten (10) year period (from November 1, 2003 to October 31, 2010), the following percentage rates and categories shall be in effect and LESSEE shall pay CITY, monthly in arrears, on or before the last day of the calendar month following that month in which the revenue subject to the rent was earned, a sum of money equal to:

<u>Percentages</u>	<u>Business Activities</u>
Nine Percent (9%)	Gross Income from Banquet Room
Ten Percent (10%)	Gross Income from Banquet Room Audio Visual equipment Misc. Charge Income
Five Percent (5%)	Gross Income from Banquet Service Charge
Four Percent (4%)	Gross Income from Banquet Gratuities
Nine Percent (9%)	Gross Income from In-Room Telephone
Twenty-Five Percent (25%)	Commissions of Vending Machines
Ten Percent (10%)	Gross Income from Golf Green Fees
Ten Percent (10%)	Gross Income from Golf Club Rentals
Ten Percent (10%)	Gross Income from Golf Shop Sales
Eight Percent (8%)	Gross Income from In-Room Movies
Nine Percent (9%)	Gross Income from Gift Shop Sales
Eight Percent (8%)	Gross Income from Room Rental
Four Percent (4%)	Gross Income from Food and Non- Alcoholic Beverages
Six Percent (6%)	Gross Income from Alcoholic Beverages
Ten Percent (10%)	Gross Income from All Other Sources except as otherwise agreed

G. From November 1, 2010 to October 31, 2013.

For the last three (3) years of the now applicable ten (10) year period (from November 1, 2010 to October 31, 2013), the following percentage rates and categories shall be in effect and LESSEE shall pay CITY, monthly in arrears, on or before the last day of the calendar month following that month in which the revenue subject to the rent was earned, a sum of money equal to:

<u>Percentages</u>	<u>Business Activities</u>
Twelve and Three Tenths Percent (12.3%)	Gross Income from Banquet Room
Ten Percent (10%)	Gross Income from Banquet Room Audio Visual equipment Misc. Charge Income
Five Percent (5%)	Gross Income from Banquet Service Charge
Six Percent (6%)	Gross Income from Banquet Gratuities
Twelve and Three Tenths Percent (12.3%)	Gross Income from In-Room Telephone
Twenty-Five Percent (25%)	Commissions of Vending Machines
Sixteen and Seven Tenths Percent (16.7%)	Gross Income from Golf Green Fees
Sixteen and Seven Tenths Percent (16.7%)	Gross Income from Golf Club Rentals
Sixteen and Seven Tenths Percent (16.7%)	Gross Income from Golf Shop Sales
Eight Percent (8%)	Gross Income from In-Room Movies
Twelve and thee Tenths Percent (12.3%)	Gross Income from Gift Shop Sales
Eight Percent (8%)	Gross Income from Room Rental
Seven and Three Tenths Percent (7.3%)	Gross Income from Food and Non- Alcoholic Beverages
Six Percent (6%)	Gross Income from Alcoholic Beverages
Ten Percent (10%)	Gross Income from All Other Sources except as otherwise agreed

Except the amendments to the percentage rates set forth in this amendment, CITY and LESSEE agree that all other terms of the AGREEMENT remain the same; that nothing herein is intended to amend any other covenant or condition of said AGREEMENT.

IN WITNESS WHEREOF, this FIRST AMENDMENT TO LEASE AGREEMENT is executed by CITY acting by and through its City Manager, or his designee, and by LESSEE, acting by and through its lawful, authorized designee.

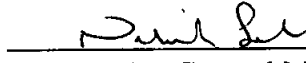
THE CITY OF SAN DIEGO

Date 7/28/03 By


William T. Griffith
Real Estate Assets Director

MONTFIELD FINANCIAL, LTD

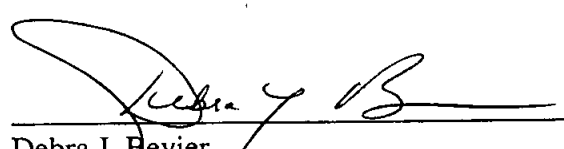
Date 7-24-03 By


Nabih Geha, General Manager

APPROVED as to form and legality this 28th day of July, 2003.

CASEY GWINN, City Attorney

By


Debra J. Bevier
Deputy City Attorney

\\AIRPORTS\FOURPOINTS\FIRSTAMENDMENT.WPD