

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF LEASE AGREEMENT

The City of San Diego (CITY) as LESSOR under that certain Lease Agreement entered into with Brown Field Aviation Ventures, (BFAV), a California Corporation, (LESSEE) dated December 1, 1996 and filed in the office of the City Clerk as Document 00-18361, hereby consents to the assignment of a portion of the lease, consisting of 2.94 acres of ramp on Brown Field Airport, including Building 2005, consisting of approximately 3,424 square feet, to Flying J Aviation (JONES), (ASSIGNEE), described as area "B" in the aforesaid Lease Agreement in accordance with the terms and conditions set out in the attached Assignment of Lease Agreement entered into by LESSEE and ASSIGNEE, dated

4/8/99, 1999 and in accordance with additional conditions as follows: (None).

THE CITY OF SAN DIEGO

Date: 4-8-98

By Gracy R. Williams
Deputy Director, Airports Division

APPROVED AS TO FORM
AND LEGALITY

CASEY GWINN, City Attorney

Date: 4-13-99

By: Priscilla Lopez
Deputy City Attorney

SETTLEMENT AGREEMENT

This Agreement is executed by and between Flying "J" Aviation, hereinafter called "Jones," Air Adventures Skydiving, Inc., hereinafter called "AASI," Brown Field Aviation Ventures, Inc., hereinafter called "BFAV," and Bruce Young, an individual, hereinafter called "Young."

WITNESSETH

WHEREAS, on or about February 15, 1996, a long term lease proposal for Brown Field was submitted to the City of San Diego listing Bearden Aviation, Jones, and AASI as principals with the leased area being:

Leasehold currently occupied by Bearden Aviation
Leasehold currently occupied by Paladin Aviation
Leasehold currently occupied by AASI
Leasehold currently occupied by Wayne Breese Hangars
Undeveloped land located to the west and east of the control tower (known as Light Aircraft Relocation Center, hereinafter referred to as "LARC," based on the City's required removal and relocation of hangars off the ramp area;

WHEREAS, the City of San Diego, hereinafter referred to as "City," rejected the BFAV proposal of February 15, 1996, indicating that the area occupied by Paladin Aviation and Wayne Breese Hangars were not available;

WHEREAS on or about April 15, 1996, a long term lease proposal for Brown Field was submitted to the City, listing Bearden Aviation, Jones, and AASI as principals with the leased area being:

Leasehold currently occupied by Bearden Aviation
Leasehold currently occupied by City of San Diego AES area
Leasehold currently occupied by AASI
Leasehold currently occupied by Jones for up to five years, then they are to move to the AES area
Undeveloped land located to the west and east of the control tower known as the Light Aircraft Relocation Center, referred to as the "LARC," based on the City's required removal and relocation of hangars off the ramp area;


Jones


AASI


BFAV


Young

WHEREAS on or about May 5, 1996, Bearden Aviation, Jones and AASI signed a Memorandum of Understanding (MOU) spelling out their agreement as it relates to a long term lease with the City;

WHEREAS in the MOU of May 5, 1996, the formation of the Corporation said "Bearden, Jones and AASI agree to form a corporation for the purpose of proposing and operating a long term lease at Brown field Airport. The name of the Corporation shall be Brown Field Aviation Ventures, Inc. Each entity (Bearden, Jones and AASI) shall receive equal amounts of stock and equal voting rights. The formation and operation of the Corporation's costs shall be shared equally by all parties."

WHEREAS in the MOU of May 5, 1996, the leased area included: "Bearden shall be responsible for that area it now occupies. Jones shall be responsible for that area it now occupies. AASI shall be responsible for the area it now occupies, plus the new AES area and the new LARC area. At the time the hangars are moved from the AES area, then all three entities shall be responsible for the AES area. Jones shall transition into the AES area according to the long term lease proposal.

WHEREAS the City rejected the BFAV proposal of April 16, 1996, saying that it would not require that all hangars be removed and relocated off the ramp area and that the undeveloped land located to the west and east of the control tower was not available and that BFAV was asked to look at alternative areas;

WHEREAS Bearden, Jones and AASI discussed the possibilities of a new proposal and the fact that AASI was willing to do its own proposal and investment;

WHEREAS because of proposal changes, Bearden, Jones and AASI decided to void their MOU of May 5, 1996, and replace it with the MOU dated August 16, 1996;

WHEREAS in the MOU of August 16, 1996, the formation of the corporation said, "Bearden, Jones and AASI agree to have Bruce Young form a corporation for the purpose of proposing and operating a long term lease at Brown Field Airport. The name of the Corporation shall be Brown Field Aviation Ventures, Inc. Each entity (Bearden, Jones and AASI) shall, as part of this venture, have rights in their respective areas as listed in this agreement. The reason for Bruce Young forming the corporation is that some lenders may require the signature of a single person. The formation and operation of the corporation costs shall be the responsibility of Bruce Young;"

WHEREAS in the MOU of August 16, 1996, the leased area included: "Bearden shall be responsible for that area it now occupies. Jones shall be responsible for the area it now occupies. AASI shall be responsible for the area it now occupies. Brown Field Aviation Ventures, Inc. shall be responsible for all other areas."


Jones


AASI


BFAV


Young

WHEREAS on or about August 19, 1996, BFAV submitted a long term lease proposal Revision 9, for the Brown field Airport to the City of San Diego listing Bearden, Jones and AASI as principals, with the leased area being:

Leasehold currently occupied by Bearden Aviation
Leasehold currently occupied by City of San Diego (AES)
Leasehold currently occupied by Air Adventures Skydiving, Inc.
Leasehold currently occupied by Flying "J" Aviation
Leasehold area 200 feet south of Curran Street, from the west border of the Flying "J" Aviation leasehold to the east border of the AES leasehold
Leasehold area 120 feet west of the west end of the Flying "J" Aviation leasehold;

WHEREAS on or about August 29, 1996, BFAV gave Jones, Bearden and AASI a copy of the City of San Diego's Flat Rate Lease with Brown Field Aviation Ventures and signed by Bruce Young as President and sole Director;

WHEREAS on January 3, 1997, BFAV sent Jones, Bearden and AASI two copies of their long term lease asking them to sign both copies and return them as soon as possible;

WHEREAS in BFAV's request of January 3, 1997, it included copies of previously signed MOU's and a copy of the Brown Field Aviation Venture, Inc.'s Master Lease;

WHEREAS in late February and early March, 1997, Jones recognized that it had rights in its current leasehold only, but that it wanted to have its own lease with the City, not a sublease from BFAV;

WHEREAS BFAV asked the City if Jones could have its own lease and the City stated that if it had its own lease, it would be required to put up substantial investment;

WHEREAS Jones expressed concern that with Bruce Young owning BFAV, if he (Young) sold the corporation or died, it could affect Jones' sublease;

WHEREAS in an effort to address the Jones concern, Bearden, Jones and AASI signed a MOU dated March 3, 1997, to further clarify the previous MOU dated August 16, 1996;

WHEREAS in the MOU dated March 3, 1997, under the formation of the corporation, Bruce Young was listed as the sole shareholder;

WHEREAS in the MOU dated March 3, 1997, under Leased Area Responsibilities, it was added that all subleases with Brown Field Aviation Ventures, Inc. are binding on all successors.


Jones


AASI


BFAV


Young

Subleases are legal and binding and cannot be changed or altered without the written consent of both parties. Any change in the shareholders of Brown Field Aviation Ventures, Inc. shall not change the obligations of either party under their sublease;

WHEREAS on March 3, 1997, Jones signed its sublease based on the MOU of March 3, 1997;

WHEREAS Jones believes that it would still have more control over its lease if it were directly with the City;

WHEREAS Jones agreed to be included as a plaintiff in a lawsuit against Bruce Young, individually, Brown Field Aviation Ventures, Inc., a California corporation, and Air Adventures Skydiving, Inc., a California corporation, San Diego Superior Court Case No. SB717;

WHEREAS AASI, BFAV and Young filed a Cross-Complaint seeking a declaration of rights against Jones;

WHEREAS Jones still desires to have their lease with the City;

WHEREAS BFAV asked the City if they could assign the Jones leased area to the Joneses;

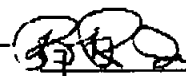
WHEREAS because of the circumstances the City agreed to the concept of assigning the Jones sublease area to the Joneses;

WHEREAS the above-mentioned lawsuit has led to costly disputes and differences, the parties without admitting the claims and contentions of each other, are desirous of compromising, adjusting and finally and completely settling certain claims, contentions and disputes between them, whether known or unknown, and to release each other from their respective liabilities and/or obligations, and in order to compromise these disputes and claims of each of the parties, and in consideration of the benefits to each other that may occur to each of the parties by saving expenses of litigation and other valuable consideration, and in consideration of the promises and mutual release of each to the other, it is hereby mutually agreed as follows:

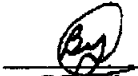
AGREEMENT

BFAV will request from the City that the area currently occupied by the Joneses be assigned to the Joneses from BFAV. Upon acceptance by the City, the parties agree as follows:

I. Jones releases AASI, BFAV and Young and AASI, BFAV and Young releases Jones


Jones


AASI

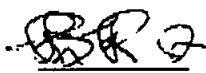

BFAV


Young

from any and all claims, causes of action, demands or liabilities of whatever nature, anticipated or unanticipated, known or unknown, which any party or parties may have against any other party or parties, including, without limitation, any such matters arising out of or in any way related to the Complaint or Cross-Complaint in San Diego Superior Court Case No. SB7171.

- II. Jones will dismiss with prejudice its portion of San Diego Superior Court Case No. SB7171 against Bruce Young, an individual, Brown Field Aviation Ventures, Inc., a California corporation, and Air Adventures Skydiving, Inc., a California corporation;
- III. Jones assigns any rights or ownership it may have in BFAV to Bruce Young;
- IV. For the purpose of moving aircraft from an area south of Curran Street, Jones shall provide to BFAV a 50 foot wide taxiway through their leasehold on the west end of their property at no charge;
- V. BFAV will provide parking for a reasonable number of cars at no cost south of Curran Street;
- VI. BFAV shall have a first right of refusal if an offer to purchase the business of Jones or lease a substantial portion of the premises is received. The first right of refusal shall be for a period of 30 days after each bonafide offer is received;
- VII. Each of the parties further covenants and agrees that it will not institute any action, claim or proceeding in any court or other tribunal for relief based in whole or in part upon any act, action, claim or demand from which the parties are released and/or are waived by and under the terms of this Agreement;
- VIII. The parties understand and agree that there is a risk that, subsequent to the execution of this Agreement, one or more parties will incur or suffer loss, damages, or injuries which are in some way caused by the Complaint, the Cross-Complaint or the matters referred to in the Complaint or which could have been alleged in the Complaint referred to above but which are unknown and unanticipated at the time this Agreement is signed. All parties do hereby assume the above-mentioned risks and understand that the Agreement shall apply to all known or unanticipated results of the occurrences described above, as well as those known and anticipated, and upon the advice of legal counsel, all parties do hereby waive any and all rights under California Civil Code §1542, which section has been duly explained and reads as follows:

A general release does not extend to claims which the


Jones

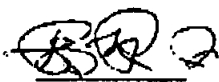

AASI


BFAV


Young

creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him, must have materially affected his settlement with the debtor.

- IX. It is further agreed that in the event any litigation or arbitration is threatened or commenced, or any dispute arises with respect to the interpretation or enforcement of any provision of this Agreement, the prevailing party shall be entitled to its costs and expenses, including attorney's fees;
- X. The provisions of this Agreement are severable and should any provision be, for any reason, unenforceable, the balance shall, nonetheless, be of full force and effect.
- XI. This Agreement shall, in all respects, be interpreted, enforced, and governed by and under the laws of the State of California. This Agreement is to be deemed to have been jointly prepared by The parties, and any uncertainty or ambiguity existing herein shall not be interpreted against any of the other parties, but according to the application of the rules of interpretation of contracts, if any such uncertainty or ambiguity exists;
- XII. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. The parties agree that the delivery of a counterpart bearing a facsimile signature of a party shall be binding on such party as fully as a counterpart bearing an original signature. Two or more counterparts bearing in the aggregate the original or facsimile signatures of all parties shall constitute a fully executed copy of this Agreement;
- XIII. Each party hereto has had the opportunity to seek the advice of counsel concerning this settlement and this Agreement. Each party expressly represents and warrants that he or it has had the advice of and assistance of counsel concerning this settlement and this Agreement prior to its execution;
- XIV. No party (nor any officer, agent, partner, employee, representative or attorney of or for any party), has made any statement, representation or assurance to any other party or other person, entity or third party regarding any fact relied upon in entering into this Agreement, and each party does not rely upon any statement, representation or assurance of any other party (or any officer, agent, partner, employee, representative or attorney of or for any other party), in executing this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement;


Jones


AASI


BFAV


Young

XV. Each party expressly agrees that time is of the essence in performance of all covenants and conditions of this Agreement;

XVI. Each party hereto agrees to execute, acknowledge, deliver, file, and record such further certificates, documents and instruments and to do all such further acts and things as may be necessary to carry out the intent and purposes of this Agreement;

XVII. Each party to this Agreement expressly warrants that he or it has the authority necessary to execute this Agreement and has not sold, transferred, conveyed, or otherwise assigned any rights in or to any of the matters released herein.

IN WITNESS WHEREOF, this Agreement is executed by Jones, AASI, BFAV and Young.

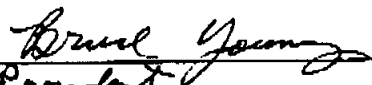
Dated: 3/11/99

FLYING "J" AVIATION

By: 
OWNER/PARTNER

Dated: 3/8/99

AIR ADVENTURES SKYDIVING, INC.

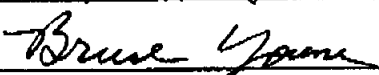
By: 
President

Dated: 3/8/99

BROWN FIELD AVIATION VENTURES, INC.

By: 
President

Dated: 3/8/99


BRUCE YOUNG, an individual


Jones


AASI


BFAV


Young

BROWN FIELD AVIATION VENTURES

EXHIBIT "A"

Includes areas A, B, C, D, E and F

Total area: approx. 15. Acres

EXHIBIT "A"

PALADIN AVIATION

Includes areas 1, 2, 3 and 4

