

Mulvey, Brandi

From: Aaron Roberts <Aaron.Roberts@mincainc.com>
Sent: Friday, September 02, 2016 8:43 AM
To: Mulvey, Brandi; David Ryan
Cc: Ray Richmond; Propst, Rodney; Thompson, Cybele
Subject: RE: Assignment...

Debbie, 4/7/17
Need to prepare invoices per the below
Brandi

Brandi – Our only comments to guaranty & assignment:

1. This is a flat rate lease not a percentage lease as referenced in the assignment.
2. Crownair Holdings, Inc., is currently owned by L&S Aviation, LLC not MI Aviation Holdings, LLC as referenced in the assignment. It is Crownair Holdings, Inc., that wishes to assign its interest in the Lease to MYF Holdings, LLC (which is owned 100% by MI Aviation Holdings, LLC which is in turn owned 100% by MINCA, Inc.)
3. Dave or Ryan will reach out to you separately regarding the fee
4. Given proposed assignee (MYF Holdings LLC) is owned 100% by MI Aviation Holdings, LLC, the guaranty should be made by MI Aviation Holdings, LLC. You will note from the Q2 2016 audited financial statements that MI Aviation Holdings, LLC has \$22.5mm in assets against only \$9.1mm in liabilities leaving shareholder equity at a robust \$13.3mm, with \$3.39mm in top line revenue and \$373K in net income for 6 month period ended June 30, 2016.

We look forward to receiving the finalized documents near term so as to complete this phase to accommodate our subleasing efforts with our tenants.

Thanks
Aaron

From: Mulvey, Brandi [mailto:BMulvey@sandiego.gov]
Sent: Wednesday, August 31, 2016 11:19 AM
To: David Ryan
Cc: Ray Richmond; Aaron Roberts; Propst, Rodney; Thompson, Cybele
Subject: RE: Assignment...

Hi Dave,

Attached is a Consent to Assignment and a Guaranty that will be required as a condition for the City's Consent for your review and execution. As I have explained to you in the past we are required to charge a Transaction Processing Fee for our agreements. The fee for a Consent to Assignment is \$2,000 and the fee for a long term lease is \$4,920. I will be preparing invoices for these that you should see in the next week or so which will be due in 30 days.

I will be here until 2:30PM today but will be around all day tomorrow if you need to discuss.

Thank you,

Brandi

CONSENT TO SUBLEASE AGREEMENT

THIS CONSENT TO SUBLEASE AGREEMENT (Consent) is entered into by and between the City of San Diego (CITY) and Crownair Holdings, Inc. (CROWNAIR), to be effective upon execution by CITY and approval by the San Diego City Attorney (Effective Date), as follows:

RECITALS

- A. CITY is the "LESSOR" and CROWNAIR is the "LESSEE", under that certain lease agreement dated May 6, 1996, and filed in the Office of the City Clerk as Document No.00-18298 (Master Lease), relating to certain real property (Master Lease Property) more particularly described in the Master Lease; and
- B. The Master Lease requires CITY's consent to any sublease of the Master Lease Property; and
- C. CROWNAIR now desires to sublease a portion of the Master Lease Property, specifically Hangar 25 (Subleased Property), to Hill SD, LLC (SUBLESSEE).

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, and subject to the following terms and conditions, CITY consents to CROWNAIR's request to sublease the Subleased Property to SUBLESSEE:

- 1. USE: The Subleased Property shall be used is solely and exclusively for the purposes of aircraft storage.
- 2. SUBORDINATION: The sublease between CROWNAIR and SUBLESSEE shall be subordinate to the Master Lease in all respects. CITY shall not bound by any term or condition in the sublease. Except as provided herein, this Consent shall not be deemed or construed to modify, waive, impair, or affect any of the terms or conditions of the Master Lease. And, by executing this Consent, CITY is merely consenting to CROWNAIR's request to sublease the Subleased Property to SUBLESSEE and to the proposed use under the sublease.

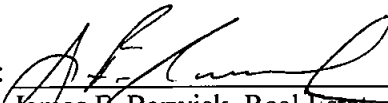
It is agreed, however, that through its sublease with SUBLESSEE, CROWNAIR shall ensure that SUBLESSEE assumes and shall perform the obligations of "LESSEE" under the Master Lease as and to the extent such obligations are applicable to SUBLESSEE or SUBLESSEE's use of the Subleased Property and the Master Lease Property.

3. ASSIGNMENT AND SUBLETTING: CROWNAIR shall ensure that SUBLESSEE does not assign the sublease or sublet the Subleased Property or any part thereof without the prior written consent of the CITY; any such unapproved assignment or sublease may result in termination of the Master Lease. Pursuant to City Charter Section 225, incorporated by reference, the CITY must review and approve every person or entity which will have any right, title or interest in the CITY's real or personal property, or contract.
4. INDEMNIFICATION/HOLD HARMLESS: CROWNAIR shall on its own, and shall also require SUBLESSEE to, assume the defense of, indemnify and hold harmless the CITY, its elected officials, officers, representatives, agents and employees from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from operations conducted on the leased premises, the condition of the premises or from any act or omission of CROWNAIR, its agents or invitees and of SUBLESSEE, its agents or invitees; provided, however, CROWNAIR and SUBLESSEE's duty to indemnify and hold harmless shall not include any claims or liability arising from the established sole negligence, or sole willful misconduct, of the CITY, its agents, officers, or employees.
5. INSURANCE: CROWNAIR shall ensure that SUBLESSEE obtains insurance from an insurance carrier acceptable to CITY, against loss from public liability arising from the use or condition of or operation conducted on the subleased premises. Minimum coverage shall be two million dollars (\$2,000,000) Combined Single Limit Liability. CROWNAIR shall require SUBLESSEE to file with CITY a copy of the policy of insurance which shall name "The City, its elected officials, officers, representatives, agents and employees" as an additional insured on a separate endorsement prior to SUBLESSEE's occupancy of the Master Lease Property. Said policy shall specify that the policy may not be terminated, altered or canceled without thirty (30) days prior written notice to CITY by the insurance company.
6. LEGAL PROCEEDING: Should it become necessary for the CITY to commence legal proceedings to collect rent, to recover possession, or enforce any provision of this Consent or the Master Lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court costs and attorney's fees.
7. AUTHORITY: Each individual executing this Consent on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Consent 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 is binding upon such person or entity in accordance with its terms. If requested, each person executing this Consent 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.

THE CITY OF SAN DIEGO

Dated 1/6/11

By: 
James F. Barwick, Real Estate Assets Director

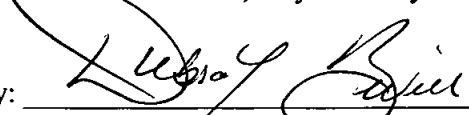
CROWNAIR HOLDING, INC.

Dated 1-4-11

By: 
Ray Richmond, General Manager

APPROVED AS TO FORM AND LEGALITY
this 7th day of January, 2011.

JAN I. GOLDSMITH, City Attorney

By: 
Debra J. Bevier, Deputy City Attorney

Sublease

Air 88, Inc., d.b.a. Crownair Aviation, a California corporation, herein called "Sublessor", hereby subleases to **Hill SD, LLC**, herein called "Sublessee", the land for a hangar measuring seventy feet by seventy feet (70' x 70'), the construction of which was done only as approved, permitted and certified by the City of San Diego, herein called "City", on land herein called "the Premises", located on all of that certain property situated in the City of San Diego, County of San Diego, State of California, described as Lease Lot 9, Montgomery Field Airport, delineated on Exhibit "A" as described in Subsection 10.1 of City of San Diego Flat Lease. The Premises are shown on the plot map attached hereto as Exhibit B. This Sublease relates specifically to the area shown as **Hangar # 25**.

Recitals

- A. Sublessor is the lessee under that certain lease dated May 6, 1996 (the "Master Lease") by and between Sublessor and the City of San Diego (the "City"), a copy of which is attached hereto as Exhibit C.
- B. Sublessee has purchased an aircraft hangar (Hangar # 25) on the Premises. Such purchase is contingent on Sublessee obtaining the rights to the Premises under this sublease and the consent of the City to this sublease (as evidenced by a "Consent to Sublease Agreement").

NOW, THEREFORE, the parties agree as follows:

- 1. Leasing and Description of Property. Subject to the terms and conditions set forth herein, Sublessor hereby subleases the Premises to Sublessee, and Sublessee hereby subleases the premises from Sublessor.
- 2. Term.
 - (a) This Sublease shall commence on the date of **Transfer of Title** and shall end on **May 31, 2016** unless sooner terminated as provided herein. In the event the Master lease is extended, Sublessor will, subject to approval by the City, offer an extension to this sublease for the same duration of any subsequent master lease executed between Sublessor and the City. Such offer, if approved by the City, shall be made prior to termination of the Master Lease. The terms of the extension or new sublease, subject to approval by the City, will be proportional to the rent in this sublease and to the percentage (%) increase to the new or extended master lease.
 - (b) So long as Sublessee is not in default in the performance of any of the terms, covenants, or conditions of the Sublease, City will not join Sublessee as a party defendant in any action or proceeding for the purpose of terminating Sublessee's interest and estate under the Sublease because of any default by Lessee/Sublessor under the Master Lease.
 - (c) If the Master Lease is terminated for any reason, all Sublessor's interests as Sublessor under the Sublease shall be deemed automatically assigned, transferred and conveyed to the City. City shall thereafter be bound on the Sublease to the same extent Lessee/Sublessor was bound on the Sublease, and shall have all the rights under the Sublease that Sublessor had under the Sublease.

Further, upon such a termination, Sublessee shall be bound to City under all of the conditions of the Sublease for the balance of the term of the Sublease with the same force and effect as if City were the landlord under the Sublease. In no event shall the City be required to approve an extension of the Sublease beyond May 31, 2016. As a part of this process, Sublessee shall attorn to City as Sublessee's landlord. The attornment will become effective immediately when City succeeds to the interest of Sublessor under the Sublease, and shall not require the execution of any additional instruments by the parties to this agreement. The respective rights and obligations of Sublessee and City upon attornment shall for the balance of the term of the Sublease be the same as they are currently set forth in the Sublease, with the exception of the potential extension provision.

Subject to specific exceptions herein, if the Ground Lease is terminated for any reason and City succeeds to the interest of Sublessor under the Sublease, City shall be bound to the Sublessee under the terms of the Sublease, and Sublessee shall, from and after that event, have the same remedies against City for the breach of any agreement contained in the Sublease that Sublessee might have had under the Sublease against the Sublessor.

3. Ground Rent. Sublessee agrees to pay a flat rate of **Nine Hundred and Forty Three Dollars (\$943) per month.** Ground rent will begin and be payable on the first (1st) day of the month for the full term of the lease. Ground rent is payable at the office of Sublessor at **Crownair Aviation, 3753 John J. Montgomery Drive, San Diego, CA 92123**, or at such other place or places as Sublessor may from time to time designate by written notice delivered to Sublessee.

4. Ground Rent Adjustment: The ground rent provided for in Section 3 above shall be subject to adjustment at the end of the first year and at the end of every year thereafter (the "adjustment date") based on increases in the Consumer Price Index as follows:

The Base for computing the adjustment is The Consumer Price Index for All Items for All Urban Consumers in the Los Angeles-Riverside-Orange County Metropolitan Area, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is last published prior to the date of the commencement of the term ("Beginning Index"). If the Index published nearest (and prior to) the adjustment date ("Extension Index") has increased over the Beginning Index, the ground rent for the following annual period (until the next rent adjustment) shall be set by multiplying the minimum rent set forth in Section 3 (post flat-rate master lease) above by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index.

If the Index is changed so that the base year differs from that used immediately preceding the month in which the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

In addition to the CPI increases mentioned above the rent is subject to fair market value increases mirroring any such adjustment applied by the City to the Master Lease.

5. Utilities and Taxes as Additional Rent. In addition to the ground rent specified in Sections 3 and 4 above, Sublessee agrees to pay the following costs and expenses as additional rent for the use and occupancy of the premises:

- (a) **Utilities:** Sublessee shall pay, and hold Sublessor and the property of Sublessor free and harmless from, all charges for the furnishing of gas, water, electricity, telephone service and other public utilities to said premises during term of this sublease or any extension thereof and for the removal of garbage and rubbish from said premises during the term of this sublease or any extensions thereof. Sublessor shall provide a trash bin for the disposal of a limited quantity of non hazardous waste; however, in the event of lease termination and attornment, the City shall not be required to provide a trash bin. In any event, the removal of excessive (as determined by Sublessor) and/or hazardous waste from Hangar # 25 shall be the responsibility of Sublessee. Any utilities to be paid by sublessee shall have an agreed upon method of computing such charges, unless there is a meter or service directed and serving only said premises.
- (b) **Personal Property Taxes:** Sublessee shall pay before they become delinquent all taxes, assessments, or other charges levied or imposed by any governmental entity on the personal property placed by Sublessee in, on, or about said premises.
- (c) **Real Property Taxes:** All Real Property taxes and assessments, including possessory interest taxes, levied or assessed against said premises by any governmental entity, including any special assessments imposed on or against said premises for the construction or improvement of public works in, on, or about said premises, shall be paid, before they become delinquent, by Sublessee. Should the governmental entity bill Sublessor then Sublessor will pay the bill on behalf of the Sublessee, except in the event of termination and attornment; provided, however, Sublessee shall reimburse Sublessor for all such real property taxes and assessments attributable to Hangar # 25 on the premises. Sublessor shall invoice Sublessee for said taxes, which invoice shall include a copy of said taxes and a receipt showing payment thereof and Sublessee shall reimburse Sublessor within 15 days of such invoice.
- (d) **Any landing fees, filing fees or other fees imposed by the City**
6. **Late Charges.** If any installment of rent or other payment required to be paid by Sublessee to Sublessor is not paid within ten (10) days of the date of which it is due, a late charge equal to Twenty Five Dollars (\$25.00) shall be due from Sublessee to Sublessor to compensate Sublessor for the additional administrative work caused by such default and to compensate Sublessor for the loss of use of such defaulted payment. The late charge herein shall be in addition to any other remedy which Sublessor may have hereunder for such default.
7. **Interest on Late Payments.** If any payment required to be paid by Sublessee to Sublessor is not paid within thirty (30) days of the date on which it is due, such installment of rent or other payment shall bear interest at the maximum legal rate.
8. **Use of the premises.** It is expressly agreed that the premises are leased to Sublessee, solely and exclusively for the purposes of aircraft storage. Subject to Sublessor and City approval, additional uses of the Premises may be allowed. Sublessee shall not perform maintenance or repair on any aircraft so as to be a competitor of Sublessor without prior written approval from Sublessor. Sublessee understands and agrees that the Taxi-lanes and Taxiways must be kept clear at all times.
9. **Maintenance.** Sublessee shall, at its sole cost and expense, maintain the Premises and the improvements thereon. All painted surfaces and surfaces requiring treatment of any kind shall be maintained in first class condition and shall be repainted and/or treated as often as required in order to preserve the structure and to maintain the standards set by example of premises of other facilities operated by Sublessor and located on the same master leasehold. Any changes in exterior colors

shall be subject to the prior written approval of Sublessor. Sublessor shall be the sole judge of the quality of maintenance.

Within fifteen (15) days written notice from Sublessor, Sublessee shall perform whatever reasonable maintenance Sublessor deems necessary. If such maintenance is not undertaken by Sublessee within a thirty (30) day period, Sublessor shall have the right, but not the obligation, with three (3) days' verbal notice to enter upon the Premises and perform the necessary maintenance, the cost of which shall be borne by the Sublessee. If an unsafe condition exists no notice to enter premises will be required.

10. Construction. Sublessee understands that, on occasion, construction and/or maintenance work will be performed on the Premises. Should normal access routes be affected by said work Sublessee understands and agrees to move and/or stage the aircraft as necessary to enable safe use. Sublessor agrees to attempt to minimize any inconvenience of this nature.
11. Rules and Regulations. Sublessee agrees to observe and obey all reasonable policies, rules and regulations promulgated and enforced by City or any other governmental authority having jurisdiction over Montgomery Field, San Diego, CA during the term of this Sublease.
12. Hold Harmless. Sublessee shall assume the defense of, indemnify, and save harmless Sublessor and City from all claims, expenses and liabilities, of any nature, directly or indirectly, arising from the operations conducted on the leased premises or from any act or omission of Sublessee, his agent and invitees.
13. Insurance. Sublessee shall, at Sublessee's sole cost and expense, procure and maintain during the entire term of this Sublease, the following insurance coverage issued by insurance companies acceptable to Sublessor and City and authorized to conduct insurance business in the State of California:
 - a. Comprehensive General Liability, including Aircraft Operations in a minimum amount of One Million Dollars (\$1,000,000), COMBINED SINGLE LIMIT LIABILITY, with a minimum of \$100,000 per passenger, covering the subleased premises and all aircraft stored on the premises. This policy shall cover all injury or damage, including death suffered by any party or parties from acts or failure by anyone in connection with the use of the premises or operation of aircraft stored on the premises.
 - b. Fire, Extended Coverage and Vandalism insurance, insuring all insurable permanent structures on the premises. Such insurance shall insure the full insurable 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.
 - c. The Sublessor and/or City may require SUBLESSEE to periodically increase the required amounts of insurance coverage's and the types of coverage's, to reasonably protect the Sublessor's and City's interests and to reflect any changes in SUBLESSEE'S approved uses.

Evidence of such insurance shall be provided by Sublessee by filing with Sublessor and City a copy of each such policy together with a duly executed certificate to the effect that the insurance policy(s) are consistent with the terms of this Sublease. 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. Sublessee shall be named as insured and the Sublessor and "THE CITY OF SAN DIEGO" shall be named

as an "additional insured" in the insurance policies described in Sections 12(a) and 12(b) above. 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).**

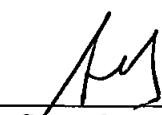
14. Applicability of Master Lease. This Sublease is subject to and subordinate to the terms and conditions of the Master Lease.
15. Assumption. Sublessee hereby expressly assumes and agrees to perform and comply with all the obligations required to be performed by Sublessee under the provisions of the Master Lease to the extent they are applicable to the subleased premises.
16. Obligations of Sublessor. Sublessor agrees to maintain the master Lease during the entire term of this sublease or extension, subject, however, to any earlier termination of the Master Lease without the fault of Sublessor. Sublessor also agrees to pay all rents provided for in the Master Lease in accordance with its terms, and to comply with or perform all obligations of the Lessee under the Master Lease that Sublessee has not assumed under this sublease.
17. Default. The occurrence of any of the following shall constitute a default by Sublessee:
 - (a) Failure to pay rent when due, if such failure continues for three (3) days after notice of default and demand for payment has been given to Sublessee.
 - (b) Abandonment and vacation of the Premises. Failure to occupy the Premises for thirty (30) consecutive days shall be deemed an abandonment and vacation.
 - (c) Failure to undertake material maintenance obligations which Sublessor deems necessary, if such failure continues for thirty (30) days after written notice of the need for such maintenance has been served to Sublessee.
 - (d) The assignment of the Premises for the benefit of Sublessee's creditors without permission of Sublessor.
 - (e) Failure by Sublessee to perform any other material provisions of this sublease if such failure is not cured within thirty (30) days after written notice of such failure has been given to Sublessee. If such provision cannot reasonably be performed within such thirty (30) day period, or if Sublessee commences performance of the provision within said thirty (30) day period and diligently pursues performance of the provision, Sublessee shall not be in default.
18. Non-Discrimination. Sublessee shall not discriminate against any person or class of people by reason of race, color, creed or national origin in the use of the Premises.
19. Right of First Refusal to Purchase Improvements. Sublessee understands that **Hangar # 25** and its trade-fixtures will become the **property of the City at the expiration of the Master Lease** and that the hangar and trade-fixtures may not, in any case, be removed from the Premises during the term of the Master Lease (see Master Lease, Section 6.10 "Ownership of Improvements and Personal Property"). Should Sublessee elect to sell the facility and other improvements on the Premises during the term of this sublease, or upon termination or cancellation hereof, **Sublessor shall have the right of first refusal to meet any bonafide offers of sale** on the same terms and conditions of such offer, and on the failure of Sublessor to meet such bonafide offer within fifteen (15) days after receipt of written notice thereof from Sublessee, Sublessee shall be free to sell said Hangar # 25 and improvements to such third party in accordance with the terms and conditions of the third party's offer.

20. Suspension of Term. If, during the term of this Sublease, a state of war or other national emergency is declared and if the governmental entity elects to take over the operation of Montgomery Field or any part thereof for military use, the provisions of this Sublease shall be suspended insofar as such provisions are inconsistent with the utilization of Montgomery Field for military purposes.
21. Notices. Except as otherwise specifically provided in this sublease, all notices and demands required in this lease to be given by Sublessor to Sublessee or by Sublessee to Sublessor shall be in writing and delivered in person or certified mail, return receipt requested. Notices and demands shall be addressed to Sublessee at **Hill SD, LLC, 2655 Camino Del Rio North, Suite 410, San Diego, CA 92108.** Notices and demands shall be addressed to Sublessor c/o **Crownair Aviation, 3753 John J. Montgomery Drive, San Diego, CA 92123.** Any notice or demand shall be deemed served at the time of delivery, if delivered in person, or on the business day served at the time of delivery, if delivered in person, or on the business day following deposit thereof in the United States Mail, if sent by certified mail.
22. Binding Arbitration of Disputes. Except with regard to any claim, counterclaim, dispute, and other matter relating to the payment of rent or any other sum owing from Sublessee to Sublessor under this lease any disagreement between the parties with respect to the interpretation or application of this lease or the obligations of the parties hereunder shall be determined by binding arbitration. Such arbitration shall be conducted on request of either the Sublessor or Sublessee. The arbitration shall be in conformity with and subject to the provision of the California Code of Civil Procedure relating to arbitration. The expense of arbitration proceedings conducted hereunder shall be borne equally by the parties. All arbitration proceedings hereunder shall be conducted in the city of San Diego, California. This provision shall not apply to the City in the event of termination and attornment.

Notice: By initialing in the space below you are agreeing to have any dispute arising out of the matters included in the "Binding Arbitration of Disputes" provision decided by neutral arbitration as provided by California law and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. By initialing in the space below you are giving up your judicial rights to discovery and appeal, unless those rights are specifically included in the "Binding Arbitration of Disputes" provision. If you refuse to submit to arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California code of civil procedure. Your agreement to this arbitration provision is voluntary. We have read and understand the foregoing and agree to submit disputes arising out of the matters included in the "Binding Arbitration of Disputes" provision to neutral arbitration. This provision shall not apply to the City in the event of termination and attornment.

Initials:


Ray Richmond
Crownair Aviation


Mr. Gregg Seaman
Hill SD, LLC

23. Legal Proceedings: Should it become necessary for Sublessor or City to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, Sublessee agrees to pay all legal costs in connection therewith, including a reasonable sum as attorney's fees.
24. Assigning or Subleasing. Sublessee shall not assign this sublease or sublet the Premises or any part thereof without the prior written consent of Sublessor and the City of San Diego. An assignment by

The consent of Sublessor to any assignment of Sublessee's interest in this sublease, or the subletting by Sublessee of the premises or part of the Premises shall not be unreasonably withheld.

operation of law shall automatically terminate this Sublease. The current practice of the City of San Diego is to require a new sublease should the ownership of the hangar change. *N*

25. Mortgage or Deed of Trust. Sublessee may place a mortgage or deed of trust on any improvements owned by Sublessee located on the premises and on Sublessee's leasehold interest in the premises, subject to (1) the terms of such mortgage or deed of trust being commercially reasonable, including providing for commercially reasonable rights of the lender to notice and opportunity to cure any default by Sublessee and foreclosure rights, and (2) the consent of the City, and (3) such mortgage or deed of trust shall not encumber Sublessor's leasehold interest or the City's interest in the Premises.
26. Subordination. This agreement is, in effect, a sublease of a portion of the premises covered by that certain Lease Agreement dated May 6, 1996, as amended between the Sublessor herein and the City of San Diego. This Sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.
27. Binding on Heirs and Successors. The covenants and conditions contained in this Sublease, subject to the provisions prohibiting assignment, shall inure to and bind the heirs, successor and assigns of the parties.
28. Time of Essence. Time is expressly declared to be of the essence of this sublease.
29. Modification. This agreement contains all of the agreements and understandings of the parties and cannot be amended, modified or changed except by a subsequent written agreement.

Executed at San Diego, California on the **28th day of September, 2010.**

Sublessor:

Air 88, Inc. d.b.a. Crownair, a California corporation

by: *Ray Richmond*
Ray Richmond – General Manager

Sublessee:

Gregg Seaman
Mr. Gregg Seaman
Hill SD, LLC

EXHIBIT "A"

DESCRIPTION OF PROPERTY

A portion of Lease Lots 5A and 9 at Montgomery Field Airport that specifically is shown on the Master Plot Plan (Exhibit "C") with the legal address of:

3753 John J. Montgomery Drive, Hangar # 25
San Diego, CA 92123

EXHIBIT "B"

MASTER PLOT PLAN

N
P

EXHIBIT "C"

MASTER LEASE

W
ACJ