

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with BHC Inc. dba Spider's Aircraft Service, Inc., a California Corporation, (LESSEE) which is filed in the Office of the City Clerk as Document R-263902, hereby consents to the certain Sublease Agreement executed between the above LESSEE (SUBLESSOR/SUBLANDLORD) and Peter Prentice, (SUBLESSEE/SUBTENANT), for Hangar Space #7 executed on July 27, 1998, attached hereto.

Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE, and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease. In addition, this Consent is subject to the following conditions:

- 1) SUBLESSOR may not install water/sewer services to the Subleased Premises without the prior written authorization of the City's Airports Deputy Director.
- 2) At expiration or earlier termination of the Master Lease, the City may require that SUBLESSOR remove the improvements in accordance with the Master Lease.
- 3) The Processing Fee has been waived at the discretion of the Supervising Property Agent.

THE CITY OF SAN DIEGO

Date: 8/6/98

By: [Signature]
Supervising Property Agent

APPROVED AS TO FORM:

CASEY G. GWINN, CITY ATTORNEY

Date: August 12, 1998

By: Prescilla Quigley
Deputy City Attorney

RECEIVED
CITY CLERK'S OFFICE
SAN DIEGO, CALIF. 921
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DOCUMENT NO. C-08852

FILED AUG 20 1998
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

SUBLEASE AGREEMENT

This Sublease Agreement ("Sublease") is made as of the 27 day of July, 1997, by and between BHC, Inc. dba Spider's Aircraft Service, Inc. a California Corporation, ("Sublandlord") and, PERAS, S. V. RENTCO ("Subtenant").

RECITALS

This sublease is made with regard to the following facts:

- A. Sublandlord is the tenant under that certain Ground Lease Agreement (Document 263902) dated August 19, 1985, as amended, ("Master Lease"), between Sublandlord and the City of San Diego (the "Master Landlord"). Under the Master Lease, Sublandlord leases those certain premises known as a portion of Lot 16 of Montgomery Field Airport, located in the City of San Diego, California ("Master Premises").
- B. Subtenant desires to sublease from Sublandlord a portion of the Master Premises (the "Subleased Premises"), which Subleased Premises is more particularly described in Exhibit A attached to this Sublease. Sublandlord has agreed to sublease the Subleased Premises to Subtenant, and Subtenant has agreed to sublease the Subleased Premises from Sublandlord, on the terms, covenants and conditions stated in this Sublease.

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

1. Sublease. Sublandlord subleases to Subtenant and Subtenant subleases from Sublandlord the Subleased Premises, subject to the terms, covenants, and conditions contained in this Sublease.
2. Demise and Description of Subleased Premises. The Subleased Premises consist of approximately 6,000 square feet of the Master Premises, at the location and as more particularly depicted on the "Leased Premises Layout" attached hereto as Exhibit "A" and by this reference incorporated herein.
3. Subordination. This agreement is in effect a sublease of a portion of the Master Premises covered by the Master Lease, as amended. This Sublease is subject and subordinated to the covenants and conditions of said Master Lease notwithstanding any provision hereof contrary to or in conflict with said Master Lease.
4. Term. Subject to the condition set forth in section 21.6, below, the terms and provisions of the Sublease shall be effective and commence on July 27, 1998 and shall continue from month to month until terminated by either party by giving written notice thirty (30) days in advance.

5. **Base Rent.** Subtenant will pay base rent during the term of the Sublease in the initial amount of \$80.00 per month, payable monthly in advance on the first day of each month. The base rent will be increased, under the same terms and conditions by which the Base Rent is increased under the Master Lease, as provided in Section 6 below. Furthermore, in the event that the term of this Sublease begins or ends on a date that is not the first day of a month, base rent will be prorated as of that date. Concurrent with Subtenant's execution of this Sublease, Subtenant will deliver to Sublandlord the first month's base rent in the amount of \$ 80.00 plus the amount of \$ 0 as a security deposit to be held by Sublandlord.

6. **Adjustment of Rent.** Subtenant acknowledges that pursuant to the terms of the Master Lease, Sublandlord's rent for the Master Premises is or may be subject to adjustment pursuant to and in accordance with the terms of the Master Lease. Subtenant agrees that the base rent due under Section 5 above shall be subject to adjustment(s) at such times and in such amounts proportional to any such rent adjustments to Sublandlord's rent under the Master Lease.

7. **Use.** Subtenant agrees to use the Subleased Premises as and for the placement of a hangar which shall be used for aircraft storage only, in accordance with the provisions of the Master Lease and this Sublease, and for no other purpose.

8. **Subtenant Improvement and Permits.** Subject to and in accordance with the permitted use as set forth in Section 7 immediately preceding and the terms and conditions of this Section 8, Subtenant shall be solely responsible for any and all improvements to the Subleased Premises necessary or required for Subtenant's use and occupancy of the Subleased Premises. Subtenant shall, prior to the construction and/or placement of any hangar and/or improvements to the Subleased Premises, shall obtain the prior written consent of both Sublandlord and Master Landlord. Subtenant shall obtain all permits required by Master Landlord, and pay all related fees for such permits, for installation and removal of its hangar and/or improvements located on the Sublease Premises. Upon Sublandlord serving Subtenant with written notice, Subtenant shall entirely and completely remove, within thirty (30) days of such notice, the hangar and/or all improvements from the Subleased Premises and restore the Subleased Premises to its original condition, all at Subtenant's sole cost and expense.

9. **Utilities. None.** No utilities may be installed to or on the premises without the prior written consent from Sublandlord and Master Landlord. (Existing services can be extended to accommodate subtenants.)

10. **Master Lease.** As applied to this Sublease, the words "Landlord" and "Tenant" in the Master Lease will be deemed to refer to Sublandlord and Subtenant, respectively, under this Sublease.

Except as otherwise expressly provided in this Sublease, the covenants, agreements, provisions, and conditions of the Master Lease to the extent that they relate to the Subleased Premises and to the extent that they are not inconsistent with the terms of the Sublease are made a part of and incorporated into this Sublease as if recited in full in the Sublease.

The rights and obligations of the Master Landlord and the Sublandlord under the Master Lease will be deemed the rights and obligations of Sublandlord and Subtenant, respectively, under this Sublease, and will inure to the benefit of, and be binding on, Sublandlord and Subtenant, respectively. As between the parties to this Sublease only, in the event of a conflict between the terms of the Master Lease and

11. Performance by Sublandlord; Status of Master Lease

11.1 Sublandlord's Performance Conditioned on Master Landlord's Performance. Subtenant recognizes that Sublandlord is not in a position to render any of the services or to perform any of the obligations required of Master Landlord by the terms of the Master Lease. Therefore, despite anything to the contrary in this Sublease, Subtenant agrees that performance by Sublandlord of its obligations under this Sublease is conditioned on performance by the Master Landlord of its corresponding obligations under the Master Lease, and Sublandlord will not be liable to Subtenant for any default of the Master Landlord under the Master Lease.

Subtenant will not have any claim against Sublandlord based on the Master Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless that failure or refusal is a result of Sublandlord's act or failure to act. Despite the Master Landlord's failure or refusal to comply with any of those provisions of the Master Lease, this Sublease will remain in full force and effect and Subtenant will pay the base rent and additional rent and all other charges provided for in this sublease without any abatement, deduction or set off. Except as expressly provided in this Sublease, Subtenant agrees to be subject to, and bound by all of the covenants, agreements, terms, provisions, and conditions of the Master Lease, as though Subtenant was the Tenant under the Master Lease.

11.2 Obtaining Master Landlord's Consent. Whenever the consent of the Master Landlord is required under the Master Lease, and whenever the Master Landlord fails to perform its obligations under the Master Lease, Sublandlord agrees to use its reasonable, good faith efforts to obtain, at Subtenant's sole cost and expense, that consent or performance on behalf of Subtenant.

11.3 No Existing Defaults. Sublandlord represents and warrants to Subtenant that the Master Lease, as amended, is in full force and effect, and Sublandlord has neither given nor received a notice of default under the Master Lease.

12. No Brokers. The parties to this Sublease warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease and each party agrees to protect, defend, indemnify and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of that party's acts in connection with this Sublease.

13. Insurance and Condemnation Proceeds. Subtenant shall be insured by an insurance carrier acceptable to the Sublandlord and the Master Landlord against a loss from public liability arising from the use of condition of or operation conducted on the Subleased Premises. Minimum coverage shall be \$1 Million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with Sublandlord and Master Landlord and shall name Sublandlord and Master Landlord as additional insureds. Said policy shall specify that the policy may not be terminated, altered or canceled without thirty (30) days prior written notice to Sublandlord and Master Landlord by the insurance company.

Despite anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, in the event of damage to or condemnation of the Master Premises and/or Subleased Premises, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease will be deemed to be the property of Sublandlord, and Sublandlord will have no obligation to rebuild or restore

the Subleased Premises.

14. Notices. Any notice that may or must be given by either party under this Sublease 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 Sublandlord or Subtenant shall be sent to the respective address set forth on the signature page below, or to such other address as that party may designate for service of notice by a notice given in accordance with the provisions of this section 14. A notice sent pursuant to the terms of this section 14 shall be deemed delivered (A) when delivery is attempted, 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.

15. Amounts Payable. All Amount payable under this Sublease by Subtenant are payable directly to the Sublandlord.

16. "As-Is". Sublandlord will deliver the Subleased Premises to Subtenant in their currently "as is" condition. Sublandlord and Subtenant agree that Sublandlord has not made and makes no representation, direct or implied, as to the condition of the Subleased Premises or its suitability for Subtenant's use.

17. Indemnity. Sublandlord agrees to protect, defend, indemnify, and hold Sublandlord and Master Landlord harmless from and against any and all liabilities, claims, expenses, losses and damages (including reasonable attorney fees and costs), that may at any time be asserted against Sublandlord and/or Master Landlord by (a) the Master Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions, or conditions contained in the Master Lease that Subtenant is obligated to perform under the provisions of this Sublease; or (b) any person as a result of the use, operations or occupancy of the Subleased Premises by Subtenant, his agents and invitees and/or any acts or omissions by Subtenant or his agents and invitees, except to the extent any of the foregoing is caused by the negligence or willful misconduct of Sublandlord. The provisions of this section 17 will survive the expiration or earlier termination of the Master Lease or this Sublease.

18. Cancellation of Master Lease. In the event of the Master Lease is canceled or terminated for any reason, or involuntarily surrendered by operation of law before the expiration date of this Sublease, Subtenant agrees, at the sole option of the Master Landlord, to attorn to the Master Landlord for the balance of the term of this Sublease and on the then executory terms of this Sublease.

The attornment will be evidenced by an agreement in form and substance reasonably satisfactory to the Master Landlord. Subtenant agrees to execute and deliver such an agreement at any time within ten (10) days after request by the Master Landlord. Subtenant waives the provisions of any law now or later in effect that may provide Subtenant any right to terminate this Sublease or to surrender possessions of the Subleased Premises in the event any proceeding is brought by the Master Landlord to terminate the Master Lease.

19. Certificates. Each party to this Sublease will, from time to time as requested by the other party, on not less than ten (10) days prior written notice, execute, acknowledge, and deliver to the other party a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications that this Sublease is in full force and effect as modified and stating the modifications). That statement will certify the dates to which base rent, additional rent, and any other charges have been paid. That statement will also state whether,

to the knowledge of the person signing the certificate, the other party is in default beyond any applicable grace period provided in this Sublease in the performance of any of its obligations under this sublease. If the other party is in default beyond any applicable grace period, the statement will specify each default of which the signer then has knowledge. It is intended that this statement may be relied on by others with whom the party requesting that certificate may be dealing.

20. **Assignment or Subleasing.** Subject to the rights of the Master Landlord and the restrictions contained in the Master Lease in connection with an assignment, Subtenant is not entitled to assign this Sublease or to sublet all or any portion of the Subleased Premises without the prior written consent of Sublandlord and Master Landlord. That consent may be withheld by Sublandlord and Master Landlord in their sole discretion. Any assignment by operation of law or sale of Subtenant's hangar on the Subleased Premises shall automatically terminate this Sublease.

21. GENERAL PROVISIONS

21.1 **Severability.** If any provision of this Sublease or the application of any provision of this Sublease to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of the Sublease or the application of that provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each provision of this Sublease will be valid and be enforced to the fullest extent permitted by law.

21.2 **Entire Agreement; Waiver.** This Sublease constitutes the final, complete and exclusive statement between the parties to this Sublease pertaining to the Subleased Premises, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors, and assigns. No party has been induced to enter into this Sublease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Sublease. Any agreement made after that date of this Sublease is ineffective to modify, waive, release, terminate, or effect an abandonment of this Sublease, in whole or in part, unless that agreement is in writing, is signed by the parties to this Sublease, and specifically states that agreement modifies this Sublease.

21.3 **Captions.** Captions to the sections in this Sublease are included for convenience only and do not modify any of the terms of this Sublease.

21.4 **Further Assurances.** Each party to this Sublease will at its own cost and expense execute and deliver such further documents and instruments and will take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this sublease.

21.5 **Governing Law.** This Sublease will be governed by and in all respects construed in accordance with the laws of the State of California.

21.6 **Consent of Master Landlord.** The Master Landlord's written consent to this Sublease in accordance with the terms and conditions of the Master Lease, are conditions to the validity of this Sublease. In furtherance of this Section 21.6, Subtenant agrees to and shall concurrently upon the execution of this Sublease pay to Sublandlord for payment to Master Landlord the Master Landlord's unrefundable administrative fee of \$310.00. If the Master Landlord's consent has not been obtained and a copy of that consent delivered to Subtenant by the fifteenth (15th) day following the date of this Sublease, Subtenant shall thereafter have the ongoing

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right, subject to the terms of this Section 21.6, to terminate this sublease pursuant to a notice (the "Termination Notice") so stating delivered to Sublandlord. If Sublandlord fails to deliver to Subtenant the consent of Master Landlord to this Sublease within fifteen (15) days following receipt of the Termination Notice (the "Termination Date"), this Sublease shall automatically terminate and the parties shall be released from any further obligations under this Sublease. If, however, Sublandlord delivers to Subtenant the consent of Master Landlord on or before the Termination Date, the condition subsequent set forth in this Section 21.6 shall be satisfied and this Sublease shall continue in full force and effect.

21.7 Capitalized Terms. All terms spelled with initial capital letters in the Sublease that are not expressly defined in this Sublease will have the respective meanings given such terms in the Master Lease.

21.8 Word Usage. Unless the context clearly requires otherwise, (a) the plural and singular numbers will each be deemed to include the other; (b) the masculine, feminine, and neuter genders will each be deemed to include the others; (c) "shall", "will", "must", "agrees", and "covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

21.9 Legal Proceedings. Should it become necessary for Sublandlord or Master Landlord to commence legal proceedings to collect rent, to recover possession or enforce any other provision of the Sublease, Subtenant agrees to pay all legal costs in connection therewith, including a reasonable sum as attorneys' fees.

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The parties have executed this Sublease as of the date specified above at San Diego, California.

BHC, INC. dba SPIDER'S AIRCRAFT SERVICE, INC. a California Corporation

By:

Name

General Manager

Title

Subtenant

By:

Peter Prentice
Name

Title

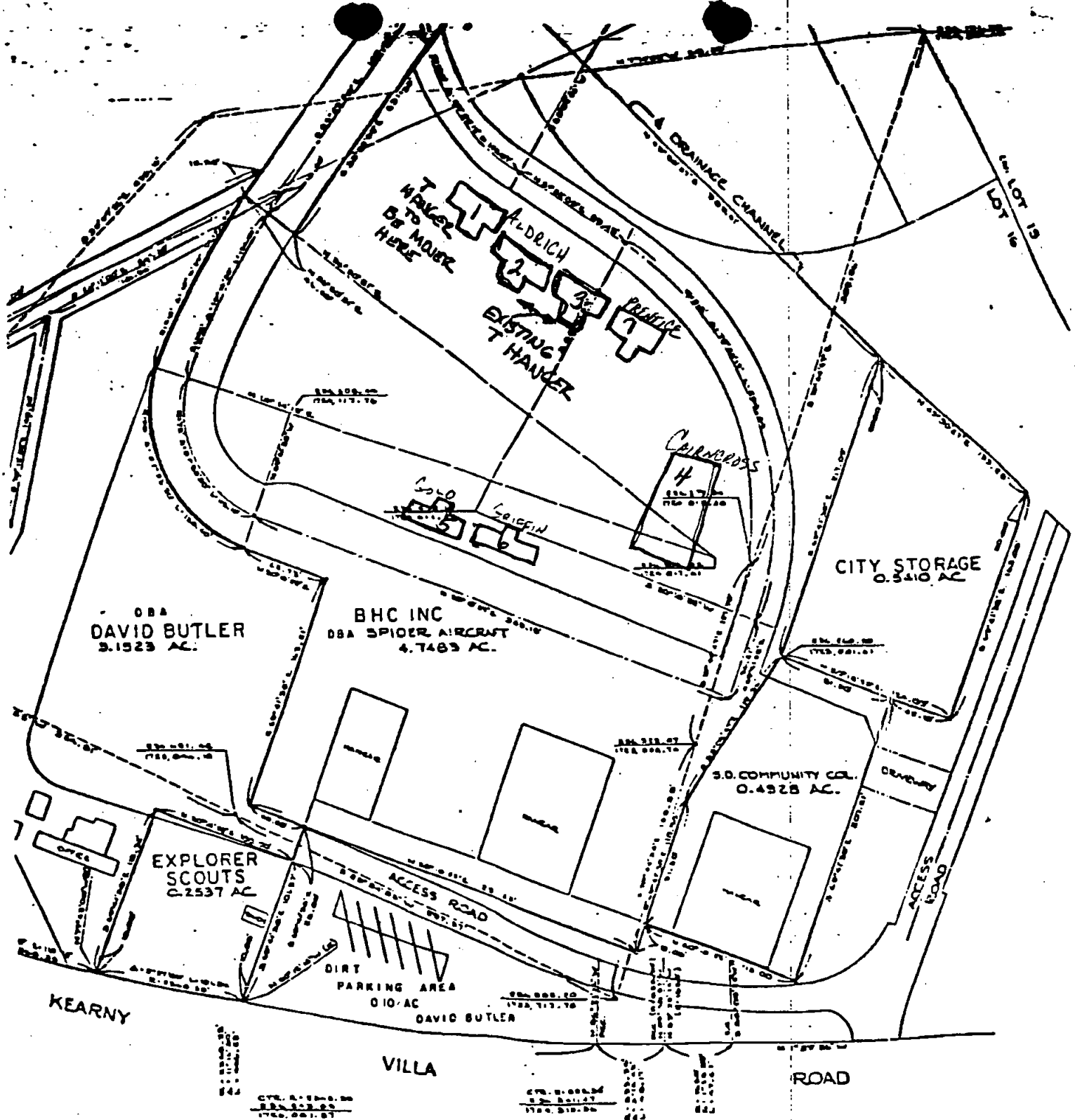


EXHIBIT A

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR entered into that certain Lease Agreement (Master Lease) with FRANK W. SCHOSSOW, JR., dba SPIDERS AIRCRAFT SERVICE, INC., a California Corporation, (LESSEE) which is filed in the Office of the City Clerk as Document RR-263902. Said Master Lease was subsequently assigned from LESSEE to RICHARD D. CORONA and RONALD P. BRADY and ROBERT W. BRADY aka BHC, INC. (Document No. 769293). CITY now hereby consents to the attached sublease agreement to Master Lease, between BHC, INC. and ROBERT E. CAIRNCROSS (SUBLESSEE).

Said Sublease shall be subordinate to the Master Lease in all respects, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with, or is additional to, the provisions of the Master Lease. In addition, this consent is subject to the following conditions:

The parties are hereby informed that the Master Lease is currently on a month-to-month holdover status and SUBLESSEE is required to remove his hangar, at his expense, with prior 30-day written notice, and SUBLESSEE shall not be entitled to a relocation site or any relocation benefits from the City, whatsoever.

THE CITY OF SAN DIEGO

Date: Dec 12, 1997

By: Brady D. Williams
Airports Deputy Director

APPROVED AS TO FORM:

CASEY G. GWINN, CITY ATTORNEY

Date: Dec 17, 1997

By: [Signature]
Deputy City Attorney

a:cairncross.sub

SUBLEASE AGREEMENT

This Sublease Agreement ("Sublease") is made as of the 26 day of November, 1997, by and between BHC, Inc. dba Spider's Aircraft Service, Inc. a California Corporation, ("Sublandlord") and, Robert E. Cairncross, ("Subtenant").

RECITALS

This sublease is made with regard to the following facts:

A. Sublandlord is the tenant under that certain Ground Lease Agreement (Document 263902) dated August 19, 1985, as amended, ("Master Lease"), between Sublandlord and the City of San Diego (the "Master Landlord"). Under the Master Lease, Sublandlord leases those certain premises known as a portion of Lot 15 of Montgomery Field Airport, located in the City of San Diego, California ("Master Premises").

B. Subtenant desires to sublease from Sublandlord a portion of the Master Premises (the "Subleased Premises"), which Subleased Premises is more particularly described in Exhibit A attached to this Sublease. Sublandlord has agreed to sublease the Subleased Premises to Subtenant, and Subtenant has agreed to sublease the Subleased Premises from Sublandlord, on the terms, covenants and conditions stated in this Sublease.

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

1. Sublease. Sublandlord subleases to Subtenant and Subtenant subleases from Sublandlord the Subleased Premises, subject to the terms, covenants, and conditions contained in this Sublease.

2. Demise and Description of Subleased Premises. The Subleased Premises consist of approximately 3500 square feet of the Master Premises, at the location and as more particularly depicted on the "Leased Premises Layout" attached hereto as Exhibit "A" and by this reference incorporated herein.

3. Subordination. This agreement is in effect a sublease of a portion of the Master Premises covered by the Master Lease, as amended. This Sublease is subject and subordinated to the covenants and conditions of said Master Lease notwithstanding any provision hereof contrary to or in conflict with said Master Lease.

4. Term. Subject to the condition set forth in section 21.6, below, the terms and provisions of the Sublease shall be effective and commence on November 26, 1997 and shall continue from month to month until terminated by either party by giving written notice thirty (30) days in advance.

5. **Base Rent.** Subtenant will pay base rent during the term of the Sublease in the initial amount of \$ 200.00 per month, payable monthly in advance on the first day of each month. The base rent will be increased, under the same terms and conditions by which the Base Rent is increased under the Master Lease, as provided in Section 6 below. Furthermore, in the event that the term of this Sublease begins or ends on a date that is not the first day of a month, base rent will be prorated as of that date. Concurrent with Subtenant's execution of this Sublease, Subtenant will deliver to Sublandlord the first month's base rent in the amount of \$ 200.00 plus the amount of \$ 0 is a security deposit to be held by Sublandlord.

6. **Adjustment of Rent.** Subtenant acknowledges that pursuant to the terms of the Master Lease, Sublandlord's rent for the Master Premises is or may be subject to adjustment pursuant to and in accordance with the terms of the Master Lease. Subtenant agrees that the base rent due under Section 5 above shall be subject to adjustment(s) at such times and in such amounts proportional to any such rent adjustments to Sublandlord's rent under the Master Lease.

7. **Use.** Subtenant agrees to use the Subleased Premises as and for the placement of a hangar which shall be used for aircraft storage only, in accordance with the provisions of the Master Lease and this Sublease, and for no other purpose.

8. **Subtenant Improvement and Permits.** Subject to and in accordance with the permitted use as set forth in Section 7 immediately preceding and the terms and conditions of this Section 8, Subtenant shall be solely responsible for any and all improvements to the Subleased Premises necessary or required for Subtenant's use and occupancy of the Subleased Premises. Subtenant shall, prior to the construction and/or placement of any hangar and/or improvements to the Subleased Premises, shall obtain the prior written consent of both Sublandlord and Master Landlord. Subtenant shall obtain all permits required by Master Landlord, and pay all related fees for such permits, for installation and removal of its hangar and/or improvements located on the Sublease Premises. Upon Sublandlord serving Subtenant with written notice, Subtenant shall entirely and completely remove, within thirty (30) days of such notice, the hangar and/or all improvements from the Subleased Premises and restore the Subleased Premises to its original condition, all at Subtenant's sole cost and expense.

9. **Utilities.** None. No utilities may be installed to or on the premises without the prior written consent from Sublandlord and Master Landlord.

10. **Master Lease.** As applied to this Sublease, the words "Landlord" and "Tenant" in the Master Lease will be deemed to refer to Sublandlord and Subtenant, respectively, under this Sublease.

Except as otherwise expressly provided in this Sublease, the covenants, agreements, provisions, and conditions of the Master Lease to the extent that they relate to the Subleased Premises and to the extent that they are not inconsistent with the terms of the Sublease are made a part of and incorporated into this Sublease as if recited in full in the Sublease.

The rights and obligations of the Master Landlord and the Sublandlord under the Master Lease will be deemed the rights and obligations of Sublandlord and Subtenant, respectively, under this Sublease, and will inure to the benefit of, and be binding on, Sublandlord and Subtenant, respectively. As between the parties to this Sublease only, in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease will control.

11. Performance by Sublandlord; Status of Master Lease

11.1 **Sublandlord's Performance Conditioned on Master Landlord's Performance.** Subtenant recognizes that Sublandlord is not in a position to render any of the services or to perform any of the obligations required of Master Landlord by the terms of the Master Lease. Therefore, despite anything to the contrary in this Sublease, Subtenant agrees that performance by Sublandlord of its obligations under this Sublease is conditioned on performance by the Master Landlord of its corresponding obligation under the Master Lease. Subtenant agrees not to be liable to Subtenant for any default of the Master Landlord under the Master Lease.

Subtenant will not have any claim against Sublandlord based on the Master Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless that failure or refusal is a result of Sublandlord's act or failure to act. Despite the Master Landlord's failure or refusal to comply with any of those provisions of the Master Lease, this Sublease will remain in full force and effect and Subtenant will pay the base rent and additional rent and all other charges provided for in this Sublease without any abatement, deduction or set off. Except as expressly provided in this Sublease, Subtenant agrees to be subject to, and bound by, all of the covenants, agreements, terms, provisions, and conditions of the Master Lease, as though Subtenant was the Tenant under the Master Lease.

11.2 **Obtaining Master Landlord's Consent.** Whenever the consent of the Master Landlord is required under the Master Lease, and whenever the Master Landlord fails to perform its obligations under the Master Lease, Sublandlord agrees to use its reasonable, good faith efforts to obtain, at Subtenant's sole cost and expense, that consent or performance on behalf of Subtenant.

11.3 **No Existing Defaults.** Sublandlord represents and warrants to Subtenant that the Master Lease, as amended, is in full force and effect, and Sublandlord has neither given nor received a notice of default under the Master Lease.

12. **No Brokers.** The parties to this Sublease warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease and each party agrees to protect, defend, indemnify and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of that party's acts in connection with this Sublease.

13. **Insurance and Condemnation Proceeds.** Subtenant shall be insured by an insurance carrier acceptable to the Sublandlord and the Master Landlord against a loss from public liability arising from the use of condition of or operation conducted on the Subleased Premises. Minimum coverage shall be \$1 Million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with Sublandlord and Master Landlord and shall name Sublandlord and Master Landlord as additional insureds. Said policy shall specify that the policy may not be terminated, altered or canceled without thirty (30) days prior written notice to Sublandlord and Master Landlord by the insurance company.

Despite anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, in the event of damage to or condemnation of the Master Premises and/or Subleased Premises, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease will be deemed to be the property of Sublandlord, and Sublandlord will have no obligation to rebuild or restore

the Subleased Premises.

14. **Notices.** Any notice that may or must be given by either party under this Sublease 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 Sublandlord or Subtenant shall be sent to the respective address set forth on the signature page below, or to such other address as that party may designate for service of notice by a notice given in accordance with the provisions of this section 14. A notice sent pursuant to the terms of this section 14 shall be deemed to have been delivered (A) when delivery is attempted, 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.

15. **Amounts Payable.** All Amount payable under this Sublease by Subtenant are payable directly to the Sublandlord.

16. **"As-Is".** Sublandlord will deliver the Subleased Premises to Subtenant in their currently "as is" condition. Sublandlord and Subtenant agree that Sublandlord has not made and makes no representation, direct or implied, as to the condition of the Subleased Premises or its suitability for Subtenant's use.

17. **Indemnity.** Sublandlord agrees to protect, defend, indemnify, and hold Sublandlord and Master Landlord harmless from and against any and all liabilities, claims, expenses, losses and damages (including reasonable attorney fees and costs), that may at any time be asserted against Sublandlord and/or Master Landlord by (a) the Master Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions, or conditions contained in the Master Lease that Subtenant is obligated to perform under the provisions of this Sublease; or (b) any person as a result of the use, operations or occupancy of the Subleased Premises by Subtenant, his agents and invitees and/or any acts or omissions by Subtenant or his agents and invitees, except to the extent any of the foregoing is caused by the negligence or willful misconduct of Sublandlord. The provisions of this section 17 will survive the expiration or earlier termination of the Master Lease or this Sublease.

18. **Cancellation of Master Lease.** In the event the Master Lease is canceled or terminated for any reason, or is voluntarily surrendered by operation of law before the expiration date of this Sublease, Subtenant agrees, at the sole option of the Master Landlord, to attorn to the Master Landlord for the balance of the term of this Sublease and on the then executory terms of this Sublease.

The attornment will be evidenced by an agreement in form and substance reasonably satisfactory to the Master Landlord. Subtenant agrees to execute and deliver such an agreement at any time within ten (10) days after request by the Master Landlord. Subtenant waives the provisions of any law now or later in effect that may provide Subtenant any right to terminate this Sublease or to surrender possessions of the Subleased Premises in the event any proceeding is brought by the Master Landlord to terminate the Master Lease.

19. **Certificates.** Each party to this Sublease will, from time to time as requested by the other party, on not less than ten (10) days prior written notice, execute, acknowledge, and deliver to the other party a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications that this Sublease is in full force and effect as modified and stating the modifications). That statement will certify the dates to which base rent, additional rent, and any other charges have been paid. That statement will also state whether,

to the knowledge of the person signing the certificate, the other party is in default beyond any applicable grace period provided in this Sublease in the performance of any of its obligations under this sublease. If the other party is in default beyond any applicable grace period, the statement will specify each default of which the signer then has knowledge. It is intended that this statement may be relied on by others with whom the party requesting that certificate may be dealing.

20. Assignment or Subleasing. Subject to the rights of the Master Landlord and the restrictions contained in the Master Lease in connection with an assignment.

Subleased Premises without the prior written consent of Sublandlord and Master Landlord. That consent may be withheld by Sublandlord and Master Landlord in their sole discretion. Any assignment by operation of law or sale of Subtenant's hangar on the Subleased Premises shall automatically terminate this Sublease.

21. GENERAL PROVISIONS

21.1 Severability. If any provision of this Sublease or the application of any provision of this Sublease to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of the Sublease or the application of that provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each provision of this Sublease will be valid and be enforced to the fullest extent permitted by law.

21.2 Entire Agreement; Waiver. This Sublease constitutes the final, complete and exclusive statement between the parties to this Sublease pertaining to the Subleased Premises, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors, and assigns. No party has been induced to enter into this Sublease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Sublease. Any agreement made after that date of this Sublease is ineffective to modify, waive, release, terminate, or effect an abandonment of this Sublease, in whole or in part, unless that agreement is in writing, is signed by the parties to this Sublease, and specifically states that agreement modifies this Sublease.

21.3 Captions. Captions to the sections in this Sublease are included for convenience only and do not modify any of the terms of this Sublease.

21.4 Further Assurances. Each party to this Sublease will at its own cost and expense execute and deliver such further documents and instruments and will take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this sublease.

21.5 Governing Law. This Sublease will be governed by and in all respects construed in accordance with the laws of the State of California.

21.6 Consent of Master Landlord. The Master Landlord's written consent to this Sublease in accordance with the terms and conditions of the Master Lease, are conditions to the validity of this Sublease. In furtherance of this Section 21.6, Subtenant agrees to and shall concurrently upon the execution of this Sublease pay to Sublandlord for payment to Master Landlord the Master Landlord's unrefundable administrative fee of \$310.00. If the Master Landlord's consent has not been obtained and a copy of that consent delivered to Subtenant by the fifteenth (15th) day following the date of this Sublease, Subtenant shall thereafter have the ongoing

right, subject to the terms of this Section 21.6, to terminate this sublease pursuant to a notice (the "Termination Notice") so stating delivered to Sublandlord. If Sublandlord fails to deliver to Subtenant the consent of Master Landlord to this Sublease within fifteen (15) days following receipt of the Termination Notice (the "Termination Date"), this Sublease shall automatically terminate and the parties shall be released from any further obligations under this Sublease. If, however, Sublandlord delivers to Subtenant the consent of Master Landlord on or before the Termination Date, the condition subsequent set forth in this Section 21.6 shall be satisfied and this Sublease shall continue in full force and effect.

21.7 Capitalized Terms. All terms spelled with initial capital letters in the Sublease that are not expressly defined in this Sublease will have the respective meanings given such terms in the Master Lease.

21.8 Word Usage. Unless the context clearly requires otherwise, (a) the plural and singular numbers will each be deemed to include the other; (b) the masculine, feminine, and neuter genders will each be deemed to include the others; (c) "shall", "will", "must", "agrees", and "covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

21.9 Legal Proceedings. Should it become necessary for Sublandlord or Master Landlord to commence legal proceedings to collect rent, to recover possession or enforce any other provision of the Sublease, Subtenant agrees to pay all legal costs in connection therewith, including a reasonable sum as attorneys' fees.

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The parties have executed this Sublease as of the date specified above at San Diego, California.

BUC, INC. dba SPIDER'S AIRCRAFT SERVICE, INC. a California Corporation

By:

Name

Title

Subtenant

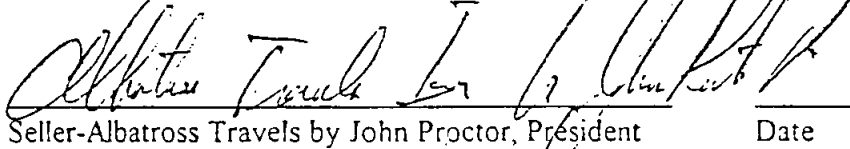
By:

Name

Title

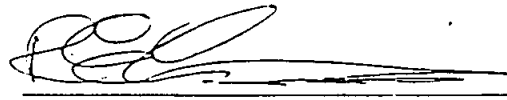
BILL OF SALE

Sold to BOB CAIRNCROSS this date, Site Improvements for portable hanger site (Grading, Concrete, Underground Electrical, Telephone and Air) at Spiders Aircraft, Montgomery Field, San Diego for the sum of Seventeen Thousand Five Hundred Dollars (\$17,500.00). Sold as is, where is, no warranties or guarantees implied. Site is on a month to month lease from Spiders Aircraft, Buyer to assume lease from Spiders.


Seller-Albatross Travels by John Proctor, President

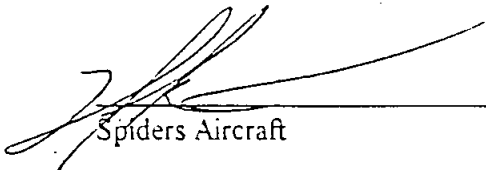
Date

26 Nov 97


Buyer

Date

11-26-97

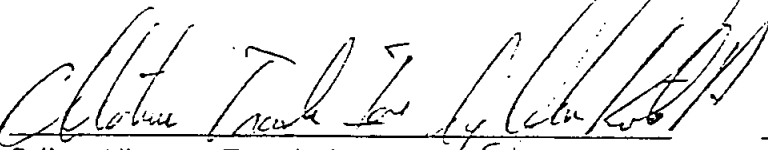

Spiders Aircraft

Date

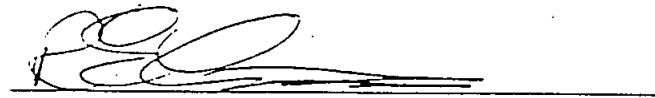
12-1-97

BILL OF SALE

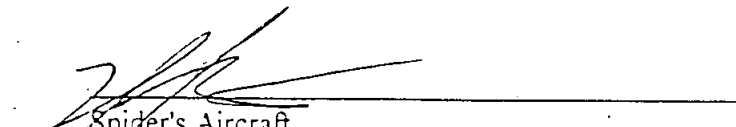
Sold to BOB CAIRNCROSS this date, one Porta Port Hanger serial #MAH4121 and #MAH4122 as is, where is, no warranties or guarantees implied. Located at Spiders Aircraft, Montgomery Field for the sum of Seven Thousand Five Hundred Dollars (\$7500.00). Buyer assumes a monthly ground lease from Spider's Aircraft.


Seller, Albatross Travels, by John Proctor, President

26 Nov 97
Date


Buyer

11-26-97
Date


Spider's Aircraft

12-1-97
Date

UNCONDITIONAL WAIVER AND RELEASE UPON FINAL PAYMENT

(CIVIL Code 33262(d)(4))

The undersigned has been paid in full for all labor, services, equipment or material furnished to Albatross Travels Inc on the job of Albatross located at 223 Kearney Villa Rd, San Diego, 92111 and does hereby waive and release any right to a mechanic's lien, stop notice, or any right against a labor and material bond on the job, except for disputed claims for extra work in the amount of \$2200.

Dated: 21 November 1997

By Mike G. Gachmed

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. IF YOU HAVE NOT BEEN PAID, USE CONDITIONAL RELEASE FORM.

NOTE: This form of release complies with the requirements of Civil Code Section 3262(d)(4).

USE REVERSE SIDE AS RELEASE FOR INDIVIDUALS PERFORMING LABOR FOR WAGES

(4446) OF THE CALIFORNIA PENAL CODE PROVIDES IN PART AS FOLLOWS:

"Any person who receives money for the purpose of obtaining or paying for services, labor, materials or equipment and willfully fails to apply such money for such purpose by either willfully failing to complete the improvements for which funds were provided or willfully failing to pay for services, labor, materials or equipment provided incident to such construction, and wrongfully diverts the funds to a use other than that for which the funds were received, shall be guilty of a public offense and punishable by a fine not exceeding five thousand dollars (\$5,000), or by imprisonment in the state prison not exceeding five years, or in the county jail not exceeding one year, or by both such fine and such imprisonment."

(4446) OF THE CALIFORNIA PENAL CODE PROVIDES AS FOLLOWS:

"Any person who receives money for the purpose of obtaining or paying for services, labor, materials or equipment incident to constructing improvements on real property and willfully rebates any part of the money to or on behalf of anyone contracting with such person, for provision of the services, labor, materials or equipment for which the money was given, shall be guilty of a misdemeanor; provided, however, that normal trade discounts shall not be considered a violation of this section."

(3306.6) OF THE CALIFORNIA LABOR CODE PROVIDES:

"No employer shall require the execution of any release of any claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of such wages has been made. Any release required or executed in violation of the provisions of this section shall be null and void as between the employer and the employee and the violation of the provisions of this section shall be a misdemeanor."

(53274) OF THE CALIFORNIA PENAL CODE PROVIDES AS FOLLOWS:

2 October 92

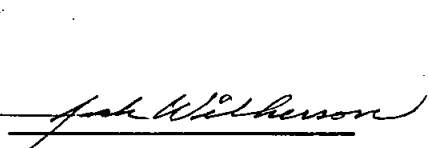
Memorandum of Understanding

**Agreement on the Erection of Aircraft Shelter
at Spider Aircraft Service, Inc.**

Jack Wilkerson has interest in erecting a temporary shelter for his aircraft at the Spider Aircraft facility.
(reference attached location data). He will be owner of this temporary structure.

The City of San Diego Property Airport Management Division approves the installation of this temporary shelter with the proviso that the temporary structure be installed and removed at shelter owner's expense and that both the owner and Spider Aircraft acknowledge the month to month lease basis under which Spider Aircraft and the shelter owner will be operating; the current agreement only requires 1 month notice to terminate the agreement at which time the City could require the owner to remove his shelter at his expense.

Acceptance of this agreement is made by the parties whose signatures appear below.

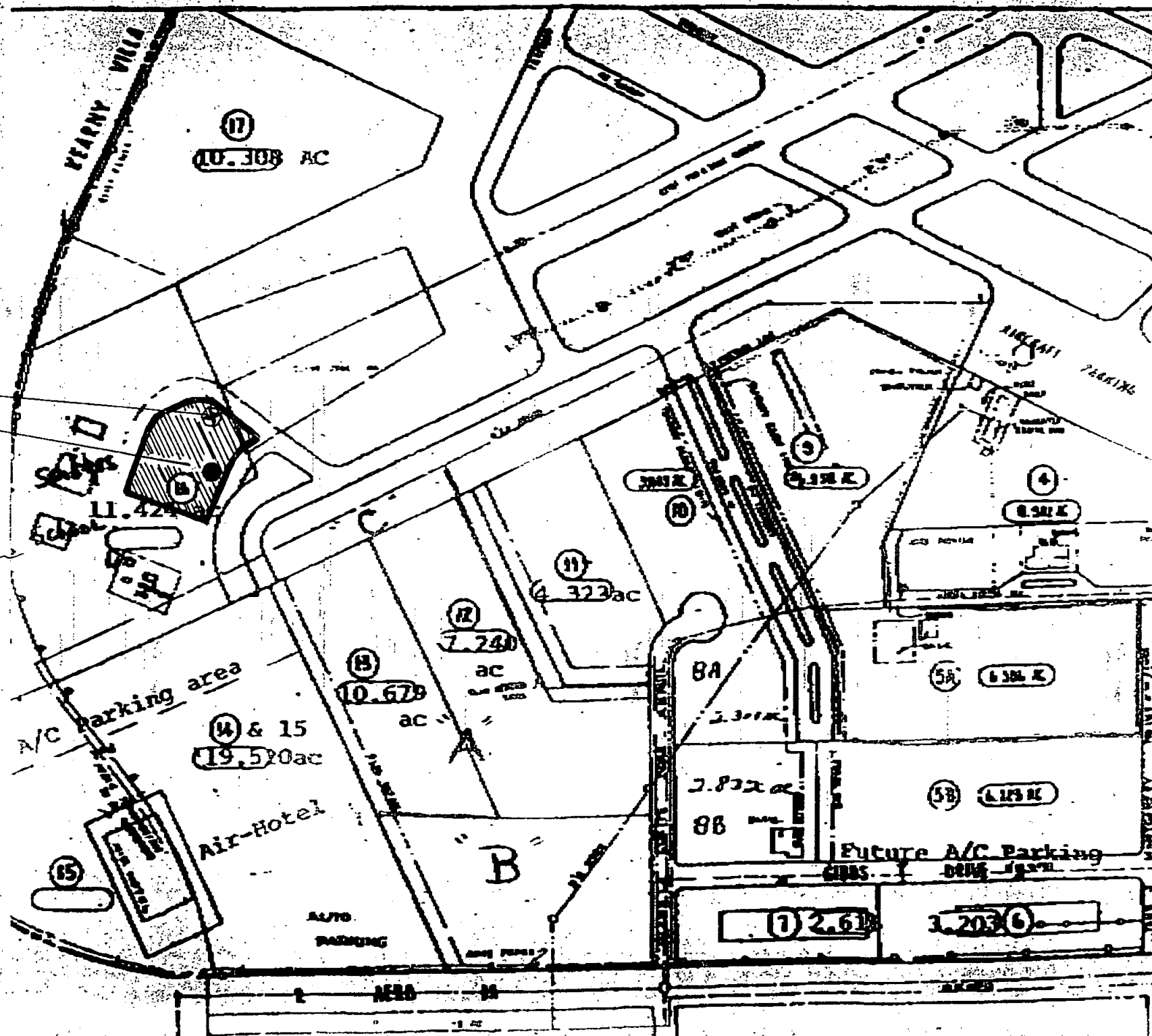
		
Diana Drake City of San Diego Airport Property Management	Mike McCarthy Spider's Aircraft Manager	Jack Wilkerson Requestor A/C & Shelter Owner 619-436-0491

Parties

THE
SHELTER
WILL BE
LOCATED
ON THE
ISLAND
LEASED BY
SPIDERS

Aircraft
Present
Location

One Area
under
Consideration
within
the Island



DIANA L. DRAKE
Property Agent, City of San Diego
Montgomery Field
3750 John J. Montgomery Dr
San Diego, Ca 92123

Diana:

Thanks for the fax!

This is the attachment
I made from it but
forgot to bring with me.

Regards

Jack W

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR entered into that certain Lease Agreement (Master Lease) with FRANK W. SCHOSSOW, JR., dba SPIDERS AIRCRAFT SERVICE, INC., a California Corporation, (LESSEE) which is filed in the Office of the City Clerk as Document RR-263902. Said Master Lease was subsequently assigned from LESSEE to RICHARD D. CORONA and RONALD P. BRADY and ROBERT W. BRADY aka BHC, INC. (Document No. 769293). CITY now hereby consents to the attached sublease agreement to Master Lease, between BHC, INC. and JAMES H. ALDRICH (SUBLESSEE).

Said Consent to Sublease shall be subordinate to the Master Lease in all respects, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with, or is additional to, the provisions of the Master Lease. In addition, this consent is subject to the following conditions:

The parties are hereby informed that the Master Lease is currently on a month-to-month holdover status and SUBLESSEE may be required to remove his hangar at his expense with prior 30-day written notice, and SUBLESSEE shall not be entitled to a relocation site or relocation fees whatsoever.

THE CITY OF SAN DIEGO

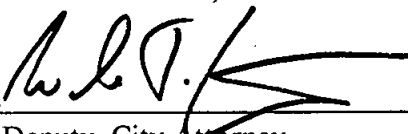
Date: 8-16-97

By: 
Airports Deputy Director

APPROVED AS TO FORM:

CASEY G. GWINN, CITY ATTORNEY

Date: 8/29/97

By: 
Deputy City Attorney

a:aldrich.sub

DOCUMENT NO. RR 263902-1
FILED SEP 18 1997
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

SENT BY: COKONA & BALISTRERI 8-7-97 9:12AM COKONA & BALISTRERI 015 277 0322, # 17 0

SUBLEASE AGREEMENT

This Sublease Agreement ("Sublease") is made as of the 7th day of Aug [month and year] 97, by and between BHC, Inc., dba Spider's Aircraft Service, Inc., a California Corporation, ("Sublandlord") and James H. Aldrich, a _____ ("Subtenant").

RECITALS

This Sublease is made with regard to the following facts:

A. Sublandlord is the tenant under that certain Ground Lease Agreement (Document 263902) dated August 19, 1985, as amended, ("Master Lease"), between Sublandlord and the City of San Diego (the "Master Landlord"). Under the Master Lease, Sublandlord leases those certain premises known as Lot 16 of Montgomery Field Airport, located in the City of San Diego, California ("Master Premises").

B. Subtenant desires to sublease from Sublandlord a portion of the Master Premises (the "Subleased Premises"), which Subleased Premises is more particularly described in Exhibit A attached to this Sublease. Sublandlord has agreed to sublease the Subleased Premises to Subtenant, and Subtenant has agreed to sublease the Subleased Premises from Sublandlord, on the terms, covenants and conditions stated in this Sublease.

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

1. **Sublease.** Sublandlord subleases to Subtenant and Subtenant subleases from Sublandlord the Subleased Premises, subject to the terms, covenants, and conditions contained in this Sublease.

2. **Demise and Description of Subleased Premises.** The Subleased Premises consist of approximately 1300 square feet of the Master Premises, at the location and as more particularly depicted on the "Leased Premises Layout" attached hereto as Exhibit "A" and by this reference incorporated herein.

3. **Subordination.** This agreement is in effect a sublease of a portion of the Master Premises covered by the Master Lease, as amended. This Sublease is subject and subordinated to the covenants and conditions of said Master Lease notwithstanding any provision hereof contrary to or in conflict with said Master Lease.

4. **Term.** Subject to the condition set forth in section 21.6, below, the terms and provisions of this Sublease shall be effective and commence on August 7, 1997 and shall continue from month to month until terminated by either party by giving written notice thirty (30) days in advance.

5. **Base Rent.** Subtenant will pay base rent during the term of this Sublease in the initial amount of \$ 80.00 per month, payable monthly in advance on the first day of each month. The base rent will be increased, under the same terms and conditions by which the Base Rent is increased under the Master Lease, as provided in Section 6 below. Furthermore, in the event that the term of this Sublease begins or ends on a date that is not the first day of a month, base rent will be prorated as of that date. Concurrent with Subtenant's execution of this Sublease, Subtenant will deliver to Sublandlord the first month's base rent in the amount of \$ 80.00 plus the amount of \$ 0 as a security deposit to be held by Sublandlord.

6. **Adjustment of Rent.** Subtenant acknowledges that pursuant to the terms of the Master Lease, Sublandlord's rent for the Master Premises is or may be subject to adjustment pursuant to an in accordance with the terms of the Master Lease. Subtenant agrees that the base rent due under Section 5 above shall be subject to adjustment(s) at such times and in such amounts proportional to any such rent adjustments to Sublandlord's rent under the Master Lease.

7. **Use.** Subtenant agrees to use the Subleased Premises as and for the placement of a hanger which shall be used for aircraft storage only, in accordance with the provisions of the Master Lease and this Sublease, and for no other purpose.

8. **Subtenant Improvements and Permits.** Subject to and in accordance with the permitted use as set forth in Section 7 immediately preceding and the terms and conditions of this Section 8, Subtenant shall be solely responsible for any and all improvements to the Subleased Premises necessary or required for Subtenant's use and occupancy of the Subleased Premises. Subtenant shall, prior to the construction and/or placement of any hanger and/or improvements to the Subleased Premises, shall obtain the prior written consent of both Sublandlord and Master Landlord. Subtenant shall obtain all permits required by Master Landlord, and pay all related fees for such permits, for installation and removal of its hanger and/or improvements located on the Subleased Premises. Upon Sublandlord serving Subtenant with written notice, Subtenant shall entirely and completely remove, within thirty (30) days of such notice, the hanger and/or all improvements from the Subleased Premises and restore the Subleased Premises to its original condition, all at Subtenant's sole cost and expense.

9. **Utilities.** None. No utilities may be installed to or on the premises without the prior written consent from Sublandlord and Master Landlord.

10. **Master Lease.** As applied to this Sublease, the words "Landlord" and "Tenant" in the Master Lease will be deemed to refer to Sublandlord and Subtenant, respectively, under this Sublease.

Except as otherwise expressly provided in this Sublease, the covenants, agreements, provisions, and conditions of the Master Lease-to the extent that they relate to the Subleased Premises and to the extent that they are not inconsistent with the terms of this Sublease-are made a part of and incorporated into this Sublease as if recited in full in this Sublease.

The rights and obligations of the Master Landlord and the Sublandlord under the Master Lease will be deemed the rights and obligations of Sublandlord and Subtenant, respectively, under this Sublease, and will inure to the benefit of, and be binding on, Sublandlord and Subtenant, respectively. As between the parties to this Sublease only, in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease will control.

11. Performance by Sublandlord; Status of Master Lease

11.1. Sublandlord's Performance Conditioned on Master Landlord's Performance. Subtenant recognizes that Sublandlord is not in a position to render any of the services or to perform any of the obligations required of Master Landlord by the terms of the Master Lease. Therefore, despite anything to the contrary in this Sublease, Subtenant agrees that performance by Sublandlord of its obligations under this Sublease is conditioned on performance by the Master Landlord of its corresponding obligations under the Master Lease, and Sublandlord will not be liable to Subtenant for any default of the Master Landlord under the Master Lease.

Subtenant will not have any claim against Sublandlord based on the Master Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless that failure or refusal is a result of Sublandlord's act or failure to act. Despite the Master Landlord's failure or refusal to comply with any of those provisions of the Master Lease, this Sublease will remain in full force and effect and Subtenant will pay the base rent and additional rent and all other charges provided for in this Sublease without any abatement, deduction or set off. Except as expressly provided in this Sublease, Subtenant agrees to be subject to, and bound by, all of the covenants, agreements, terms, provisions, and conditions of the Master Lease, as though Subtenant was the Tenant under the Master Lease.

11.2 Obtaining Master Landlord's Consent. Whenever the consent of the Master Landlord is required under the Master Lease, and whenever the Master Landlord fails to perform its obligations under the Master Lease, Sublandlord agrees to use its reasonable, good faith efforts to obtain, at Subtenant's sole cost and expense, that consent or performance on behalf of Subtenant.

11.3 No Existing Defaults. Sublandlord represents and warrants to Subtenant that the Master Lease, as amended, is in full force and effect, and Sublandlord has neither given nor received a notice of default under the Master Lease.

12. No Brokers. The parties to this Sublease warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease and each party agrees to protect, defend, indemnify and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of that party's acts in connection with this Sublease.

13. Insurance and Condemnation Proceeds. Subtenant shall be insured by an insurance carrier acceptable to the Sublandlord and the Master Landlord against a loss from public liability arising from the use of condition of or operation conducted on the Subleased Premises. Minimum coverage shall be \$1 Million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of

insurance shall be filed with Sublandlord and Master Landlord and shall name Sublandlord and Master Landlord as additional insureds. Said policy shall specify that the policy may not be terminated, altered or canceled without thirty (30) days prior written notice to Sublandlord and Master Landlord by the insurance company.

Despite anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, in the event of damage to or condemnation of the Master Premises and/or Subleased Premises, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease will be deemed to be the property of Sublandlord, and Sublandlord will have no obligation to rebuild or restore the Subleased Premises.

14. Notices. Any notice that may or must be given by either party under this Sublease 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 Sublandlord or Subtenant shall be sent to the respective address set forth on the signature page below, or to such other address as that party may designate for service of notice by a notice given in accordance with the provisions of this section 14. A notice sent pursuant to the terms of this section 14 shall be deemed delivered (A) when delivery is attempted, 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.

15. Amounts Payable. All amounts payable under this Sublease by Subtenant are payable directly to Sublandlord.

16. "As-Is." Sublandlord will deliver the Subleased Premises to Subtenant in their current "as is" condition. Sublandlord and Subtenant agree that Sublandlord has not made and makes no representation, direct or implied, as to the condition of the Subleased Premises or its suitability for Subtenant's use.

17. Indemnity. Subtenant agrees to protect, defend, indemnify, and hold Sublandlord and Master Landlord harmless from and against any and all liabilities, claims, expenses, losses and damages (including reasonable attorney fees and costs), that may at any time be asserted against Sublandlord and/or Master Landlord by (a) the Master Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions, or conditions contained in the Master Lease that Subtenant is obligated to perform under the provisions of this Sublease; or (b) any person as a result of the use, operations or occupancy of the Subleased Premises by Subtenant, his agents and invitees and/or any acts or omissions by Subtenant or his agents and invitees, except to the extent any of the foregoing is caused by the negligence or willful misconduct of Sublandlord. The provisions of this section 17 will survive the expiration or earlier termination of the Master Lease or this Sublease.

18. Cancellation of Master Lease. In the event the Master Lease is canceled or terminated for any reason, or involuntarily surrendered by operation of law before the expiration date of this Sublease, Subtenant agrees, at the sole option of the Master Landlord, to attorn to the Master Landlord for the balance of the term of this Sublease and on the then executory terms of this Sublease.

That attornment will be evidenced by an agreement in form and substance reasonably satisfactory to the Master Landlord. Subtenant agrees to execute and deliver such an agreement at any time within ten (10) business days after request by the Master Landlord. Subtenant waives the provisions of any law now or later in effect that may provide Subtenant any right to terminate this Sublease or to surrender possession of the Subleased Premises in the event any proceeding is brought by the Master Landlord to terminate the Master Lease.

19. **Certificates.** Each party to this Sublease will, from time to time as requested by the other party, on not less than ten (10) days prior written notice, execute, acknowledge, and deliver to the other party a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications that this Sublease is in full force and effect as modified and stating the modifications). That statement will certify the dates to which base rent, additional rent, and any other charges have been paid. That statement will also state whether, to the knowledge of the person signing the certificate, the other party is in default beyond any applicable grace period provided in this Sublease in the performance of any of its obligations under this Sublease. If the other party is in default beyond any applicable grace period, the statement will specify each default of which the signer then has knowledge. It is intended that this statement may be relied on by others with whom the party requesting that certificate may be dealing.

20. **Assignment or Subleasing.** Subject to the rights of the Master Landlord and the restrictions contained in the Master Lease in connection with an assignment, Subtenant is not entitled to assign this Sublease or to sublet all or any portion of the Subleased Premises without the prior written consent of Sublandlord and Master Landlord. That consent may be withheld by Sublandlord and Master Landlord in their sole discretion. Any assignment by operation of law or sale of Subtenant's hanger on the Subleased Premises shall automatically terminate this Sublease.

21. GENERAL PROVISIONS

21.1. **Severability.** If any provision of this Sublease or the application of any provision of this Sublease to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of this Sublease or the application of that provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each provision of this Sublease will be valid and be enforced to the fullest extent permitted by law.

21.2. **Entire Agreement; Waiver.** This Sublease constitutes the final, complete and exclusive statement between the parties to this Sublease pertaining to the Subleased Premises, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors, and assigns. No party has been induced to enter into this Sublease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Sublease. Any agreement made after the date of this Sublease is ineffective to modify, waive, release, terminate, or effect an abandonment of this Sublease, in whole or in part, unless that agreement is in writing, is signed by the parties to this Sublease, and specifically states that agreement modifies this Sublease.

21.3. Captions. Captions to the sections in this Sublease are included for convenience only and do not modify any of the terms of this Sublease.

21.4. Further Assurances. Each party to this Sublease will at its own cost and expense execute and deliver such further documents and instruments and will take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Sublease.

21.5. Governing Law. This Sublease will be governed by and in all respects construed in accordance with the laws of the State of California.

21.6. Consent of Master Landlord. The Master Landlord's written consent to this Sublease in accordance with the terms and conditions of the Master Lease, are conditions to the validity of this Sublease. In furtherance of this Section 21.6, Subtenant agrees to and shall concurrently upon the execution of this Sublease pay to Sublandlord for payment to Master Landlord the Master Landlord's unrefundable administrative fee of \$310.00. If the Master Landlord's consent has not been obtained and a copy of that consent delivered to Subtenant by the seventh (7th) day following the date of this Sublease, Subtenant shall thereafter have the ongoing right, subject to the terms of this Section 21.6, to terminate this Sublease pursuant to a notice (the "Termination Notice") so stating delivered to Sublandlord. If Sublandlord fails to deliver to Subtenant the consent of Master Landlord to this Sublease within ten (10) days following receipt of the Termination Notice (the "Termination Date"), this Sublease shall automatically terminate and the parties shall be released from any further obligations under this Sublease. If, however, Sublandlord delivers to Subtenant the consent of Master Landlord on or before the Termination Date, the condition subsequent set forth in this Section 21.6 shall be satisfied and this Sublease shall continue in full force and effect.

21.7. Capitalized Terms. All terms spelled with initial capital letters in this Sublease that are not expressly defined in this Sublease will have the respective meanings given such terms in the Master Lease.

21.8. Word Usage. Unless the context clearly requires otherwise, (a) the plural and singular numbers will each be deemed to include the other; (b) the masculine, feminine, and neuter genders will each be deemed to include the others; (c) "shall," "will," "must," "agrees," and "covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

21.9. Legal Proceedings. Should it become necessary for Sublandlord or Master Landlord to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this Sublease, Subtenant agrees to pay all legal costs in connection therewith, including a reasonable sum as attorneys' fees.

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The parties have executed this Sublease as of the date specified above at San Diego, California.

BHC, INC., dba SPIDER'S AIRCRAFT SERVICE, INC.

a California Corporation

By: [Signature] General Manager
Name Title

Subtenant:

By: JAMES V. AUSTRICH SUBLESSOR
Name Title

8-7-97

**EXHIBIT A**

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 Frank W. Schossow, Jr., dba Spider's Aircraft Service, Inc.

(LESSEE), dated Aug. 19, 1985 and filed in the Office of the City Clerk as Document ~~RR-263902~~ hereby consents to the Assignment of that Lease Agreement to Richard D. Corona, Randall Humphreys, Ronald P. Brady and Robert W. Brady (ASSIGNEE) in accordance with the terms and conditions set out in the attached Assignment of Lease Agreement entered into be Lessee and said Assignee, dated Nov. 25, 1985 and in accordance with additional conditions as follows:
(If none, write "None.") None

THE CITY OF SAN DIEGO

Dated:

12-30-85

By:

[Signature]
Deputy City Manager

APPROVED AS TO FORM:

JOHN W. WITT, CITY ATTORNEY

Dated:

12/19/85

By:

[Signature]
Deputy

WJP:sn(1)D3
1-11-84

DOCUMENT NO. 769293

FILED JAN 03 1986
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA