

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

SAN DIEGO AIRSPORTS CENTER, INC.

(LESSEE) and filed in the Office of the City Clerk as Document R-255886, and filed in the Office of the City Clerk and subsequently assigned to Air Adventure Skydiving, Inc. approved May 10, 1999 hereby consents to that certain Sublease Agreement between Air Adventure Skydiving, Inc. (SUBLESSOR) and

BORDERLAND PAINTBALL PARK

(SUBLESSEE) dated June 1, 1999. Said Sublessee 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. HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.
2. SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement dated February 23, 1982, 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.

THE CITY OF SAN DIEGO

Dated 12-6-99

By Guillermo M. Gons
Supervising Property Agent

SUBLESSOR: AIR ADVENTURES SKYDIVING,
INC.

Dated 12-28-99

By [Signature]

BORDERLAND PAINTBALL PARK

Dated 12-28-99

By Barry Orin

APPROVED AS TO FORM AND LEGALITY:

CASEY GWINN, City Attorney

Dated 1/10/00

By [Signature]
Deputy City Attorney

Borderland Paintball Park **SUBLEASE AGREEMENT**

This Sublease Agreement, hereinafter referred to as "agreement", is executed in duplicate at San Diego California on June 1, 1999 between Air Adventures Skydiving, Inc., hereinafter called "SUBLESSOR", and Borderland Paintball Park, hereinafter called "SUBLESSEE". It is agreed between the parties hereto as follows:

1. **Description of Premises:** SUBLESSOR leases to SUBLESSEE, on the terms and conditions hereinafter set forth those certain premises, hereinafter referred to as the "premises, as described in the Summary Section.
 2. **Term:** The term of this Sublease shall be as set forth in the Summary Section until such time as SUBLESSOR's rights to the premises are terminated pursuant to this agreement.
 3. **Rent:** SUBLESSEE shall pay to SUBLESSOR in advance, without deduction or offset, at a monthly rate and schedule as described in the Summary Section. This monthly amount does not include any taxes due any agency from the SUBLESSEE. Any property taxes and/or possessory interest taxes assessed on the leased premises are the responsibility of the SUBLESSEE. A security deposit equal to one month's rent and as described in the Summary Section shall be paid to SUBLESSOR prior to occupancy of the premises unless the term of this agreement exceeds 12 months in which case the security deposit shall be waived.
 4. **Rent Adjustments:** Said rent is subject to an annual Consumer Price Index (CPI) increase from January 1st through December 31st of the previous year effective March 1. The index used will be the CPI for "All Urban Consumers" for Los Angeles/Long Beach/Anaheim, California. If this index is no longer published, the index for adjustment will be the U.S. Department of Labor's "Comprehensive Official Index" most comparable to the aforesaid index. If a rental adjustment is calculated using an index from a different base year than 1982-84 which equaled a base figure of 100 for the CPI, the base figure used will first be converted under a formula supplied by the Bureau of Labor Statistics or its successor.
If the Department of Labor indexes are no longer published, another index generally recognized as authoritative will be substituted by agreement of SUBLESSEE and SUBLESSOR. If the parties cannot agree within sixty (60) days after demand by either party, a substitute index will be selected by the Chief Officer of the Regional Office of the Bureau of Labor Statistics or its successor, notwithstanding continued reference herein to "CPI" in any event.
Regardless of the index publication dates, the effective date of the rent adjustment is as specified in this Subsection b.(1) CPI Index Adjustments. Until the rent adjustment can be reasonably determined by the index method, SUBLESSEE shall continue to make payments at the existing rental rate. When the adjustment is determined, the balance of rents due at the adjusted rate will be paid to SUBLESSOR within thirty (30) days. In no event shall the adjusted rent as established by the Consumer Price Index be less than the rent in existence immediately prior to the adjustment date.
 5. **Late Fees:** If the SUBLESSEE fails to pay the rent when due, SUBLESSEE will pay, in addition to the unpaid rents, \$25.00. If the rent is still unpaid at the end of fifteen (15) days, the SUBLESSEE shall pay an additional \$25.00, (being a total of \$50.00) which is hereby mutually agreed by both parties to be appropriate compensation for loss resulting from rental delinquency, including lost interest, opportunities, legal costs, and the cost of servicing the delinquent account.
 6. **Use:** The premises are subleased to SUBLESSEE for the general purpose as described in the Summary Section. SUBLESSEE shall not use or permit the premises or any part thereof to be used for any purpose or purposes other than the purpose or purposes for which the premises are hereby subleased. If the SUBLESSEE uses the property for other than the specified purpose or purposes, the SUBLESSEE may be considered in breach under Section 17.
 7. **Delivery of Possession:** If for any reason the SUBLESSOR cannot deliver possession of the leased property to the SUBLESSEE when the lease term commences, this Lease shall not be void or voidable, nor shall the SUBLESSOR be liable to the SUBLESSEE for any loss or damage resulting therefrom. However, there shall be an abatement of rent for the period between the commencement of the lease term and the time when the SUBLESSOR delivers possession.
 8. **Utilities:** Except as specified in the Summary Section, the SUBLESSEE shall be responsible for all utilities and services that are furnished to the Leased Premises. The application for and connecting of utilities, as well as all services, shall be made by and only in the name of the SUBLESSEE. However, if any services or utilities are jointly provided with other property, SUBLESSOR shall make a reasonable determination of SUBLESSEE's proportionate share of the cost of said services and utilities and SUBLESSEE agrees to pay said share to the SUBLESSOR, payable on a monthly basis included with the rent.
 9. **Condition of Leased Premises:** The SUBLESSEE acknowledges that the Leased Premises are in good order and repair. The SUBLESSEE agrees to take good care of and maintain the Leased Premises in good condition throughout the term of the Lease.
 10. **Maintenance and Repair and Other Expenses:** The SUBLESSEE, at its expense, shall make all necessary, repairs and replacements to the Leased Premises, including the repair and replacement of pipes, electrical wiring, heating and plumbing systems, fixture and all other systems and appliances and their appurtenances. The quality and class of all repairs and replacements shall be equal to the original worth. If SUBLESSEE defaults in making such repairs or replacements, SUBLESSOR may make them for SUBLESSEE's account, and such expenses will be considered additional rent. The SUBLESSOR has set aside a maximum of one cent per square foot per month of leased area for common area maintenance, repairs, taxes and other expenses as can be reasonably determined by the SUBLESSOR. If costs exceed this maximum, then the SUBLESSEE shall pay its share, as reasonably determined by the SUBLESSOR, and payable on a monthly basis included with the rent.
 11. **Condemnation:** If all or any part of the Leased Premises is taken by eminent domain, this lease shall expire on the date of such taking, and the rent shall be apportioned as of that date. No part of any award shall belong to SUBLESSEE.
 12. **Subordination:** This lease, and the SUBLESSEE leasehold interest, is and shall be subordinate, subject and inferior to any and all liens and encumbrances now and thereafter placed on the Leased Premises by SUBLESSOR, any and all extensions of such liens and encumbrances and all advances paid under such liens and encumbrances.
 13. **Alterations:** SUBLESSEE shall not make or suffer to be made any alterations to the premises or any part thereof without first obtaining the written consent of the SUBLESSOR. SUBLESSEE agrees to paint building, install a drain in the front parking lot of the building, save front parking area and to install perimeter fencing within 6 months of lease inception. The improvements were considered in agreeing to the lease rates.
 14. **Entry by SUBLESSOR:** SUBLESSEE shall permit SUBLESSOR and its agents to enter the premises leased pursuant to this sublease at all reasonable times for the purpose of inspecting the same.
 15. **Non-liability of owner for Damage:** As between SUBLESSOR and SUBLESSEE, this sublease is made upon the express condition that SUBLESSOR is to be free from all liability and claim for damages by reason of any injury to any person or persons, or loss to property, of any kind whatsoever and to whomsoever belonging in or upon, or in any way connected with, the demised premises during the term of this sublease or any extension hereof. SUBLESSEE hereby covenants and agrees to indemnify and save harmless SUBLESSOR, its officers and employees and the City of San Diego from all liability, loss, cost and obligations on account of or arising out of any such injuries or losses, however occurring.
 16. **Insurance:** SUBLESSEE shall be insured by an insurance carrier acceptable to the SUBLESSOR and the City of San Diego against loss from public liability arising from the use or condition of or operations conducted on the leased premises. Minimum coverage shall be \$ 1,000,000 Combined Single Limit Liability and Property Damage with an occurrence claims form. A copy of the policy of insurance shall be filed with the City of San Diego and shall name the SUBLESSOR and the City of San Diego as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without prior written notice to the SUBLESSOR and the City of San Diego by the insurance company.
 17. **Compliance with Law and High Business Standards:** SUBLESSEE shall, at its sole cost and expense, comply with all of the requirements of all municipal, state and federal authorities now in force or which may hereafter be in force, pertaining to the demised premises and shall faithfully observe in the use of the premises all municipal ordinances and state and federal statutes now in force or which may hereinafter be in force. In addition, the SUBLESSEE shall observe high moral and ethical standards in the use of the premises and shall not conduct a business in any manner which is detrimental to the businesses of the SUBLESSOR.
- SUBLESSEE agrees to abide by all rules and regulations as established by Brown Field Airport Management and/or the SUBLESSOR. Failure to comply shall be deemed as a basis for breach by the SUBLESSEE.

18. **Assignment or Subletting:** SUBLESSEE shall not assign this sublease or any interest therein and shall not sublet the premises or any part thereof or any right or privilege pertinent thereto or suffer any other person, agents and servants of SUBLESSEE to occupy or use the premises or any portion thereof without first obtaining the written consent of the SUBLESSOR and the City of San Diego. A consent to one entity or person shall not infer consent to any other person or entity. This sublease shall not, nor shall any interest therein, be assignable as to the interest of SUBLESSEE by operation of law without the written consent of SUBLESSOR and the City of San Diego.

19. **Remedies of SUBLESSOR:** In the event of any breach of this sublease by SUBLESSEE, including the violation of any term or condition of the agreement, then SUBLESSOR, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and property from the premises. SUBLESSOR shall have the sole and absolute right to determine whether or not SUBLESSEE has violated any of the terms and conditions of this lease or the Master Lease. Should SUBLESSOR elect to reenter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notices provided for by law, it may either terminate this sublease or it may relet the premises or any part thereof for such term or terms and at such rental or rentals and upon such terms and conditions as SUBLESSOR, in its sole discretion, may deem advisable with the right to make alterations and repairs to the premises. Upon each such reletting SUBLESSEE shall be immediately liable to pay to SUBLESSOR, in addition to any indebtedness other than rent due hereunder, the cost and expenses of such reletting and of such alterations and repairs incurred by SUBLESSOR and the amount, if any, by which the rent reserve in this sublease for the period of such reletting, up to but not beyond the term of this sublease, exceed the amount agreed to be paid as rent for the demised premises for such period on such reletting.

20. **Insolvency:** Either (a) the appointment of a receiver to take possession of all or substantially all of the assets of sublease or (b) a general assignment by SUBLESSEE for the benefit of creditors, or (c) any action taken or suffered by SUBLESSEE under any insolvency or bankruptcy act shall constitute a breach of this sublease by the SUBLESSEE.

21. **Binding on Successors:** The covenants and conditions herein contained shall apply to and bind the successors and assigns of all parties hereto.

22. **Legal Proceedings:** Should it become necessary for the SUBLESSOR, or the City of San Diego to commence legal proceedings to collect rent, to recover possession or enforce any other provisions of this sublease, SUBLESSEE agrees to pay all legal costs in connection therewith, including a reasonable sum as attorneys fees.

23. Additional Provisions:

(I) **Relocation:** The SUBLESSEE shall, at its own expense, except as agreed to in the Summary Section, be required to relocate to another location provided by the SUBLESSOR at any time required by the SUBLESSOR.

(II) **Security Agreement/UCC1:** SUBLESSEE agrees to provide information and signature as required by any security agreement including UCC1 filing, listing their hangar(s), as collateral for the lease except as otherwise agreed to in the Summary Section. Even if a security agreement or UCC1 is not filed, the assets will be considered collateral for the lease unless otherwise agreed to in the summary section.

24. Miscellaneous Terms:

(I) **Notices:** Any notice, statement, demand or other communication by one party to the other, shall be given by personal delivery or by mailing the same, postage prepaid, addressed to the SUBLESSEE at the premises, or to the SUBLESSOR at the address set forth in the Summary Section.

(II) **Severability:** If any clause or provision herein shall be adjudged invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity of any other clause or provision, which shall remain in full force and effect.

(III) **Waiver:** The failure of either party to enforce any of the provisions of this lease shall not be considered a waiver of that provision or the right of the party to thereafter enforce the provision.

(IV) **Complete Agreement:** This Lease constitutes the entire understanding of the parties with respect to the subject matter hereof and may not be modified except by an instrument in writing and signed by the parties. This lease agreement shall not become effective until approved in writing by all parties listed below.

SUMMARY SECTION

A. Description of Premises: Open Field area on the West end of Nichols Field to include a block building.

B. Term: This lease shall commence on June 1, 1999 and continue on a month to month basis.

C. Security Deposit: \$0

D. Rent: \$600.00 per month plus five percent (5%) of monthly gross revenue, including any sublease revenue. Rent is payable in advance and must be received by the first of each month. No invoice will be sent. Payments may be mailed or delivered to Brown Field Aviation Ventures, Inc., 1590 Continental Street, San Diego, CA 92173.

E. Use: Paintball Park

F. Utilities: Paid by SUBLESSEE.

G. Relocation: No changes

H. Security Agreement/UCC1: No changes.

I. Personal Guarantee: A personal guarantee is required under this lease

J. Notices:

To: SUBLESSOR:

Brown Field Aviation Ventures, Inc.

1590 Continental Street

San Diego, CA 92173

(619) 661-6671

To: GUARANTOR:

Barry Orma

3025 Segovia Way

Carlsbad, CA 92009

To: SUBLESSEE

Borderland Paintball Park

3025 Segovia Way

Carlsbad, CA 92009

Air Adventures Skydiving, Inc.

IN WITNESS WHEREOF, the SUBLESSOR and the SUBLESSEE have executed this sublease as of the day and year first written above.

By [Signature]
SUBLESSOR

[Signature]
GUARANTOR

By Borderland Paintball Park
SUBLESSEE

RECEIVED
CITY OF SAN DIEGO

99 AUG 31 PM 1:47

REAL ESTATE ASSETS DEPT.

ORIGINAL

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

SAN DIEGO AIR SPORTS INC., a California Corporation

(LESSEE), dated February 23, 1982 and filed in the Office of the City Clerk as Document R-255886 [the LEASE] consents to the assignment of the LEASE to

AIR ADVENTURES SKYDIVING, INC., a California Corporation

(ASSIGNEE) in accordance with the terms and conditions set out in the attached Assignment of Lease Agreement entered into by LESSEE and ASSIGNEE, dated 4/28/99, and in accordance with additional conditions as follows:

1. ASSIGNEE assumes all rights and obligations under the LEASE and will keep and perform all covenants, conditions and provisions of the LEASE and this Consent Agreement;
2. ASSIGNEE shall assume the outstanding sums owed to the City by San Diego Air Sports, Inc [LESSEE] pursuant to the City of San Diego audit dated September 24, 1998 [the Audit] in the amount of NINETEEN THOUSAND FOUR HUNDRED SIXTY EIGHT DOLLARS AND TWENTY-TWO CENTS (\$19,468.22) and shall pay this audit amount to the City Treasurer of the City of San Diego commencing on the first day of the month following the close of escrow, in payments of \$2,000 or more per month including simple interest at 8%, until paid in full. ASSIGNEE shall assume all other responsibilities of LESSEE under the Audit.

THE CITY OF SAN DIEGO

Dated 5-4-99

By

James E. Vickrey
City Manager

Asset Mktg. Supervisor

Dated 5-1-99

SAN DIEGO AIR SPORTS INC., (LESSEE)

[Signature]
Agreed to and accepted by:

Dated 4/28/99

AIR ADVENTURES SKYDIVING INC.,
(ASSIGNEE)

Bruce Young President

APPROVED AS TO FORM & LEGALITY:

CASEY GWINN, City Attorney

Dated 5-10-99

By Prescilla Dwyer
Deputy City Attorney

DWE:dwe
4-26-99