

## CITY OF SAN DIEGO

### CONSENT TO ASSIGNMENT OF LEASE AGREEMENT

This Consent to Assignment of Lease Agreement ("Consent") is made as of February 1<sup>st</sup>, 2007, by the City of San Diego ("CITY"), as lessor, under that certain lease agreement dated June 1, 1996, by and between Air 88, Inc, a California corporation, d.b.a. Crownair ("LESSEE" and/or "ASSIGNOR"), and filed as document number OO-18298 in the Office of the City Clerk (the "Lease").

### RECITALS

This Consent is made with regard to the following facts:

- A. CITY and LESSEE have entered into the Lease where CITY leased to LESSEE that certain real property identified as Lots 5A and 9 and a portion of City Building 127, Montgomery Field Airport, ("Premises"). The Premises are more fully described in the Lease.
- B. ASSIGNOR wishes to assign the Lease to Crownair Holdings, Inc., a California corporation ("ASSIGNEE") and ASSIGNEE agrees to assume all of the rights, title, and interest in the Lease under the provisions of the Stock Purchase Agreement between Crownair Holdings Inc., and Air 88, Inc., and Gorgio Cagliero and Laura Cagliero, dated November 29, 2006 (the "Assignment"), a copy of which is attached to this Consent as Exhibit "A."
- C. ASSIGNOR and ASSIGNEE desire to obtain CITY'S consent to the Assignment and CITY is willing to consent to the Assignment on the terms and conditions contained herein.
- D. ASSIGNOR and ASSIGNEE acknowledges that this Consent does not relieve it from any requirements under the Lease, including but not limited to, the market value adjustment in rent that, once determined, will be retroactive to June 1, 2006, as required by Addendum I to the Lease.
- E. Further, ASSIGNOR and ASSIGNEE acknowledge CITY's desire to maintain a high quality hotel operation such as Four Points by Sheraton on the Premises.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Consent, and for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties all agree as follows:

1. Assumption. ASSIGNEE assumes and agrees for the benefit of the CITY to be bound by, and to conform and comply with, every obligation of ASSIGNOR under the Lease, including the amendments made herein after the execution of this Consent by CITY and maintain on the Premises an FBO that provides at least the same level of quality and service as the FBO currently on the Premises as of the date of this Consent. ASSIGNOR agrees that it shall remain jointly and severally liable with ASSIGNEE for the payment of all rents and for the

performance of all obligations of LESSEE under the Lease, including all the obligations ASSIGNOR was responsible for prior to the execution of this Consent by the CITY. ASSIGNOR and ASSIGNEE acknowledges that this Consent does not relieve it from the market value adjustment in rent that, once determined, will be retroactive to June 1, 2006, as required by Addendum I to the Lease.

2. Additional Consideration. Assignor shall pay CITY two percent (2%) of the gross amount paid for the leasehold in connection with this assignment of the Lease, as further described in Section 4.7 of the lease agreement.
3. Subsequent Assignments; Recapture. This Consent does not constitute a consent to any subsequent subletting or assignment of the Lease and/or the Premises and does not relieve ASSIGNEE or any persons claiming under or through ASSIGNEE of the obligation to obtain the prior written consent of CITY prior to subletting and/or assigning the Lease and/or the Premises.
4. Default Under the Lease. If ASSIGNEE defaults under the Lease, CITY, without waiving its rights to proceed against ASSIGNEE, may proceed directly against ASSIGNOR, any guarantors, or anyone else liable under the Lease without first exhausting CITY's remedies against any other person or entity liable under the Lease to CITY.
5. Assignee's Guarantee. Assignee agrees to provide the City with an irrevocable direct pay Letter of Credit (LOC) or personal guarantee, in the amount of \$1,000,000, in favor of the City, drawn on a bank or other financial institution approved in writing by the City, with terms that are consistent with the Master Lease and this Consent to Assignment of Lease Agreement. Assignee agrees to monitor the credit of Issuing Bank and, if the Issuing Bank's credit rating falls below the City's minimum credit requirements, the LOC shall be substituted by a new LOC acceptable to the City, or another form of deposit. Assignee agrees to pay all costs, if any, of securing the LOC. The LOC or personal guarantee shall end two years from the execution of this Consent or upon a City approved future assignment of the Master Lease.
6. Strong Mayor. All references to "City Manger" in this lease and all subsequent amendments to this lease shall be deemed to refer to "Mayor." This section became effective on January 1, 2006, and shall remain in effect for the duration the City operates under the mayor-council (commonly referred to as "strong mayor") form of governance pursuant to Article XV of the City of San Diego City Charter.
7. Brokerage Commission. ASSIGNOR and ASSIGNEE agree that CITY shall not be liable for any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent. ASSIGNOR and ASSIGNEE shall protect, indemnify and hold CITY harmless from any brokerage commission or finders fee in connection with the consummation of the Assignment or this Consent, and from any cost or expense (including attorney's fees) incurred by CITY in defending any claim for any brokerage commission of finders fee. The provisions of this section shall survive the expiration or earlier termination of both the Assignment and this Consent.

8. Master Lease Controls. To the extent that the Assignment by and between ASSIGNOR and ASSIGNEE contradict, supersede, and/or attempt to preempt any term, obligation or right of the CITY under the Lease, the Lease shall control with regard to the rights of the CITY and obligations of ASSIGNOR and ASSIGNEE to the CITY.
8. Controlling Law. The terms and provisions of this Consent will be construed in accordance with and will be governed by the laws of the State of California.
9. Captions. Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.
10. Entire Agreement; Waiver. This Consent constitutes the final, complete, and exclusive statement between the parties to this consent to assignment pertaining to the terms of CITY'S consent. This Consent supersedes all prior and contemporaneous understandings or agreements of the parties, whether oral or written, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and states that agreement modifies this Consent.
11. Waiver of Jury Trial; Attorney Fees. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach of this Consent or otherwise for enforcement of any remedy under this Consent, the parties hereto agree that they waive any right to a trial by jury and, in the event of any commencement of litigation, the prevailing party shall be entitled to recover from the applicable party such costs and reasonable attorney fees as have been incurred.
12. Waiver. Except as explicitly stated in this Consent, nothing contained in this Consent will be deemed or construed to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in this Lease. In addition, the acceptance of rents by CITY from ASSIGNEE or anyone else liable under the Lease will not be deemed a waiver by CITY of any provisions of the Lease.
13. Notice. Any notice that may or must be given by any party under this Consent will be delivered (i) personally, (ii) by certified mail, return receipt requested, or (iii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to CITY, ASSIGNOR, or ASSIGNEE shall be sent to the respective address set forth on the signature page below, or such other address as the party may designate for service of notice by a notice given in accordance with the provisions of this section. A notice sent pursuant to the terms of this section shall be deemed delivered (a) when delivery is completed, if delivered personally, (b) three (3) business days after deposit into the United States mail, or (c) the day following deposit with a nationally recognized overnight courier if overnight delivery is requested by that courier.

14. Capitalized Terms. All terms spelled with initial capital letter in this Consent that are not expressly defined in this Consent will have the respective meanings given such terms in the Lease.

15. Authority: Each individual executing this Consent to Assignment on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Consent to Assignment on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Consent to Assignment is binding upon such person or entity in accordance with its terms. Each person executing this Consent to Assignment on behalf of another person or legal entity shall provide CITY with evidence, satisfactory to CITY, that such authority is valid, and such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

CITY, ASSIGNOR, and ASSIGNEE have executed this Consent as of the date shown above.

Date: 1/29/07

ASSIGNEES:

Crownair Holdings, Inc., a California corporation

By: [Signature]  
Name: ERANT G. Murray  
Title: PRESIDENT

ASSIGNOR:

Air 88, Inc., a California corporation

Date: 1/30/07

By: [Signature]  
Name: GIORGIO CAGLIERO  
Title: PRESIDENT

LESSOR:

THE CITY OF SAN DIEGO

Dated: 1/31/07

By: [Signature]  
James T. Barwick, Real Estate Assets Director

APPROVED AS TO FORM:  
MICHAEL J. AGUIRRE, CITY ATTORNEY

Dated: 2-1-07

By: [Signature]  
Todd Bradley, Deputy City Attorney

**EXHIBIT "A"**

**Stock Purchase Agreement between Crownair Holdings Inc., and Air 88, Inc., and Gorgio Cagliero and Laura Cagliero, dated November 29, 2006**

# CIRCUIT, MCKELLOGG, KINNEY & ROSS LLP

LAW OFFICES

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SCOTT C. MACLEOD  
GEORGIA A. COCHRAN  
Paralegals

NORA P. LOPEZ  
Legal Administrator

December 5, 2006

**SENT VIA MESSENGER & FACSIMILE (858) 279-0536**

Mr. Christian Anderson  
Supervising Property Agent, Airport Division  
City of San Diego General Services  
3750 John J. Montgomery Drive  
San Diego, California 92123-1769

**Re: Leasehold Assignment – Air 88, Inc., a California corporation (“Company”)**

Dear Mr. Anderson:

This firm represents the interests of Crownair Holdings, Inc., a California corporation (“Assignee”), to whom the Company proposes to assign its leasehold interest (“Lease”). Articles of Incorporation for Assignee were filed on November 13, 2006; Assignee has been assigned California Corporations No. 2597879.

We are in receipt of your correspondence to Mr. Cagliero dated November 30, 2006. We respond on behalf of Assignee below.

1. **Shareholders:** Assignee has two (2) shareholders, Mr. Glenn W. Ray (50%), and the Grant G. and Karen I. Murray Family Trust dated September 22, 2000 (50%);
2. **Federal Tax ID:** 20-5945483; and
3. **Principal Office:** 3229 East Spring Street, Suite 300, Long Beach, CA 90806
4. **Officers:** Grant Murray: President & Chairman of the Board  
Glenn Ray: Vice President & Corporate Secretary
5. **Experience:** Glenn Ray and Grant Murray each has more than twenty (20) years in the private aviation and fixed base operations’ industry. A copy of their background and operations experience is attached to this correspondence.
6. **Financials:** Confidential copies of the most recent Federal tax returns for Messrs. Ray & Murray (2005) are attached to this correspondence. In as much as the

CIRCUIT, MCKELLOGG, KINNEY & ROSS LLP  
LAW OFFICES

December 5, 2006

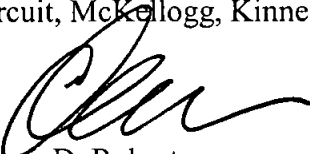
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Assignee has only recently been formed, and has no current operating history, we cannot provide any financial statements; however, be advised that Assignee has dedicated capital for the above referenced transaction in excess of \$1,000,000. Should you have any further questions relative to the financial capabilities of Messrs. Ray and/or Murray, please contact Mr. Scott Shields, CPA at (858) 577-3830.

7.     **Processing Fee:**     Please find our check in the amount of \$1,680 enclosed.

Please contact me with any further questions or requirements with respect to the assignment of the Lease and associated approval of the City of San Diego.

Kind Regards,  
Circuit, McKellogg, Kinney & Ross LLP



Aaron D. Roberts

Encl

cc:       Mr. Glenn Ray, Vice President  
          Mr. Grant Murray, Chairman  
          Mr. Scott Shields, CPA  
          Mr. Christopher Walt, Esq.