

**AGREEMENT FOR ASSIGNMENT AND ASSUMPTION OF  
SUBLEASE AND TERMINAL BUILDING LEASES**

This AGREEMENT FOR ASSIGNMENT, AND ASSUMPTION OF SUBLEASE AND TERMINAL BUILDING LEASES (“ASSIGNMENT”) is entered into by and between Willow Vista Rentals, LLC, a California limited liability company (“WILLOW VISTA”), and Terminal Building, LLC, a California limited liability company (“TB”) (collectively, “ASSIGNORS”), on the one hand, and 395 Park Place, LLC, a California limited liability company (“ASSIGNEE”), on the other hand. Hawthorne Airport, LLC, a Delaware Limited Liability Company (“SUBLANDLORD”) is additionally a party to this ASSIGNMENT for the limited purpose of confirming its consent to the assignment and the release of ASSIGNORS as described in Section 2 below.

**RECITALS**

- A. SUBLANDLORD and The City of Hawthorne, a municipal corporation (the "MASTER LANDLORD"), are parties to (i) that certain Ground Lease dated as of January 3, 2005, (ii) that certain First Amendment to Ground Lease dated as of November 22, 2005 and (iii) that certain Second Amendment to Ground Lease dated as of June 13, 2006; (iv) that certain Third Amendment to Ground Lease dated as of June 28, 2017; and (v) that certain Fourth Amendment to Ground Lease dated as of January 24, 2024 (collectively the “Master Ground Lease” or “MGL”) concerning certain real property located in the City of Hawthorne, Los Angeles, California (more particularly described in the MGL) at the municipal airport commonly known as "Hawthorne Municipal Airport - Jack Northrop Field" (the "AIRPORT"). A true and correct copy of the MGL is attached hereto as Exhibit “A”.
- B. SUBLANDLORD and ASSIGNORS are parties to: (i) that certain Ground Sublease, dated as of July 1, 2011; (ii) that certain First Amendment to Ground Sublease dated as of September 1, 2011; and (iii) that certain Second Amendment to Ground Sublease dated as of January 1, 2018 (collectively, the “SUBLEASE”), for that portion of the AIRPORT, and consisting of (i) the approximate 14,550 square foot "TERMINAL BUILDING" having an address of 12101 Crenshaw Boulevard, Hawthorne, California 90250 and (ii) the north and west ramp areas (such areas being referred to collectively as the "RAMP AREAS") located adjacent to the Terminal Building (the TERMINAL BUILDING and the RAMP AREAS being referred to collectively as the "SUBLEASED PREMISES"), and more particularly described in the SUBLEASE attached hereto as “Exhibit B.”.
- C. ASSIGNORS desire by this ASSIGNMENT, and with the approval of SUBLANDLORD, to assign all of their rights, title and interest in and to the SUBLEASE to ASSIGNEE subject to and in accordance with the terms, provisions and conditions of the SUBLEASE and this ASSIGNMENT, and ASSIGNEE desires to accept such assignment and to assume and perform all of ASSIGNORS’ duties, obligations and covenants under the SUBLEASE.

NOW THEREFORE, for valuable consideration as described below, the sufficiency of which is hereby acknowledged, together with the mutual agreements set forth in this ASSIGNMENT, the parties agree as follows:

- 1. **Effective Date.** This ASSIGNMENT shall be deemed effective as of March

31, 2025 (the “EFFECTIVE DATE”).

2. **Assignment and Assumption.**

- a. ASSIGNORS hereby assign to ASSIGNEE all of their right, title and interest in the SUBLEASE and the SUBLEASE PREMISES as of EFFECTIVE DATE. ASSIGNEE hereby accepts such assignment and assumes and agrees to be bound by and perform all covenants, conditions, obligations and duties of the ASSIGNORS under the SUBLEASE arising from and after the EFFECTIVE DATE. ASSIGNEE agrees to indemnify, defend and hold harmless ASSIGNORS with respect to any claims or demands arising under the SUBLEASE that first accrues, from and after the EFFECTIVE DATE.
- b. By virtue of this ASSIGNMENT, ASSIGNORS further assign all rights and obligations arising with respect to the current commercial tenants of the TERMINAL BUILDING (the “TERMINAL BUILDING LEASES”). Such assignment shall also include the assignment and transfer of all security deposits and operating account funds directly relating to the TERMINAL BUILDING LEASES. ASSIGNEE hereby accepts such assignment and assumes and agrees to be bound by and perform all covenants, conditions, obligations and duties of the ASSIGNORS under the TERMINAL BUILDING LEASES arising from and after the EFFECTIVE DATE. ASSIGNEE agrees to indemnify, defend and hold harmless ASSIGNORS with respect to any claims or demands arising under the TERMINAL BUILDING LEASES that first accrue, from and after the EFFECTIVE DATE. ASSIGNEE agrees to promptly notify the tenants of the TERMINAL BUILDING LEASES of this ASSIGNMENT, and provide such tenants with all information necessary for remittance of future lease payments.

3. **Price.** As described in the Purchase & Sale Agreement, ASSIGNEE shall pay the sum of Three Million Dollars (\$3,000,000) (the “ASSIGNMENT PRICE”) for the assignment of the SUBLEASE and possession of the SUBLEASE PREMISES.

4. **Release of ASSIGNORS.** SUBLANDLORD hereby releases ASSIGNORS from any and all obligations and liabilities under the SUBLEASE that first accrue on or after the EFFECTIVE DATE. In no event shall ASSIGNORS be released from any of its obligations under the SUBLEASE that first accrued prior to the EFFECTIVE DATE.

5. **ASSIGNORS’ Warranties:**

- A. ASSIGNORS warrant that the SUBLEASE is in full force and effect;
- B. ASSIGNORS warrant that ASSIGNORS have paid to SUBLANDLORD all rents and other sums and charges payable by ASSIGNORS to SUBLANDLORD prior to the EFFECTIVE DATE;
- C. ASSIGNORS warrant that they have fully performed all covenants and obligations under the SUBLEASE required to be performed by to the EFFECTIVE DATE;
- D. ASSIGNORS warrant that they have not executed any sublease and/or prior assignment of any of its rights under the SUBLEASE which has not been terminated

as of the EFFECTIVE DATE;

- E. ASSIGNORS warrant that they have provided PURCHASER with a full, complete, and accurate accounting of the TERMINAL BUILDING LEASES and all related security deposits, past and current tenant balances, and current operating account funds;
- F. ASSIGNORS warrant that, to their actual knowledge, SUBLANDLORD has fully performed all of the covenants and obligations on its part to be performed and observed under the SUBLEASE, and that SUBLANDLORD has not done or permitted any act or acts in violation of any of the covenants, provisions or terms thereof.

6. **Notices.** All notices, consents, waivers, payments or other communications which this ASSIGNMENT requires or permits either party to give to the other shall be in writing and shall be deemed given when actually received or refused by the party to whom sent if delivered personally or on the day of actual delivery or refusal as shown on the addressee's registered or certified mail receipt if forwarded by registered or certified mail, postage prepaid, or upon confirmation of receipt if given by facsimile or email, to the parties at their respective addresses as follows:

To ASSIGNORS:

Willow Vista Rentals, LLC  
2015 Manhattan Beach Blvd., STE 100  
Redondo Beach, CA 90278  
Attn: Wade Brandenberger  
Email: wade@wedgewood-inc.com

Terminal Building, LLC  
12101 Crenshaw Blvd., STE 100  
Hawthorne, CA 90250  
Attn: Levi Stockton  
Email: lstockton@flyadvancedair.com

To ASSIGNEE:

395 Park Place, LLC  
12101 Crenshaw Blvd., STE 100  
Hawthorne, CA 90250  
Attn: Robert Frerichs  
Email: bob@frerichs.us

To SUBLANDLORD:

Hawthorne Airport, LLC  
12101 Crenshaw Blvd., Suite 100  
Hawthorne, CA 90250  
Attn: Levi Stockton  
Email: lstockton@flyadvancedair.com

7. **SUBLEASE Remains in Full Force.** Except as expressly modified hereby, all other terms and provisions of the SUBLEASE (a) shall remain in full force and effect and are hereby ratified; (b) are incorporated herein by this reference; and (c) shall govern the conduct of the parties hereto; provided, however, to the extent of any inconsistency between the provisions of the SUBLEASE and the provisions of this ASSIGNMENT, the provisions of this ASSIGNMENT shall control. ASSIGNEE understands, acknowledges, and agrees that ASSIGNEE, by entering into this ASSIGNMENT, shall be responsible for paying rent, taxes, operating expenses, and all other amounts due on and after the EFFECTIVE DATE.

8. **Gate Card Access to the AIRPORT.** ASSIGNEE acknowledges that ASSIGNORS do not have authority to issue or grant ASSIGNEE, or any other person, a gate card for access to the AIRPORT.

9. **Subleased Premises Being Acquired As-Is.** Except for any representations and warranties expressly made by ASSIGNORS herein, ASSIGNEE acknowledges and agrees that it is (i) entering into this ASSIGNMENT and assuming the SUBLEASE of the SUBLEASE PREMISES solely upon ASSIGNEE's inspection and investigation of the SUBLEASE PREMISES and all documents related thereto, or its opportunity to do so, and (ii) assuming the SUBLEASE of the SUBLEASE PREMISES in an "AS IS, WHERE IS" condition, in each case without relying upon any representations or warranties, express, implied or statutory, of any kind. Without limiting the above, ASSIGNEE acknowledges that, except as expressly contained in this ASSIGNMENT, neither ASSIGNORS nor any other party has made any representations or warranties, express or implied, on which ASSIGNEE is relying as to any matters, directly or indirectly, concerning the SUBLEASE PREMISES, including, but not limited to, the AIRPORT, the square footage of the SUBLEASE PREMISES, improvements and infrastructure, if any, development rights and exactions, expenses associated with the SUBLEASE PREMISES, taxes, assessments, bonds, permissible uses, title exceptions, water or water rights, topography, utilities, zoning of the SUBLEASE PREMISES, soil, subsoil, the purposes for which the SUBLEASE PREMISES is to be used, drainage, environmental or building laws, rules or regulations, Hazardous Material or any other matters affecting or relating to the SUBLEASE PREMISES. ASSIGNEE's execution of this ASSIGNMENT shall be conclusive evidence that (a) ASSIGNEE has fully and completely inspected (or has caused to be fully and completely inspected) the SUBLEASE PREMISES; and (b) ASSIGNEE accepts the SUBLEASE PREMISES as being in good and satisfactory condition and suitable for ASSIGNEE's purposes, subject to the express representations and warranties of ASSIGNORS made herein.

10. **Subsequent Actions In Furtherance Of This ASSIGNMENT.** The parties agree that they will each do whatever is reasonably necessary to effect the purpose of this ASSIGNMENT, including, but not limited to, executing, acknowledging, and delivering all

further conveyances, agreements, confirmations, satisfactions, releases, powers of attorney, instruments of further assurance, approvals, consents, and all further instruments and documents as may be necessary, expedient, or proper to complete any conveyances, transfers, sales, and agreements covered by this ASSIGNMENT, and to do all other acts and to execute, acknowledge, and deliver all requested documents to carry out the intent and purpose of this ASSIGNMENT.

11. **Sub-Sublease of Subleased Premises.** ASSIGNEE's right, if any, to sub-lease the SUBLEASE PREMISES shall be governed by the SUBLEASE.

12. **Assignment By ASSIGNORS.** ASSIGNORS shall be allowed to assign the rights under this ASSIGNMENT without approval from ASSIGNEE. However, ASSIGNORS shall notify ASSIGNEE within seven (7) calendar days of making such assignment and provide a new contact address.

13. **Litigation Costs.** If any legal action or other proceeding, including arbitration or action for declaratory relief, is brought for the enforcement of this ASSIGNMENT or because of an alleged dispute, breach, default, or misrepresentation in connection with this ASSIGNMENT, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs, in addition to any other relief to which the party may be entitled. The prevailing party shall be determined by the arbitrator or court. If neither party is found to be the prevailing party or if the arbitrator or court does not make such a determination, each party shall bear their own attorneys' fees and costs.

14. **Successors.** This ASSIGNMENT shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assignees of the parties to this ASSIGNMENT.

15. **Subordination.** This ASSIGNMENT and the rights granted to ASSIGNEE hereunder are and shall, at all times, be subject and subordinate to: (i) the underlying MGL and SUBLEASE, including the terms thereof affecting all or any part of the SUBLEASE PREMISES now or later existing, and all amendments, renewals, modifications, supplements and extensions thereof, and (ii) all deeds of trust or mortgages now or later affecting or encumbering all or any part of the SUBLEASE PREMISES and/or any ground or underlying leasehold estate.

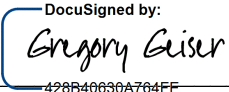
16. **Construction.** Section headings are solely for the convenience of the parties and are not a part of and shall not be used to interpret this ASSIGNMENT. The singular form shall include the plural and vice versa. This ASSIGNMENT shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this ASSIGNMENT.

17. **Integration.** This ASSIGNMENT contains the entire agreement between the parties, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting the assignment of the SUBLEASE from ASSIGNORS to ASSIGNEE.

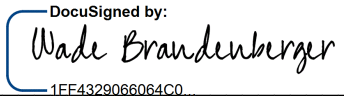
18. **Written Amendment Required.** This ASSIGNMENT may not be amended





By:   
Gregory Geiser, Manager  
428B40630A704FE...

By:   
Darin Puhl, Manager  
DC0402BF186E4G0...

By:   
Wade Brandenberger, Manager  
1FF4329066064C0...

By:   
Martin Howard, Manager  
D90D970306254CB...

# EXHIBIT “A”

## **Master Ground Lease and** **Amendments**

**GROUND LEASE**

This GROUND LEASE ("**Lease**") is entered into as of January <sup>5</sup>~~2~~, 200~~4~~ (the "**Effective Date**"), by and between THE CITY OF HAWTHORNE, a municipal corporation ("**Landlord**"), and HAWTHORNE AIRPORT, LLC, a Delaware limited liability company ("**Tenant**"), with reference to the following facts:

**RECITALS:**

A. Landlord is the owner of that certain real property located in the City of Hawthorne, County of Los Angeles, State of California, depicted on Exhibit "A" attached hereto and made a part hereof (together with all easements and rights appurtenant thereto are sometimes collectively hereinafter referred to as the "**Leased Premises**"). The Leased Premises area portion of the municipal airport commonly known as the "Hawthorne Municipal Airport – Jack Northrop Field" (the "**Hawthorne Airport**").

B. As depicted on Exhibit "A" attached hereto, the Hawthorne Airport is currently subdivided into twelve (12) separate sections numbered "1" through "11" and Section "A" (each, a "**Section**"); Landlord and Tenant acknowledge that the Sections are not necessarily legally subdivided parcels but are merely used for descriptive and reference purposes. Initially the Leased Premises to be leased by Tenant from Landlord pursuant to this Lease shall include Sections 1, 2, 4, 5, 6, 7, 9 and 11; provided, however, Tenant may have the opportunity to elect to exercise an option to lease Sections 3, 8 and 10 (collectively, the "**Option Premises**") provided that the conditions precedent set forth in Paragraph 29 below have been satisfied.

C. Tenant desires to enter into this Lease of the Leased Premises with Landlord.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Leased Premises, subject to all the following terms, conditions and limitations (with all capitalized terms used herein being defined where indicated or in Paragraph 26 of this Lease):

1. **TERM**

1.1 **Lease Term.** The term of this Lease (the "**Term**") shall commence upon the full execution and delivery of this Lease (the "**Lease Commencement Date**"), and shall expire on that date which is thirty-five (35) years after the Lease Commencement Date (the "**Lease Expiration Date**"), unless sooner terminated pursuant to the terms of this Lease.

1.2 **Tenant's Extension Rights.** Tenant shall have two (2) separate options to extend the Term of this Lease, each for an additional period of five (5) years (each, a "**Renewal Term**"), pursuant to and in accordance with this Paragraph 1.2. If Tenant elects to exercise such option with respect to any Renewal Term, then Tenant shall provide written notice thereof to Landlord at least three (3) months prior to the expiration of the then current Term. If Tenant

does not deliver such notice to Landlord as provided herein the Tenant shall be deemed to have elected to not exercise the option with respect to such Renewal Term and the Lease shall expire on the then-scheduled Lease Expiration Date. Upon the giving of such notice the Term of the Lease and the Lease Expiration Date shall be automatically extended for five (5) years. Any such extension or renewal of the Term (also referred to as the "Term") shall be subject to all of the provisions of this Lease, and all such provisions shall continue in full force and effect, except that the Basic Rent for each Renewal Term shall be adjusted and determined in accordance with Paragraph 3.4 below. If Tenant does not timely give such notice of its election to exercise any such renewal option, then all options with regard to subsequent extensions or renewals of the Term shall expire and be null and void.

1.3 Extensions Based on New Construction. In addition to the Renewal Terms described in Paragraph 1.2 above, if (a) Tenant exercises the Option in accordance with the terms and provisions of Paragraph 29 below and (b) following the exercise of such Option Tenant elects to construct any new Improvement(s) which contain at least ten thousand (10,000) square feet of space (a "Major Improvement"), then the Term of the Lease shall also be automatically extended for a period of time equal to the number of days which shall have elapsed from the Lease Commencement Date until the date that the first Certificate of Occupancy is issued to Tenant by the applicable governmental authority with respect to any Major Improvement; provided, however, nothing contained herein shall be deemed to require that Tenant construct any Major Improvements or other Improvements.

1.4 Maximum Length of Term. Notwithstanding anything in this Lease to the contrary, in no event shall the Term of this Lease (including any extensions thereof) exceed fifty (50) years in the aggregate.

1.5 Landlord's Right to Terminate for Conversion to Non-Aviation Use. In the event that Landlord determines that it is in the best interest of Landlord to cease operations of the Hawthorne Airport (including the Leased Premises) as a municipal airport and convert same into a non-aviation use, then Landlord shall have the right to terminate this Lease subject to and upon the satisfaction of the terms and conditions set forth below:

1.5.1 Landlord shall deliver written notice to Tenant not less than one (1) year prior to the effective date of such termination;

1.5.2 Landlord shall pay directly to Tenant (and to any successor-in-interest to Tenant with respect to any portion of the Leased Premises which may have been acquired by such party) a termination fee (the "Termination Fee") equal to the greater of (i) the fair market value of Tenant's leasehold interest in the Leased Premises (as determined substantially in accordance with the terms and provisions of Paragraph 3.5.2 below) and (ii) the aggregate amount of (a) all of Tenant's outstanding capital and other amounts invested in the Leased Premises ("Tenant's Invested Capital"); plus (b) the amount of any outstanding principal, interest and other sums payable by Tenant under any Leasehold Mortgage or any other related financing obtained by Tenant (including, without limitation, any prepayment or similar fees).

1.5.3 In addition to paying the Termination Fee to Tenant, Landlord shall also reimburse Tenant for any and all out-of-pocket costs paid or incurred by Tenant as a result of such termination, including without limitation attorneys' fees, any prepayment, defeasance or other similar fees or penalties required to be paid by Tenant under any Leasehold Mortgage and any fees, costs or other penalties associated with or relating to the termination of any sublease or other agreement at the Leased Premises to which Tenant is a party.

2. TITLE TO IMPROVEMENTS

All of the improvements (i) which are existing at the Leased Premises as of the Effective Date of this Lease and/or (ii) which may be constructed or installed by Tenant, if any, during the term of this Lease (collectively, the "Improvements") shall, at all times from the Lease Commencement Date until the expiration of the Term, be and remain real property, with title thereto being in the name of Tenant for all purposes. Upon the expiration or earlier termination of the Term, title to any such Improvements shall vest in Landlord; provided, however, upon Landlord's written request and at Tenant's sole cost and expense, Tenant shall demolish and remove any Improvements which were constructed by Tenant during the Term of this Lease and which are existing at the Leased Premises upon the expiration or earlier termination of this Lease.

3. RENT

3.1 Base Rent. Tenant covenants and agrees to pay to Landlord, subject to the terms and provisions of this Lease, beginning on the Lease Commencement Date without deduction, prior notice, or demand, net, annual rental ("Base Rent") equal to Four Hundred Six Thousand Seven Hundred Seventy-Six Dollars (\$406,776.00). Rent shall be payable by Tenant in twelve (12) equal monthly installments of Thirty-Three Thousand Eight Hundred Ninety-Eight Dollars (\$33,898.00) in advance on the first day of each calendar month during the Term.

3.1.1 Determination of Initial Base Rent. Landlord and Tenant acknowledge and agree that the monthly Base Rent payable by Tenant hereunder represents an amount equal to (a) the monthly gross income generated at the Leased Premises as of the Lease Commencement Date from (i) hangar operations, (ii) tie downs, (iii) rental income [excluding rental income relating to the Vought Lease and the FAA Tower Lease (as such terms are defined in Paragraphs 3.1.1 and 3.1.2, respectively, below)]; (iv) automobile parking and (v) landing fees, less (b) an amount equal to two percent (2%) of the total gross revenue described in clause (a) and less (c) Three Thousand Three Hundred Seven Dollars (\$3,307.00) which amount represents certain monthly operating expenses which will be incurred by Tenant on behalf of Landlord. Landlord and Tenant acknowledge and agree that the gross revenue derived from the items described in clauses (i) through (v) of clause (a) equals \$37,964.00 and that the 2% fee described in clause (b) equals \$759.00.

3.1.2 Adjustment to Base Rent Based on Vought Lease. Landlord and Tenant acknowledge that that certain Lease Agreement by and between Landlord and Vought Airport Industries, Inc. ("Vought") dated as of January 1, 1979 (as amended from

time to time, the "Vought Lease") pursuant to which Vought leases a portion of the Leased Premises (the "Vought Premises") is scheduled to expire on or December 31, 2005 (the "Scheduled Vought Expiration Date"). All rent and other amounts payable by Vought under the Vought Lease shall continue to be paid by Vought directly to Landlord and Tenant shall have no obligations or liabilities with respect to any matter relating to the Vought Lease and/or the Vought Premises.

(a) If, prior to the expiration of the Vought Lease, Vought notifies Landlord that Vought desires to extend the term of the Vought Lease, then Landlord shall notify Tenant in writing of such election by Vought. Upon receipt of such notice from Landlord, the Tenant shall have the right to propose to Landlord an alternate use (the "Alternate Use") for the Vought Premises; provided that such proposed Alternate Use is reasonably anticipated to generate net income to Landlord in an amount which is substantially the same or greater than that which is reasonably anticipated to be paid by Vought under the proposed extension of the Vought Lease, then (i) Landlord shall not permit the term of the Vought Lease to be extended and Landlord shall cause the Vought Lease to be terminated on the Scheduled Vought Expiration Date, (ii) from and after Scheduled Vought Expiration Date, Tenant shall have the right to pursue and undertake such proposed Alternate Use on the Vought Premises, (iii) Tenant shall have the right to retain all income derived from such Alternate Use on the Vought Premises and (iv) commencing upon the date following the Scheduled Vought Expiration Date, the Base Rent payable by Tenant to Landlord under this Lease shall be increased based on the greater of (A) the rent that would have been payable by Vought under Vought's proposed extension of the Vought Lease, or (B) Fair Market Rent of the Vought Premises (as determined in accordance with Paragraph 3.5 below).

(b) If Vought does not notify Landlord that Vought desires to extend the term of the Vought Lease beyond the Scheduled Vought Expiration Date, then (i) from and after Scheduled Vought Expiration Date, Tenant shall have the right to use the Vought Premises in any manner which is consistent with Tenant's right to use the Leased Premises under this Lease, (ii) Tenant shall have the right to retain all income derived from such use of the Vought Premises and (iii) commencing upon such time as Tenant begins to realize Gross Income from such use of the Vought Premises, the Base Rent payable by Tenant to Landlord under this Lease shall be increased based on the Fair Market Rent of the Vought Premises (as determined in accordance with Paragraph 3.5 below)

**3.1.3 Excluded Agreements; Direct Payment to Landlord.** In addition to the Vought Lease, Landlord and Tenant acknowledge and agree that all rent and other amounts payable by any third party under the following agreements (collectively, together with the Vought Lease, the "Excluded Agreements") shall continue to be paid directly by such third party to Landlord and Tenant shall have no obligations or liabilities with respect to any of the Excluded Agreements:

(a) FAA Tower Lease between Landlord and the Federal Aviation Administration dated July 1, 1982 which lease commenced on October 1, 2002 and shall expire on September 30, 2007.

(b) Northrop Inspection Fee License between Landlord and Northrop Grumman, the term of which commenced on July 1, 1991.

(c) Security Aviation Fuel Flowage Concession Agreement between Landlord and M&S Air Supply, the term of which commenced on February 1, 2003 and shall expire on January 31, 2013.

3.2 **Additional Rent.** In addition to Base Rent, Tenant shall pay to Landlord on an annual basis additional rent ("**Additional Rent**") as provided in this Paragraph 3.2; Base Rent, together with such Additional Rent, shall be collectively referred to in this Lease as "**Rent**".

3.2.1 **Certain Definitions.** The following defined terms shall have the meaning given to them in this Paragraph 3.2.1.

(a) **Gross Revenues.** As used in this Lease the term "**Gross Revenues**" shall mean all revenues and income of any nature derived from Tenant's ownership, use or operation of the Leased Premises, including rentals and sub-rentals of portions of the Leased Premises and any increases thereto pursuant to the terms of the applicable lease or sub-lease agreement; provided, however, in no event shall any of the following be included in "Gross Revenues": (i) any income or rent derived from any of the Excluded Agreements; (ii) Refinancing Proceeds; or (iii) any sales taxes, excise taxes, gross receipt taxes or similar charges.

(b) **Operating Expenses.** As used in this Lease the term "**Operating Expenses**" shall mean all reasonable and necessary operating and other costs incurred or expended by Tenant in connection with or in any manner relating to the Leased Premises, including without limitation the development, use, operation, repair and maintenance thereof. Without limiting the foregoing, "Operating Expenses" shall be deemed to include (but not be limited to) the following: (i) the Base Rent payable by Tenant under this Lease [which for purposes of this Paragraph shall be deemed to include the 2% fee described in Paragraph 3.1.1(b)]; (ii) the cost of all operating equipment, operating supplies, inventories, wages, salaries and employee fringe benefits, advertising and promotional expenses, the cost of personnel training programs, utility and energy costs, operating licenses and permits, and grounds and landscaping maintenance costs; (iii) all expenditures made for maintenance and repairs to keep the Leased Premises in good condition and repair; (iv) premiums and charges on all insurance coverages specified in Paragraph 12 of this Lease; (v) all Impositions and other property taxes and assessments; (vi) audit, legal and other professional or special fees reasonably and necessarily incurred in the operation of the Leased Premises; and (vii) rentals payable under equipment leases of any FF&E. Operating

Expenses shall not include payments for services made to affiliates of Tenant which are not commercially reasonable, debt service or capital expenditures.

(c) Net Income. As used in this Lease the term "**Net Income**" shall mean, for any Lease Year during the Lease Term, the amount of Gross Revenues collected during such Lease Year minus the amount of Operating Expenses paid during such Lease Year.

3.2.2 Distribution of Net Income. The distribution of Net Income, if any, for each Lease Year, or part thereof, shall be determined by Tenant (subject to Landlord's right to conduct an audit at Landlord's sole cost and expense) and distributed by Tenant no later than ninety (90) days after the end of Tenant's Fiscal Year in the following order of priority:

- (a) First, five percent (5%) to Tenant as a management fee;
- (b) Second, to pay regularly scheduled debt service (interest and principal) on any Leasehold Mortgage(s);
- (c) Third, to fund any interest, maintenance and/or operating reserves required to be maintained under any Leasehold Mortgage;
- (d) Fourth, to Tenant until Tenant has received a ten percent (10%) return on any outstanding amount of Tenant's Invested Capital;
- (e) Fifth, to Tenant in an amount equal to such amount as is necessary to repay all of outstanding Tenant's Invested Capital based on a 20-year amortization schedule; and
- (f) Thereafter, (i) twenty-five percent (25%) to Landlord and (ii) seventy-five percent (75%) to the Tenant.

3.3 Existing Agreements. Landlord hereby represents and warrants that attached as Exhibit "D" hereto is a rent roll which sets forth each of the leases, licenses, contracts and other agreements affecting the Leased Premises as of the Lease Commencement Date (collectively, the "**Existing Agreements**"), including (i) the identity of each of the parties thereto, (ii) any and all amendments and modifications thereto, (iii) a description of the portion of the Leased Premises affected thereby, (iv) the date, commencement date, and expiration date (including option periods) of each such Existing Agreement, (v) the current monthly rental and other charges payable under each such Existing Agreement, (vi) the amount of all security deposits and prepaid amounts paid by each party thereto. Concurrently upon the execution of this Lease, Landlord shall assign all of its right, title and interest under each such Existing Agreement, including without limitation any security deposits, advance rents or other similar deposits held by Landlord thereunder, to Tenant and Landlord shall deliver a letter to each of the parties under the Existing Agreement ("**Notification Letter**") duly executed by Landlord and dated as of the Lease Commencement Date, notifying each such party that: (a) the Leased Premises has been leased to Tenant, (b) all of Landlord's right, title and interest in and to the Existing Agreement has been assigned to Tenant, and (c) commencing immediately, all rent and

other payments and any notices under the Existing Agreement are to be paid and sent directly to Tenant; provided, however, in no event shall any of the Excluded Agreements be assigned to or assumed by Tenant. Landlord hereby covenants and agrees to use commercially reasonable efforts to provide to Tenant on or before the Lease Commencement Date an executed estoppel certificate ("**Estoppel Certificate**") from each party to the Existing Agreements, which Estoppel Certificates shall be dated not more than thirty (30) days prior to the Lease Commencement Date and shall be substantially in the form of and upon the terms contained in Exhibit "F" attached hereto.

**3.4 CPI Adjustment of Base Rent.** Base Rent shall be adjusted pursuant to this Paragraph 3.4 (the "**CPI Adjustment**").

**3.4.1** As used in this Paragraph 3.4, the following terms shall have the meaning set forth below:

(a) **Adjustment Date.** The fifth (5<sup>th</sup>) anniversary of the Lease Commencement Date and each five (5) year anniversary thereafter during the Term shall be referred to herein as an "**Adjustment Date**".

(b) **Base Date.** With respect to the first Adjustment Date, the Base Date shall mean and refer to the Lease Commencement Date. With respect to each Adjustment Date thereafter, the Base Date shall mean and refer to the immediately preceding Adjustment Date.

(c) **Index.** The Base Rent amount payable by Tenant shall be increased in accordance with the increase, if any, in the Consumer Price Index for all U.S. Department of Labor, Bureau of Labor Statistics, for Wage Earners and Clerical Workers for the Los Angeles-Long Beach-Anaheim Area (the "**Index**"), as published by the Bureau of Labor Statistics, United States Department of Labor (the "**Bureau**") or any successor agency.

**3.4.2 Base Rent Adjustment Calculation.** The increase in Base Rent effective on each Adjustment Date shall be calculated as follows: on each Adjustment Date, the Index published for the month which is three (3) months prior to the Adjustment Date in question (the "**Comparison Index**") shall be compared with the Index published for the month which is three (3) months prior to the applicable Base Date (the "**Base Index**"), and the annual Base Rent payable by Tenant from and after the Adjustment Date in question until the next Adjustment Date shall be equal to the annual Base Rent payable for the Lease Year immediately preceding such Adjustment Date, multiplied by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Base Index; provided, however, in no event shall the increase in the annual Base Rent on any Adjustment Date be less than fifteen percent (15%) or more than twenty-five percent (25%), of such Base Rent payable for the Lease Year immediately preceding such Adjustment Date. In the event the necessary Indices are not available to compute the new Base Rent as of any Adjustment Date, Tenant shall continue to pay one hundred fifteen percent (115%) of the Base Rent payable by Tenant prior to such Adjustment Date until such figures become available, at which time the

appropriate adjustment to Base Rent shall be determined, and within thirty (30) days of Tenant's receipt of written notice of such determination from Landlord, Tenant shall pay to Landlord, as additional rent hereunder, or Landlord shall reimburse Tenant, as the case may be, the difference between the amount of Base Rent actually paid by Tenant since such Adjustment Date and the Base Rent which would have been payable by Tenant from and after the Adjustment Date in question to the date of Tenant's payment of such amount had the required information been available at that time. In the event the Index is no longer published at any time during Term, Landlord and Tenant shall reasonably select another index of similar nature showing changes in the cost of living to be used to calculate the increase in the Base Rent.

3.4.3 Tenant shall determine any adjustments to be made to Base Rent pursuant to Paragraph 3.4.2 and shall provide Landlord with a written copy of such determination no less than thirty (30) days prior to the applicable Adjustment Date. Tenant shall be responsible for payment to Landlord of any increase in Base Rent retroactive to the applicable Adjustment Date, regardless of when the final CPI Adjustment is determined.

3.5 Fair Market Rent. When required pursuant to the express provisions of this Lease, Fair Market Rent shall be determined with respect to (i) the Vought Property (in accordance with the terms and provisions of Paragraph 3.1.2) or (ii) any Sublease (in accordance with the terms and provisions of Paragraph 16.2.3), in accordance with the provisions of this Paragraph 3.5:

3.5.1 Fair Market Rent. As used herein "Fair Market Rent" shall mean the most probable rental amount in terms of money which the property in question should bring in a competitive and open market under the conditions requisite to a fair transaction, each party acting prudently, knowledgeably and in an arms-length transaction and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a transaction as of the relevant date under conditions whereby: (i) both parties are typically motivated; (ii) both parties are well informed or well advised and each acting in what they consider their own best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; (v) financing, if any, is on terms generally available in the community at the specified date and typical for the subject of the transaction in its locale; and (vi) the consideration represents the normal consideration for a transaction unaffected by special or creative financing or sales concessions granted by anyone associated with the transaction.

3.5.2 Determination of Fair Market Rent. With respect to the establishment of Fair Market Rent for the Vought Property (in accordance with the terms and provisions of Paragraph 3.1.2) Landlord and Tenant shall, at Tenant's election, meet and attempt to agree upon the amount of such Fair Market Rent not less than three (3) months prior to the Scheduled Vought Expiration Date. With respect to the establishment of Fair Market Rent for any Sublease (in accordance with the terms and provisions of Paragraph 16.2.3), Landlord and Tenant shall meet prior to Tenant entering into the first Sublease and shall attempt to agree upon the amount of such Fair Market Rent.

Following the establishment of Fair Market Rent as provided in the preceding sentence (the date of such determination shall be deemed to be the "**Determination Date**"), such Fair Market Rent determination shall thereafter be deemed to be the Fair Market Rent with respect to each subsequent Sublease; provided, however, such Fair Market Rent shall be subject to the CPI Adjustment set forth in Paragraph 3.4 above except that such CPI Adjustments shall be made annually (i.e., on each anniversary of such Determination Date as opposed to every fifth (5<sup>th</sup>) anniversary thereof). If Landlord and Tenant reach agreement with respect to the Fair Market Rent within thirty (30) days (the "**Outside Agreement Date**"), then the parties shall execute and deliver an amendment to this Lease to reflect such agreed upon Fair Market Rent. In the event the parties are unable to agree as to the appropriate amount of the Fair Market Rent on or before the Outside Agreement Date, then each party shall submit to the other party a separate written determination of the Fair Market Rent within forty (40) business days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Paragraphs 3.5.2(a) through 3.5.2(g) below. Failure of Tenant or Landlord to submit a written determination of the Fair Market Rent within such forty (40) business day period shall conclusively be deemed to be the non-determining party's approval of the Fair Market Rent submitted within such forty (40) business day period by the other party.

(a) Landlord and Tenant shall each appoint one arbitrator who shall by profession be an independent real estate broker or appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the leasing or valuing of similar properties in the metro Hawthorne area of Los Angeles, California. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Fair Market Rent is the closest to the actual Fair Market Rent as determined by the arbitrators, taking into account the requirements of Paragraph 3.5.2(b) of this Lease. Each such arbitrator shall be appointed within thirty (30) days after the Outside Agreement Date.

(b) The two (2) arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

(c) The three (3) arbitrators shall within thirty (30) days after the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Fair Market Rent and shall notify Landlord and Tenant thereof.

(d) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(e) If either Landlord or Tenant fails to appoint an arbitrator within thirty (30) days after the Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(f) If the two (2) arbitrators fail to agree upon and appoint a third arbitrator within the time period provided in Paragraph 3.5.2(b) above, then Landlord and Tenant shall mutually select the third arbitrator. If Landlord and Tenant are unable to agree upon the third arbitrator within ten (10) days, then either party may, upon at least five (5) days prior written notice to the other party, request the Presiding Judge of and for the Los Angeles County Superior Court, acting in his private and nonjudicial capacity, to appoint the third arbitrator. Following the appointment of the third arbitrator, the panel of arbitrators shall within thirty (30) days thereafter reach a decision as to whether Landlord's or Tenant's submitted Fair Market Rent shall be used and shall notify Landlord and Tenant thereof.

(g) The cost of the arbitrators and the arbitration proceeding shall be paid by Landlord and Tenant equally, except that each party shall pay for the cost of its own witnesses and attorneys.

4. IMPOSITIONS

Subject to Paragraph 11 below, Tenant shall, during the Term, pay all Impositions (as defined in Paragraph 26.1 below), in installments if permitted by law and elected by Tenant, before any interest, penalty, fine or cost may be added for nonpayment thereof, and shall, at Landlord's request, furnish Landlord with reasonable proof of payment thereof. Any Imposition relating to a fiscal year or other period, part of which is within and part of which is precedent or subsequent to the Term, whether or not such Imposition shall become due and payable or become a lien upon the Leased Premises or any part thereof, or be assessed, levied, confirmed or imposed during the Term, shall be adjusted and apportioned between Tenant and Landlord so that Tenant shall pay only that portion of such Imposition relating to the Term of this Lease.

5. UTILITIES

During the Term, Tenant shall pay or cause to be paid all charges for water, gas, heat, light, power, sewer, telephone service and all other public or private utility services and all sprinkler systems and protective services at any time rendered to or in connection with the Leased Premises, the Improvements or any part thereof and shall comply with all contracts relating to such services.

6. IMPROVEMENTS/ALTERATIONS/PERSONAL PROPERTY/ SURRENDER

6.1 Construction. The terms and provisions of this Paragraph 6.1 shall apply with respect only to (i) any of the work required to be undertaken by Tenant pursuant to Paragraph 10.3.4 and (ii) if Tenant exercises the Option described in Paragraph 29, any new development of the Option Premises undertaken by Tenant which would be subject to the prior satisfaction of the conditions set forth in Paragraphs 29.1.1 through 29.1.4.

6.1.1 Generally. Landlord hereby grants to Tenant the right and power to construct Improvements relating to aviation and related amenities on the Leased Premises. Tenant agrees to construct Improvements in accordance with the terms of this

Paragraph 6.1 and, once commenced, to use reasonable efforts to cause the completion of Improvements.

6.1.2 Plans and Specifications. If Tenant is required by any governmental agencies, Tenant shall prepare working drawings and specifications ("**Plans**"), shall submit them to the appropriate governmental agencies for approval, and shall deliver to Landlord one complete set as approved by such governmental agencies.

6.1.3 Notice of Intent to Construct. Tenant shall notify Landlord of Tenant's intention to commence work on Improvements at least twenty (20) days before the commencement of any such work or delivery of any materials in order to provide Landlord with an opportunity to post appropriate notices of non-responsibility or take such other actions deemed necessary by Landlord.

6.1.4 Completion of Construction. Once any work on the Leased Premises is begun, Tenant shall with reasonable diligence prosecute to completion all construction of Improvements. All work shall substantially comply with all Legal Requirements, Permitted Uses and Insurance Requirements and be performed at Tenant's sole cost and expense. Any work performed by Tenant shall be deemed to have satisfied the foregoing if (i) as to the Improvements exclusive of interior tenant improvements, such portion of the Improvements have been approved in writing by the applicable governmental agencies with jurisdiction over same, and (ii) as to the interior tenant improvements, when a final Certificate of Occupancy entitling Tenant and/or Subtenants to occupy and use the Improvements has been duly issued by applicable governmental agencies. All work performed on the Leased Premises pursuant to this Lease, or authorized by this Lease, shall be done in a good and workmanlike manner and only with new materials of good quality and high standard. Tenant shall provide Landlord with a copy of "as-built" plans and lien releases with respect to any Improvements constructed by Tenant during the Term of this Lease.

6.1.5 Notice of Completion. On completion of Improvements, Tenant shall timely file, or cause to be filed, a notice of completion.

6.1.6 Ownership of Improvements. All Improvements shall remain the sole and separate property of Tenant until the expiration or earlier termination of this Lease pursuant to the provisions hereof, at which time the same shall become the property of Landlord.

6.1.7 Confirmation of Passage of Title. Tenant shall, upon Landlord's demand, deliver to Landlord such assignments, deeds, instruments and documents as Landlord shall reasonably request to confirm Landlord's ownership of Improvements pursuant to Paragraph 6.1.6 above.

6.2 Alterations. Tenant shall have the right, before or after any damage to or destruction of the Leased Premises, at any time and from time to time during the Term of this Lease, to make such changes and alterations, structural or otherwise, to Improvements as Tenant shall deem necessary or desirable, ("**Alteration(s)**"). Any such Alteration(s) shall be subject to

the same terms and conditions as set forth in Paragraph 6.1, in addition to the terms and conditions of this Paragraph 6.2. Notwithstanding that Landlord holds a reversionary fee title to Improvements, all salvage in the event of any such demolition, removal or relocation shall belong to Tenant. Notwithstanding anything contained in this Lease to the contrary, Landlord acknowledges that Tenant shall have the right, at any time, to construct, demolish, alter or reconstruct tenant improvements in the interior of Improvements without regard to Paragraph 6.1.2 of this Lease.

6.3 Personal Property. All Personal Property shall be and remain the property of Tenant, provided that Tenant shall be solely liable for and shall pay (when due) all costs, charges, payments or other sums due with regard to such Personal Property.

6.4 Holdover. Upon expiration or sooner termination of this Lease, Tenant shall surrender the Leased Premises and Improvements to Landlord in as good, safe, and clean condition as practicable, reasonable wear and tear and acts of God excepted. The Lease shall terminate without further notice at the expiration of the Term. Any holding over by Tenant after expiration shall not constitute a renewal or extension or give Tenant any rights in or to the Leased Premises except as expressly provided in the Lease.

## 7. FURTHER ASSURANCES

7.1 Good Faith Development Processing. Landlord agrees that it will in good faith accept for processing, review and action all completed applications for rezoning, special permits, development permits, subdivision maps or other entitlements for use of the Leased Premises in accordance with the General Plan, all applicable laws and this Lease; provided however, nothing herein is intended to predetermine, promise or guarantee any approval of such applications. Nothing in this Paragraph is intended to limit the City's police power discretion to require applications for development or entitlements or to impose conditions and modifications on any approval of proposed developments or entitlement.

7.2 General Cooperation. Landlord and Tenant each agree to reasonably cooperate with one another in order to carry out the intent of any term or provision of this Lease. Any future estoppels requested by either party will be provided and the requesting party will pay the other party's reasonable third party costs of preparing the estoppels.

## 8. MECHANIC'S LIENS

Tenant shall not suffer or permit any mechanic's liens to be filed against the Leased Premises or Improvements, nor against Tenant's leasehold interest in the Leased Premises by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding any interest in the Leased Premises and/or Improvements or any part thereof through or under Tenant. If any such mechanic's lien shall at any time be filed, Tenant shall within thirty (30) days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise; provided, however, that Tenant shall have the right to contest, with due diligence, the validity or amount of any such lien or claimed lien, if Tenant shall give to Landlord reasonable security therefor, for two hundred percent (200%) of the contested lien. Subject to the foregoing

provisions, if Tenant shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such mechanic's lien by the lienor and to pay the amount of judgment in favor of the lienor with interest, costs and allowances. In such event Tenant shall, on or before the first (1<sup>st</sup>) day of the next calendar month following any such payment by Landlord, reimburse Landlord for the full amount paid by Landlord and all costs incurred by Landlord in connection therewith, including reasonable attorneys' fees, together with interest accruing from the date of such payment by Landlord until the date of such reimbursement by Tenant. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvements, alteration to or repair of the Leased Premises or Improvements or any part thereof, nor as giving Tenant a right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's liens against Landlord's interest in the Leased Premises.

#### 9. MAINTENANCE AND REPAIRS

The parties hereto acknowledge that it is their intent that this Lease be fully "triple net" and all taxes, insurance and maintenance costs and expenses of any kind or nature in connection with the Leased Premises or Improvements are entirely Tenant's obligation. Tenant shall keep or cause others to keep the Leased Premises, Improvements and the adjoining sidewalks and curbs in good and clean order and first-class condition, and will promptly make or cause others to make all necessary or appropriate repairs, replacements and renewals thereof, whether interior or exterior, or structural or non-structural, necessary to maintain the Leased Premises and Improvements in good and clean order and condition, reasonable wear and tear excepted. Tenant waives any rights created by any law now or hereafter in force to make repairs to the Leased Premises or Improvements at Landlord's expense. Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations to the Leased Premises or Improvements and Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Leased Premises, Improvements and the Personal Property.

#### 10. USE/LANDLORD SERVICES/TENANT SERVICES

10.1 Use. Prior to the Lease Commencement Date the Leased Premises has been operated by Landlord as a portion of the Hawthorne Airport. The Leased Premises, together with the portion of the Hawthorne Airport which is not being leased by Landlord to Tenant pursuant to this Lease, are operated on an integrated basis. Landlord and Tenant intend that the Leased Premises shall continue to be operated as a municipal airport during the Term of this Lease in substantially the same manner as the Leased Premises has been operated prior to the Lease Commencement Date, subject to the terms and provisions hereof

10.2 Landlord Services. Notwithstanding anything contained in this Lease to the contrary, Landlord and Tenant acknowledge and agree that Landlord shall continue to maintain sole responsibility for the provision of certain services to and/or related to the operation of the Leased Premises and those portions of the Hawthorne Airport which are not being leased to Tenant pursuant to this Lease (such services to be provided by Landlord are collectively referred to herein as "**Landlord Services**"). Subject to the availability of funds from (i) ongoing airport operations and (ii) the collection of Rent under this Lease, Landlord shall be solely responsible for the provision of such Landlord Services throughout the Term of this Lease and Tenant shall have no liability or responsibility with respect to any matter relating to such Landlord Services. Subject to the continued operation of the Hawthorne Airport, the availability of operating income generated from the operation of the Hawthorne Airport (including, without limitation, any Rent collected by Landlord under this Lease) and FAA grant funds and other similar funds obtained by Landlord, Landlord covenants and agrees to continue to undertake the following Landlord Services during the Term of this Lease, all of which shall be undertaken by Landlord in a manner consistent with Landlord's operations prior to the Lease Commencement Date:

10.2.1 Landlord shall report to the City Council and staff of the City of Hawthorne from time to time as may be required with respect to all matters relating to the use and operation of the Hawthorne Airport;

10.2.2 Subject to Tenant's obligations in Paragraph 10.4 below, Landlord shall be solely responsible for complying with and insuring that the Hawthorne Airport (including the Leased Premises ) at all times complies with all regulations imposed by and all other matters relating to the Federal Aviation Administration ("FAA");

10.2.3 Landlord shall be responsible for all accounting matters relating to the operation of the Hawthorne Airport;

10.2.4 Landlord shall be responsible for the hiring, discharge, management, training and all other matters relating to airport personnel;

10.2.5 Landlord shall be solely responsible for AIP grant administration and payment of sponsor's share;

10.2.6 Landlord shall interface with the public regarding all noise issues and shall handle and address any matters relating thereto;

10.2.7 Landlord shall maintain, repair and keep in good working order all runways, tarmacs, taxiways, towers, lights and other areas of the Hawthorne Airport which are not leased to Tenant pursuant to this Lease in a manner consistent with that of similar, competitive airports in the metropolitan Los Angeles area;

10.2.8 Landlord shall maintain separate (a) general liability insurance, (b) property insurance and (c) general aviation insurance with respect to operations of the Hawthorne Airport in an amount and upon terms reasonably approved by Tenant and naming Tenant and Tenant's affiliates, as well as any Leasehold Mortgagee, as additional

insureds thereunder. Landlord may provide self-insurance in lieu of the insurance policies described in clauses (a) and (b) of the preceding sentence; provided, however, in no event shall Landlord have the right to provide self-insurance in lieu of the insurance policy described in clause (c) of the preceding sentence;

10.2.9 Landlord shall maintain responsibility for all matters relating to the Excluded Agreements, including without limitation the collection of any amounts payable by the parties thereunder; and

10.2.10 Landlord shall continue to provide all of the services described on Exhibit "B" attached hereto; provided, however, if Landlord shall fail to provide any of such services due to the fact that Landlord has insufficient funds to do so, then Tenant shall be entitled to provide such funds required to permit Landlord to provide such services and Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action (such funds contributed by Tenant shall be added to and deemed to be a part of Tenant's Invested Capital); provided, however, Tenant shall be entitled to deduct from Rent payable by Tenant to Landlord under this Lease, the amount described above to the extent Tenant has not received such reimbursement from Landlord..

10.3 Tenant Services. Tenant shall be solely responsible for providing the following services to and for the benefit of the Leased Premises during the Term of this Lease:

10.3.1 Leasing, management and retention of the existing tenants at the Leased Premises, including the collection of rent from such tenants (other than those tenants under any Excluded Agreements which will be the sole responsibility of Landlord);

10.3.2 Marketing the Leased Premises to prospective tenants and prospective subtenants;

10.3.3 The development of new Improvements at the Leased Premises (provided, however, in no event shall Tenant be deemed to have an affirmative obligation to develop any such Improvements);

10.3.4 Tenant shall, subject to the availability of utilities and any limitations imposed by the FAA, Landlord, the California Department of Transportation and any other applicable governmental agency, undertake those certain upgrades and other activities with respect to the Leased Premises described on Exhibit "C-1" attached hereto; if Tenant exercises the Option described in Paragraph 29 then Tenant shall subject to the availability of utilities and any limitations imposed by the FAA, Landlord, the California Department of Transportation and any other applicable governmental agency, also undertake those certain upgrades and other activities with respect to the Leased Premises described on Exhibit "C-2" attached hereto. Notwithstanding anything contained herein to the contrary, in no event shall Tenant be deemed to have any obligation with respect to the runways, tarmacs, taxiways, towers, lights and other

movement-related areas at the Hawthorne Airport, the responsibility for which has been allocated to Landlord pursuant to Paragraph 10.2.7 above);

10.3.5 To the extent FAA grant funds are not otherwise made available, Tenant shall be responsible for the cost of preparation of the airport master plan, including any required Environmental Impact Review, required in connection with the proposed development of the Leased Premises.

10.4 Tenant Obligation to Comply with Laws. Tenant shall at all times comply, and shall use commercially reasonable efforts to cause all subtenants and users of the Leased Premises to comply, with all applicable laws, all regulations imposed by and all other matters relating to the FAA that affect the Leased Premises, AIP grant assurances and other rules or regulations imposed governmental agencies with jurisdiction over the Hawthorne Airport. Landlord shall provide Tenant with written notice of all such applicable laws, rules and regulations.

10.5 Temporary Closure of Hawthorne Airport. Landlord and Tenant acknowledge and agree that Landlord shall have the right to temporarily suspend operations of the Hawthorne Airport only in the case of emergencies or as otherwise permitted or required by the FAA for up to five (5) calendar days each Lease Year; provided, however, Landlord shall, except in the case of emergencies, give Tenant written notice of any such suspension of operations not less than thirty (30) days prior to the date of such suspension. In no event shall Landlord have the right to suspend operations or close the Hawthorne Airport (i) more than two (2) times during any 30-day period or (ii) for more than five (5) days in any Lease Year, without the prior written consent of Tenant, which consent shall not be unreasonably withheld.

10.6 Operation of Hawthorne Airport; FAA Requirements. Landlord and Tenant hereby acknowledge and agree that the Hawthorne Airport shall at all times be operated in accordance with the terms and conditions set forth in any applicable FAA grant assurances and as set forth on Exhibit "G" attached hereto. Landlord and Tenant further acknowledge that Exhibit "G" to this Lease shall be attached to and made a part of any sublease which Tenant enters into in accordance with this Lease.

## 11. PERMITTED CONTESTS

Tenant, at its expense, may contest, after ten (10) days prior written notice to Landlord, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition or any Legal Requirement, provided, however, that the contest, opposition or objection must be filed before the Imposition at which it is directed becomes delinquent. Landlord shall, upon written request by Tenant and at no cost to Landlord, join in any such contests, oppositions or objections if Tenant determines such joinder is necessary or convenient for the proper prosecution of the proceedings; provided, however, Landlord shall not be liable for any costs or expenses incurred or awarded in such contest proceedings. Tenant shall not continue or maintain any such contest, opposition or objection beyond the date upon which such Imposition becomes delinquent unless Tenant shall first either (a) make all contested payments, under protest if it desires, unless such proceedings shall suspend the collection thereof from Landlord or by levy upon any Rent or

other sums payable under this Lease; or (b) obtain and maintain a stay of all proceedings for enforcement of or collection of such Legal Requirement or Imposition, as the case may be, or (c) deliver to Landlord within thirty (30) days of Tenant's final determination of such contest a bond in an amount reasonably determined by Landlord to represent the full amount of such contested Imposition. Nothing herein shall be deemed to permit Tenant to contest any FAA grant assurances or any other reasonable rules and regulations customarily imposed by the FAA.

## 12. INSURANCE/INDEMNIFICATION

12.1 Insurance. At all times during the Term, Tenant shall keep the Leased Premises and any Improvements insured for the mutual benefit of Landlord and Tenant, under policies naming Landlord as an additional insured, against the following:

12.1.1 Loss or damage by fire, and such other risks as may be included in the standard form of extended coverage insurance from time to time available, in an amount not less than one hundred percent (100%) of the then full insurable value of the Improvements ("**Casualty Insurance**");

12.1.2 A policy of commercial general liability insurance (occurrence form) ("**Liability Insurance**"), having a combined single limit of not less than Two Million Dollars (\$2,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) aggregate, providing coverage for, among other things, blanket contractual liability, premises, products/completed operations and personal and advertising injury coverage (provided, however, in no event shall Tenant be required to maintain Liability Insurance with respect to operations of the Hawthorne Airport, it being agreed and understood that Landlord shall be solely responsible for maintaining such liability insurance pursuant to the terms and provisions of Paragraph 10.2.8 above). Commencing on the fifth (5<sup>th</sup>) anniversary of the Lease Commencement Date and each five (5) years thereafter, the foregoing liability amounts shall be subject to CPI Adjustment in accordance with Paragraph 3.4 above; and

12.1.3 Before commencement of any demolition or construction work, Tenant shall procure a policy of builder's "all risk" insurance including vandalism and malicious mischief coverage, in form and with a company reasonably acceptable to Landlord, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees ("**Builder's Risk Insurance**"), said insurance to be maintained in force until completion and acceptance of the work.

The term "full insurable value" shall mean the actual replacement cost of the Improvements (excluding footings, foundation and excavation costs). Said "full insurable value" shall be determined by Tenant's insurer. The amount of the Liability Insurance which is to be maintained pursuant to this Paragraph 12.1 shall be reviewed by Landlord and Tenant every five (5) years to consider whether the amount of the coverage shall be increased.

## 12.2 Policy Provisions.

12.2.1 All insurance required under this Lease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and licensed to do business in the State of California. Such insurance shall be provided by a company (or companies) having a general policy holder's rating in Best's Rating Guide of A- or better (or as acceptable to any Leasehold Mortgagee). Certificates evidencing all such policies shall be delivered to Landlord. At least thirty (30) days prior to the expiration date of any such policy the original renewal policy for such insurance shall be delivered by Tenant to the holder of the expiring original policy, and certificates thereof shall be delivered to Landlord. All such policies shall contain a non-cancellation clause except upon thirty (30) days' prior written notice to each named insured and loss payee. All such policies shall contain language to the effect that (i) the insurer waives the right of subrogation against Landlord and (ii) the policies are primary and noncontributing with any insurance that may be carried by Landlord.

12.2.2 All policies of insurance required herein shall name Landlord and Tenant as the insureds as their respective interests may appear. Subject to the provisions and limitations herein set forth, all Casualty Insurance and Builder's Risk Insurance policies shall also provide, if required by either party hereto, for any loss thereunder to be payable to any Leasehold Mortgagees as their respective interests may appear, pursuant to a standard mortgagee clause or endorsement. The loss, if any, under said Casualty Insurance and Builder's Risk Insurance policies shall be adjusted by Tenant with the insurance companies.

12.2.3 Subject to any contrary provision contained in a Leasehold Mortgage permitted under the terms of this Lease, the loss, if any, under all Casualty Insurance and Builder's Risk Insurance policies shall be payable (i) to Tenant, or (ii) to a bank, trust company, or insurance trustee ("**Depository**"), to be designated by Tenant in a notice given to the insurance companies.

12.2.4 Any loss paid under Casualty Insurance or Builder's Risk Insurance to Tenant shall be held by Tenant in trust for application first to the Restoration of the Leased Premises to the extent required under Paragraph 13 below (with any balance remaining thereafter to become Tenant's sole property, subject, however, to the rights of any Leasehold Mortgagees). Any loss so paid to the Depository shall be disbursed by it in accordance with the provisions of Paragraph 13.3 below.

12.2.5 Nothing in this Paragraph 12.2 shall prevent Tenant from taking out any of the insurance required hereunder under a blanket policy or policies of insurance which covers other properties owned by Tenant or affiliates of Tenant as well as the Leased Premises, provided that no insurance required hereunder is limited, decreased or modified as a result thereof (whether as the result of any co-insurance, excess coverage or other term or provisions of such blanket policy).

12.3 Waiver of Subrogation. Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by Liability Insurance or Casualty Insurance policies existing for the benefit of the respective parties, to the extent of the insurance coverage is actually provided thereby.

12.4 Defense and Indemnification. Tenant hereby agrees to and shall hold Landlord, its elective and appointive boards, commissions, officers, agents and employees harmless from any liability for damage, or claims for damage for personal injury, including death, as well as claims for property damage which arise directly out of Tenant's or Tenant's contractors', subcontractors', agents', or employees' operations under this Lease. Tenant further agrees to indemnify, defend (with counsel selected by Tenant), save and hold Landlord, its elective and appointive boards, commissions, officers, agents and employees, all personally and in their official capacities, harmless from any liability for damages, costs and attorney's fees in the event of any litigation challenging the validity of this Lease, any actions taken by the parties under this Lease, or Landlord's approval of this Lease, including, without limitation, any challenge based upon the California Environmental Quality Act and the California Subdivision Map Act; provided, however, the foregoing indemnity shall not apply to claims based on or liability arising as a result of the sole negligence or the fraud or willful misconduct of Landlord or any other indemnitee described herein. This provision shall survive and continue after the termination of this Lease.

13. DAMAGES TO OR DESTRUCTION OF PROPERTY

13.1 Tenant to Give Notice. In case of any material damage to or destruction of the Leased Premises or any part thereof, Tenant shall promptly give written notice thereof to Landlord generally describing the nature, extent and cause of such damage or destruction.

13.2 Restoration. In case of any damage to or destruction of the Leased Premises or any part thereof, subject to the provisions of Paragraph 6.2 above and Paragraph 13.4 below, Tenant shall, at its expense, promptly commence and continue through to completion (subject to Unavoidable Delays) the restoration, replacement or rebuilding of the Leased Premises as nearly as possible to its value, condition and character, subject to the remedial limitation contained in Paragraph 6.1.6 above, immediately prior to such damage or destruction, with such Alterations as may be made at Tenant's election pursuant to and subject to the terms of Paragraph 6.2 ("**Restoration**").

13.3 Application of Insurance Proceeds.

13.3.1 Subject to the rights of any permitted Leasehold Mortgagee, insurance proceeds received by a Depository pursuant to Paragraph 12.2.3 above shall be paid to Tenant according to Depository's standard procedures for disbursing construction loan proceeds, from time to time, as Restoration progresses, to pay (or reimburse Tenant for) the cost of Restoration. Subject to the rights of any Leasehold Mortgagees, any excess (i.e. beyond all sums necessary for such Restoration) shall be paid to Tenant as its sole and separate property with respect to Alterations and Improvements.

13.3.2 Any such Casualty Insurance proceeds paid to Tenant shall be applied by Tenant first directly toward such Restoration.

13.4 Termination. In the event the Leased Premises shall be damaged as a result of (i) any casualty during the last seven (7) years of the Term to the extent the Leased Premises cannot be reasonably repaired or restored, or (ii) as a result of any earthquake or other

casualty not covered by any insurance that is required to be carried on the Leased Premises, Tenant may, subject to the satisfaction of those conditions set forth below, elect to terminate this Lease and all of its obligations hereunder effective as of the date which is the last calendar day of the second (2<sup>nd</sup>) month following such event of destruction, provided that such notice of termination must be delivered to Landlord within thirty (30) days after the occurrence of such damage or destruction. If Tenant so elects to terminate, Tenant shall raze any damaged Improvements on the Leased Premises and Tenant's indemnity obligations herein shall survive such termination of the Lease. Tenant's right to terminate this Lease as provided in this Paragraph 13.4 shall be subject to each of the following conditions:

13.4.1 Tenant shall give Landlord notice of the damage or destruction promptly but not later than fifteen (15) days after such event of destruction, detailing facts that qualify the casualty under this provision;

13.4.2 Tenant shall not be in default under any provision or condition of this Lease;

13.4.3 Tenant shall continue to make all payments when due as required by the provisions of the Lease (except that Landlord may, by notice given at any time after Tenant's notice of the damage or destruction, elect to terminate the Lease at a date stated in Landlord's notice and to forgive all rent for the period following that date);

13.4.4 Tenant pays in full, or has paid in full, any outstanding debt secured by an approved Leasehold Mortgage;

13.4.5 Tenant delivers possession of the Leased Premises and Improvements to Landlord and quitclaims all right, title, and interest in the Leased Premises and Improvements, if, and promptly after, ceasing to do business on the Leased Premises;

13.4.6 Tenant causes to be discharged all liens and encumbrances resulting from any act or omission of Tenant which are not consented to by Landlord in writing;

13.4.7 Tenant complies with the provisions of this Lease relating to the application of insurance proceeds; and

13.4.8 Tenant uses all available insurance proceeds to pay the costs or removing all debris and remains of the damaged Improvements from the Leased Premises.

#### 14. CONDEMNATION

14.1 Definitions. Whenever used in this Lease, the following words shall have the following respective meanings:

14.1.1 "Award" shall mean compensation paid for a Taking whether pursuant to a judgment or by agreement or otherwise.

14.1.2 **"Condemnation"** or **"condemnation proceedings"** shall mean any action or proceeding brought by a competent governmental authority for the purpose of any taking of the fee title of the Leased Premises or any part thereof as a result of the exercise of the power of eminent domain, including a voluntary sale to such authority either under threat of or in lieu of condemnation or while such action or proceeding is pending.

14.1.3 **"Notice of Intent of Taking"** shall mean any notice or notification on which a reasonably prudent person would rely and which such person would interpret as expressing an existing intention of a Taking as distinguished from a mere preliminary inquiry or proposal. It includes, but is not limited to, the service of a condemnation summons and complaint (or other legal process relating to condemnation of the Leased Premises) by any party to this Lease. Such notice is considered to have been received when a party to this lease receives from the condemning agency or entity a notice of intent to take, in writing, containing a description or map of the Taking reasonably defining the extent thereof.

14.1.4 **"Partial Taking"** shall mean any Taking affecting fee title to the Leased Premises, or a portion thereof, that is not either a Total or a Substantial Taking.

14.1.5 **"Substantial Taking"** shall mean a Taking of so much of Leased Premises, or the Improvements thereon, or both, such that the remaining portion not so Taken cannot be so repaired or reconstructed, taking into consideration the amount of the Award available for repair or restoration, as to constitute complete, rentable structures, capable of producing a proportionately fair and reasonable net annual income after payment of all operating expenses, the monthly Base Rent (as such may be reduced as the result of such Taking) and all other charges payable under this Lease, and after performance of all covenants required of Tenant by law and under this Lease.

14.1.6 **"Taking"** shall mean an event of vesting of title to the fee or any leasehold or other interest therein or right accruing thereto of the Leased Premises or any part thereof in a competent authority pursuant to, or as a result, in lieu or in anticipation, of the exercise of the right of condemnation or eminent domain.

14.1.7 **"Total Taking"** shall mean a Taking of the fee title to the entire Leased Premises and the Improvements thereon.

14.1.8 **"Vesting Date"** shall mean the date of a Taking, which date shall be considered to take place as of the earlier of the date (i) actual physical possession is taken by the condemnor, or (ii) title actually passes to the condemnor.

14.2 **Notice to Other Party.** A party receiving any notice of the kind specified below shall promptly give the other party notice of the receipt, contents, and date of the notice received:

14.2.1 Notice of Intended Taking;

14.2.2 Service of any legal process relating to condemnation of the Leased Premises;

14.2.3 Notice in connection with any proceedings or negotiations with respect to such a condemnation; or

14.2.4 Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

14.3 Total Taking. In case of a Total Taking, this Lease and Tenant's obligations hereunder shall terminate as of the Vesting Date; provided, however, that such termination shall not relieve or absolve Tenant of any obligations that shall have accrued or been in existence prior to the Vesting Date.

14.4 Substantial Taking. If the Taking is substantial under the definition appearing above, Tenant may, by notice to Landlord given within sixty (60) days after Tenant receives a Notice of Intended Taking, elect to treat the Taking as a Substantial Taking. If Tenant does not so notify Landlord, the Taking shall be deemed a Partial Taking. If Tenant gives such notice and Landlord gives Tenant notice disputing Tenant's contention within thirty (30) days following Tenant's notice, the dispute shall be promptly determined by binding arbitration through and pursuant to the rules of the American Arbitration Association. If Landlord gives no such notice, the Taking shall be considered a Substantial Taking. Tenant shall, thereafter, deliver up possession of the Leased Premises to Landlord by the later of (i) twenty (20) days after determination that the Taking was a Substantial Taking, or (ii) the Vesting Date, or the Taking shall, notwithstanding the foregoing, be treated as a Partial Taking. The delivery of possession of the Leased Premises to Landlord pursuant to this Paragraph 14.4 shall not be deemed to excuse or waive any obligations of Tenant under the Lease arising prior to the termination of the Lease. In case of a Substantial Taking, the Lease shall be deemed terminated as of the Vesting Date. Notwithstanding any of the foregoing, the terms and conditions of this Paragraph 14 shall be subject to the terms of any Leasehold Mortgage permitted hereunder.

14.5 Partial Taking. Upon any Partial Taking, this Lease shall remain in full force and effect, covering the portion of the Leased Premises not subject to the condemnation action, except that the Rent shall be reduced in the same ratio as the rentable area in the Improvements taken bears to the total rentable area of the Improvements on the Leased Premises (as existed prior to the condemnation).

14.6 Allocation of Award; Total or Substantial Taking. If this Lease shall terminate pursuant to the provisions of Paragraphs 14.3 or 14.4 by reason of a Total or Substantial Taking, the total Award in the condemnation proceedings shall be apportioned and paid, to the extent available, in the following order of priority:

14.6.1 The Leasehold Mortgagee on the Leased Premises, if any, shall first be entitled to have its mortgage loan satisfied.

14.6.2 Landlord, Tenant and Leasehold Mortgagee shall next be entitled to their expenses and charges, including, without limitation, attorneys' fees reasonably incurred in connection with the Taking.

14.6.3 To Tenant and Landlord in proportion to their respective interests in the Leased Premises;

14.6.4 The balance, if any, shall be treated as "Additional Rent" and divided between Landlord and Tenant pursuant to the terms of Paragraph 3.2.2(b) through 3.2.2(f).

14.7 Allocation of Award; Partial Taking. In the event of a Partial Taking, Tenant shall commence and proceed with reasonable diligence to repair or reconstruct the remaining Improvements to a complete architectural unit or units, including without limitation, temporary repairs, changes and installations required to accommodate subtenants and all other work incidental to and in connection with all of the foregoing, provided it has received its share of the Award adequate to do so at no additional expense to Tenant. All such repair, reconstruction and work shall hereinafter in this Paragraph be called "**Rebuilding.**"

The total Award in the condemnation proceedings, in the event of such Partial Taking, shall be apportioned and paid, to the extent available, in the following order of priority:

14.7.1 Tenant shall first be entitled to an amount equal to the cost of Rebuilding. If Landlord and Tenant cannot agree upon such amount, it shall be determined by binding arbitration through and pursuant to the rules of the American Arbitration Association.

14.7.2 Landlord, Tenant and any Leasehold Mortgagee shall next be entitled to their expenses and charges, including, without limitation, reasonable attorneys' fees incurred in connection with the Taking.

14.7.3 To Tenant and Landlord in proportion to their respective interests in the Leased Premises;

14.7.4 The balance, if any, shall be treated as "Additional Rent" and divided between Landlord and Tenant pursuant to the terms of Paragraph 3.2.2(b) through 3.2.2(f).

14.8 Temporary Taking. In the event of a Taking of all or any portion of the Leased Premises for a temporary use, the foregoing provisions of this Paragraph 14 shall be inapplicable thereto, this Lease shall continue in full force and effect. If any portion of the Award for such temporary use is intended to cover the cost of Rebuilding of the Improvements to the condition they were in prior to such temporary use or to make repairs occasioned by or resulting from such temporary use, such portion shall be used by Tenant to cover the cost of such Rebuilding.

14.9 Settlement. Neither Landlord nor Tenant shall, without the consent of the other party (unless Tenant be in default of this Lease), or Leasehold Mortgagee, (i) make any settlement with the condemning authority, or (ii) convey any portion of the Leased Premises to such authority in lieu of condemnation or (iii) consent to any Taking.

15. FINANCING/HYPOTHECATION

15.1 Financing. Landlord agrees and acknowledges that Tenant shall have the right and power, but not the obligation, to:

15.1.1 At any time hereafter finance construction, alteration or removal of Improvements and all soft and hard costs and expenses related to such construction, start-up and operation of Improvements and other facilities comprising the Leased Premises (the "**Interim and/or Construction Financing**");

15.1.2 At any time hereafter, obtain interim, take-out or permanent financing for the purposes of acquiring the Leased Premises, repaying any Interim and/or Construction Financing, holding and operating Improvements (and other facilities comprising the Leased Premises) and other purposes related to the Leased Premises (the "**Permanent Financing**"); and

15.1.3 Obtain refinancing for the Leased Premises ("**Refinancing**"). Such Interim and/or Construction Financing, Permanent Financing and Refinancing are sometimes hereinafter collectively referred to as "**Financing**" or "**Leasehold Financing**". Any such Financing may be evidenced by one or more promissory notes and secured by one or more Leasehold Mortgages, subject to all of the terms and conditions set forth in this Paragraph 15.

15.2 Leasehold Mortgages. Tenant may, with notice to Landlord, mortgage the leasehold estate hereby created and Tenant's interest, if any, in Improvements. As used herein the term "**Leasehold Mortgage**" shall mean any mortgage, deed of trust or other security instrument which constitutes a lien on Tenant's leasehold interest in this Lease and the leasehold estate created hereby and "**Leasehold Mortgagee**" shall mean the holder of a Leasehold Mortgage. The execution and delivery of any Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease nor shall the holder of any Leasehold Mortgage, as such, be deemed an assignee or transferee of this Lease so as to require such holder to assume the performance of any of the terms, covenants or conditions on the part of Tenant to be performed hereunder. Landlord and Tenant agree to the following:

15.2.1 Notice. If Tenant or any Leasehold Mortgagee shall have delivered to Landlord prior written notice of the address of any Leasehold Mortgagee, Landlord shall mail to such Leasehold Mortgagee a copy of any notice or other communication from Landlord to Tenant under this Lease at the time of giving such notice or communication to Tenant, and shall give to such Leasehold Mortgagee notice of any rejection of this Lease by Tenant's trustee in bankruptcy or by Tenant as debtor in possession and no termination of this Lease or termination of Tenant's right of possession of the Leased Premises or reletting of the Leased Premises by Landlord predicated on the giving of any notice shall be effective unless Landlord gives to such Leasehold Mortgagee written notice or a copy of its notice to Tenant of such default or termination, as the case may be.

**15.2.2 Right to Cure.** In the event of any default by Tenant under the provisions of this Lease, any Leasehold Mortgagee shall have, after receipt of written notice from Landlord, the same periods as are given Tenant for remedying such default or causing it to be remedied. In addition, in those instances which reasonably require any Leasehold Mortgagee to be in possession of the Leased Premises to cure any default by Tenant, the time therein allowed any Tenant's Leasehold Mortgagee to cure any default by Tenant shall be deemed extended to include the reasonable period of time required by any Leasehold Mortgagee to obtain such possession with due diligence, and in those instances in which any Leasehold Mortgagee is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the time herein allowed any Leasehold Mortgagee to prosecute such foreclosure or other proceeding shall be extended for the period of such prohibition, provided such Leasehold Mortgagee makes payments of Rent and any other monetary payments to Landlord in accordance with the terms and within the time frames set forth in this Lease. In such event any Leasehold Mortgagee, without prejudice to its rights against Tenant, shall have the right, but not the obligation, to cure such default within the applicable grace periods provided for herein whether such default consists of the failure to pay Rent or any other monetary obligations to Landlord or the failure to perform any other matter or thing which Tenant is hereby required to do or perform, and Landlord shall accept such performance on the part of such Leasehold Mortgagee as though the same had been done or performed by Tenant, and for such purpose Landlord and Tenant hereby authorize such Leasehold Mortgagee to enter upon the Leased Premises and to exercise any of its rights and powers under this Lease and, subject to the provisions of this Lease, under the Leasehold Mortgage.

**15.2.3 No Termination During Foreclosure or Cure.** In the event of any default by Tenant, and if prior to the expiration of the applicable grace period specified in Paragraph 15.2.2 above, a Leasehold Mortgagee shall give Landlord written notice that it intends to undertake the curing of such default, or to cause the same to be cured, or to exercise its rights to acquire the leasehold interest of Tenant by foreclosure or otherwise, and shall immediately commence and then proceed with all due diligence to do so, whether by performance on behalf of Tenant of its obligations under this Lease, or by entry on the Leased Premises by foreclosure or otherwise, then Landlord shall not terminate or take any action to effect a termination of this Lease or reenter, take possession of or relet the Leased Premises or similarly enforce performance of this Lease in a mode provided by law so long as such Leasehold Mortgagee (i) is with all due diligence and in good faith engaged in the curing of such default and (ii) makes payment of Base Rent and other monetary payments required of Tenant in accordance with the terms and provisions of this Lease. The Leasehold Mortgagee shall not be required to continue such possession or foreclosure proceedings; provided further, however, that if the default is not susceptible to being cured by Leasehold Mortgagee, such default shall be deemed cured if Leasehold Mortgagee shall (i) proceed in a timely and diligent manner to accomplish the foreclosure of Tenant's interest and (ii) makes payment of Base Rent and other monetary payments required of Tenant in accordance with the terms and provisions of this Lease.

**15.2.4 New Lease.** In the event Tenant's interest under this Lease is terminated by Landlord for any reason including, without limitation, Tenant's default or rejection of the Lease by a trustee in bankruptcy or a debtor in possession (and provided an unsatisfied Leasehold Mortgage stands of record) or in the event Tenant's interest under this Lease shall be sold, assigned or transferred pursuant to the exercise of any remedy of any Leasehold Mortgagee, or pursuant to judicial or other proceedings, Landlord shall immediately execute and deliver a new lease of the Premises to such Leasehold Mortgagee or its nominee, purchaser, assignee or transferee, upon written request by such Leasehold Mortgagee or such nominee, purchaser, assignee or transferee given within sixty (60) days after such sale, assignment or transfer for the remainder of the term of the Lease with the same agreements, covenants and conditions (except for any requirements which have been fulfilled by Tenant prior to termination) as were contained herein and with priority equal to that hereof; provided, however, that such Leasehold Mortgagee shall promptly cure any default of Tenant susceptible to cure by such Leasehold Mortgagee (including, without limitation, any monetary default), and provided further that if more than one Leasehold Mortgagee requests such new lease, the Leasehold Mortgagee holding the most senior Leasehold Mortgage shall prevail. Upon execution and delivery of such new lease, Landlord shall cooperate with the new tenant, at the expense of the said new tenant, in taking such action as shall be necessary to cancel and discharge this Lease and to remove Tenant named herein from the Premises. In such event the ownership of Improvements to the extent owned by Tenant shall be deemed to have been transferred directly to such transferee of Tenant's interest in this Lease. Any costs incurred by Landlord in connection with such new lease (including reasonably attorneys' fees) shall be paid by Leasehold Mortgagee.

**15.2.5 No Conflict.** In the event of a default under a Leasehold Mortgage, such Leasehold Mortgagee may exercise with respect to the Leased Premises any right, power or remedy under the Leasehold Mortgage which is not in conflict with the provisions of this Lease.

**15.2.6 Transfer After Foreclosure.** This Lease may be assigned, without the consent of Landlord, to any Leasehold Mortgagee, pursuant to foreclosure or similar proceedings, or pursuant to an assignment or other transfer of this Lease to such Leasehold Mortgagee in lieu thereof, and may be thereafter assigned by such Leasehold Mortgagee, subject to the provisions of Paragraph 16 hereof, and any Leasehold Mortgagee shall be liable to perform the obligations herein imposed on Tenant only for and during the period it is in possession or ownership of the leasehold estate created hereby. Leasehold Mortgagee shall deliver written notice to Landlord of any such assignment, provided such notice shall be for informational purposes only.

**15.2.7 No Surrender or Modification Binding.** No surrender (except a surrender upon the expiration of the Term of this Lease or upon termination by Landlord pursuant and subject to the provisions of this Lease) by Tenant to Landlord of this Lease, or of the Leased Premises, or any part thereof, or of any interest therein, and no termination of this Lease by Tenant shall be valid or effective, and neither this Lease nor any of the terms hereof may be amended, modified, changed or canceled and no consent

of Tenant hereunder shall be valid or effective without the prior written consent of any Leasehold Mortgagee, which consent shall not be unreasonably withheld or delayed.

15.2.8 Assignment of Sublease. Provided that Leasehold Mortgagee continues to perform all of Tenant's monetary obligations hereunder, Landlord consents to a provision in any Leasehold Mortgages or otherwise for an assignment of rents from Subleases of the Leased Premises to the holder thereof, effective upon any default under such Leasehold Mortgage.

15.2.9 Multiple Leasehold Mortgages. If at any time there shall be more than one Leasehold Mortgage, the holder of the Leasehold Mortgage prior in lien shall be vested with the rights under Paragraph 15.2.2 hereof (other than the provisions for receipt of notices as provided herein) to the exclusion of the holder of any junior Leasehold Mortgage; provided, however, that if the holder of a first lien Leasehold Mortgage shall fail or refuse to exercise the rights set forth in said Paragraph 15.2.2, each holder of a Leasehold Mortgage in the order of the priority of their respective liens shall have the right to exercise such rights and provided further, however, that with respect to the right of the holder of Leasehold Mortgage under Paragraph 15.2.4 hereof to request a new lease, such right may, notwithstanding the limitation of time set forth in said Paragraph, be exercised by the holder of any junior Leasehold Mortgage, in the event the holder of a prior Leasehold Mortgage shall not have exercised such right within such sixty (60) day period after the receipt of Landlord's termination notice, provided that such junior Leasehold Mortgagee must exercise such right by no later than seventy-five (75) days after the giving of notice by Landlord of termination of this Lease as provided in said Paragraph.

15.2.10 Consent of Landlord Not Required. The foreclosure of a Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in any Leasehold Mortgage, or any conveyance of the leasehold estate created hereby from Tenant to any Leasehold Mortgagee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not breach any provision of or constitute a default under this Lease, and upon such foreclosure, sale or conveyance Landlord shall recognize any Leasehold Mortgagee, or any purchaser at such foreclosure sale, as Tenant hereunder, provided that such purchaser (i) can reasonably demonstrate that it has the financial ability to perform the obligation of Tenant under this Lease, (ii) has a level of experience in airport operations similar to the level of experience of Tenant as of the Lease Commencement Date and (iii) is of good character or reputation.

15.3 Fee Mortgage. Landlord shall have the right, from time to time and at anytime, to enter into a mortgage, deed of trust or other security instrument on the interests of Landlord in the Leased Premises and/or Landlord's reversionary interest in the balance of the Premises (a "**Fee Mortgage**"); provided, however, this Lease, as the same may be modified, amended or supplemented, and all rights of Tenant hereunder, and any Leasehold Mortgage by Tenant which satisfies the terms and conditions of this Lease and all rights of any Leasehold Mortgagee of Tenant hereunder are and shall have priority over, and shall be senior and superior to, the lien of any Fee Mortgage, security agreement or other lien or encumbrance now or

hereafter made by Landlord and affecting the Leased Premises, whether or not such Fee Mortgage, security agreement or other lien or encumbrance shall also cover other lands and/or buildings.

## 16. ASSIGNMENT/SUBLETTING

### 16.1 Assignment.

16.1.1 Permitted Assignments. Tenant shall not have the right to assign its interest in the Lease without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed; provided, however, Landlord and Tenant acknowledge and agree that it shall be considered unreasonable for Landlord to withhold such consent if the proposed Assignee (i) can reasonably demonstrate that it has the financial ability to perform the obligations of Tenant under this Lease, (ii) has a level of experience in airport operations similar to the level of experience of Tenant as of the Lease Commencement Date, and (iii) is of good character or reputation. Any assignment by Tenant without the prior written consent of Landlord as herein provided, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Landlord, terminate the Lease. In the event of an assignment of the Lease, Tenant shall not be responsible for and shall be deemed to be released from all obligations and liabilities arising under this Lease from and after the date of such assignment.

16.1.2 Permitted Assignments. Notwithstanding anything to the contrary contained in this Agreement, including without limitation Paragraph 16.1.1 above, the prior written consent of Landlord shall not be required in the event of a proposed assignment: (a) to an entity that is controlled by or is under the common control with Tenant (an "Affiliate"); (b) to an entity resulting from a consolidation or restructuring, or to the surviving entity in the case of a merger, to which Tenant or Affiliate shall be a party; (c) to any trustee named in a deed of trust, (d) any Leasehold Mortgagee named in a Leasehold Mortgage, (e) any person named in any other type of security instrument for the purpose of incurring an encumbrance on such interest and such leasehold estate pursuant to Paragraph 15 of this Lease, or (f) any purchaser in connection with its acquisition of Tenant's rights by foreclosure or deed in lieu of foreclosure so long as such purchaser satisfies the requirements of Paragraph 15.2.10 above.

16.1.3 Conditions to Assignment. The following are conditions precedent to Tenant's right of assignment pursuant to Paragraph 16.1.1: (i) Tenant shall give Landlord thirty (30) days notice of the proposed assignment with appropriate documentation as evidence that the proposed transferee qualifies under the terms hereof; (ii) except in the event of an assignment to a Leasehold Mortgagee in a Leasehold Mortgage, the proposed transferee shall expressly assume all of the covenants and conditions of this Lease by execution and recordation of an instrument in form and substance reasonably satisfactory to Landlord; (iii) upon any assignment by Tenant of less than its entire interest hereunder, Tenant and such transferee shall apportion and

allocate all sums due as are payable to Landlord by Tenant under the Lease prior to such assignment.

## 16.2 Subletting.

16.2.1 Permitted Subleases/Conditions. Except as otherwise expressly provided in the next sentence, Tenant shall not be required to obtain Landlord's prior consent with respect to any sublease (each, a "Sublease") at the Leased Premises. Notwithstanding the foregoing, Tenant shall be required to obtain the prior consent of Landlord, which consent shall not be unreasonably withheld, with respect to any Sublease which is for (A) a fixed base operation ("FBO") or (B) a jet fuel distribution facility; Tenant shall notify Landlord in writing of Tenant's intent to enter into any such Sublease described in clause (A) or (B) above, which notice shall set forth the material terms and conditions of the proposed Sublease and the relevant qualifications of the proposed Subtenant, and Landlord shall have ten (10) business days to either approve or disapprove in writing such proposed Sublease; Landlord's failure to approve or disapprove such proposed Sublease within such 10-business day period shall be deemed to be Landlord's affirmative approval thereof. Tenant further acknowledges that any proposed Sublease which provides for a use which is not related to aviation, aviation services or other amenities which serve aviation uses and/or the Hawthorne Airport, shall be subject to the prior approval of the FAA, which approval shall not be unreasonably withheld. Tenant agrees for the benefit of Landlord that each Sublease (i) shall state that it is subject to the terms and provisions of this Lease, (ii) shall require that the Subtenant thereunder attorn to and accept Landlord as the lessor thereunder in the event this Lease is terminated and Landlord requests such attornment, and (iii) shall provide that in the event Landlord delivers a notice to Subtenant stating that Tenant is in default under this Lease, then from and after receipt of such notice Subtenant shall pay the rental payments payable by Subtenant under its Sublease directly to Landlord until such time as Subtenant is notified by Landlord that Tenant has cured such default. Tenant shall, promptly after execution of each Sublease, notify Landlord of the name and mailing address of the Subtenant and shall, on demand, provide Landlord with a copy of the Sublease. Tenant shall not accept, directly or indirectly, more than two (2) months prepaid rent from any Subtenant. In the event of a sublease of this Lease, Tenant shall not be relieved of any of its obligations under this Lease.

16.2.2 Non-Disturbance Agreement. Subject to the provisions of Paragraph 16.2.1 above, Landlord hereby agrees for the benefit of any Subtenant that, if Landlord, for the purposes of this Paragraph 16.2.2, has approved such Sublease (which approval shall not be unreasonably withheld or delayed), then upon the termination of this Lease pursuant to any of the provisions of Paragraph 20 hereof or otherwise, Landlord shall recognize the Subtenant under such Sublease as the direct tenant of Landlord under all terms and conditions contained in such Sublease and for a term expiring on the earlier of the expiration of (i) this Lease or (ii) such Sublease; provided, however, that at the time of the termination of this Lease (i) not more than two (2) months' Rent shall have been prepaid thereunder, (ii) no default shall exist under the Subtenant's Sublease which at such time would then permit the landlord thereunder to terminate the same or to exercise any dispossession remedy provided for therein and (iii) the

Subtenant shall deliver to Landlord an instrument confirming the agreement of such Subtenant to attorn to Landlord and to recognize Landlord as the Subtenant's landlord under the Sublease. If requested by Tenant, Landlord agrees to execute a Non-Disturbance and Attornment Agreement with respect to any such Sublease satisfying the terms of Paragraph 16.2.1 above and this Paragraph 16.2.2 and containing the pertinent provisions hereof and any other customary terms and provisions not inconsistent herewith.

**16.2.3 Sublease and "Sale" of Hangars.** Notwithstanding anything in this Lease to the contrary, Tenant shall have the right to (i) sublease any portion of the Leased Premises to third-parties and (ii) in connection with entering into such Subleases, sell any Improvements located thereon (including, without limitation, any hangars and/or related facilities) to such sub-tenant, which Improvements will be owned and held by such sub-tenant until the expiration of this Lease. Landlord shall have the right to approve such proposed subtenant, which approval shall not be unreasonably withheld; provided, however, Landlord agrees that it shall not withhold such consent so long as Tenant can reasonably demonstrate that such proposed subtenant has experience in general aviation matters, has a reasonably sound financial condition and does not have a negative reputation. The net proceeds received by Tenant in connection with the "sale" of any such Improvements shall be treated as "Net Income" and divided between Tenant and Landlord and distributed in accordance with the provision of Paragraph 3.2.2. The sub-rent payable by any such subtenant shall be determined in accordance with Paragraph 3.5.1.

## **17. ESTOPPEL CERTIFICATE**

Tenant agrees at any time and from time to time, upon not less than ten (10) business days' prior notice by Landlord to execute, acknowledge and deliver to Landlord a statement in writing certifying that (i) this Lease is unmodified and in full force and effect (or if there have been modifications that this Lease is in full force and effect as modified and stating the modifications), (ii) the dates to which the Rent has been paid, and (iii) whether or not to the best knowledge of the signer of such statement Landlord is then in default or may be in default with notice or the passage of time, or both, in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Lease, and, if in default, specifying each such default; it being intended that any such statement delivered pursuant to this Paragraph may be relied upon by Landlord, Landlord's lender or any prospective purchaser of the fee.

## **18. LIMITATION OF LANDLORD'S LIABILITY**

**18.1 Current Term.** The term "**Landlord**" as used in this Lease so far as covenants or obligations on the part of Landlord are concerned shall be limited to mean and include only the owner or owners at the time in question of Landlord's interest in Improvements and the Leased Premises. In the event of any transfer or transfers of the title to such interest, the Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer or conveyance from all obligations on the part of Landlord contained in this Lease to be performed

after the date of such transfer (but not from any indemnity or other obligations incurred by Landlord prior to the date of said transfer), provided that any funds in the hands of such Landlord or the then grantor at the time of such transfer which are to be paid to Tenant or otherwise held for application pursuant to this Lease shall be transferred to such grantee and such grantee shall expressly assume, subject to the limitations of this Paragraph 18, all of the terms, covenants and conditions in this Lease contained on the part of Landlord thereafter to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord shall, subject as aforesaid, be binding on Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership.

18.2 Financial Limitations. Notwithstanding anything to the contrary contained in this Lease, if at any time Landlord shall fail to perform or pay any covenant or obligation on its part to be performed or paid hereunder, and as a consequence thereof, Tenant or its successors and assigns shall obtain a monetary judgment against Landlord, Tenant agrees to look solely to the interest of Landlord in the Leased Premises for the satisfaction of such judgment, and if such interest is insufficient to satisfy the judgment amount, Tenant shall have no right of action nor shall Landlord be liable for any such insufficiency.

18.3 Individuals Not Liable. In the event of any action or other dispute arising in connection with this Lease, Tenant hereby agrees that no action shall be taken against any individual official, City Council member, attorney, officer or employee, of Landlord or any Affiliate of Landlord, Tenant hereby expressly covenanting and agreeing that no such person shall have any personal liability under or in connection with this Lease or any matter connected therewith, and each party hereto hereby forever waives any right to bring any action against any such person.

## 19. DEFAULT/BANKRUPTCY

19.1 Tenant's Default. The occurrence of any one or more of the following events shall be deemed an "Event of Default" by Tenant hereunder:

19.1.1 Default in the payment of any Rent or other monetary obligation owed by Tenant to Landlord hereunder, if such default continues for a period of five (5) days after written notice thereof, specifying such default, is given to Tenant; or

19.1.2 Default in the performance of any other covenant or agreement on the part of Tenant to be performed hereunder, including without limitation but subject to Unavoidable Delays, the failure of Tenant to use commercially reasonable efforts to achieve those certain milestones outlined on Exhibit "C-1" (and, to the extent Tenant shall have exercised the Option in accordance with Paragraph 29, Exhibit "C-2") attached hereto within the time periods specified therein, if such default continues for a period of thirty (30) days after written notice thereof, specifying such default, is given to Tenant; provided, however, in the case of a default which cannot with due diligence be remedied by Tenant within such period of thirty (30) days, if Tenant proceeds as promptly as may reasonably be possible after the service of such notice and with all due diligence to remedy such default and thereafter prosecutes the remedying of such default with all due diligence, the period of time after the giving of such notice within which Tenant may

remedy such default shall be extended for such period as may be necessary to remedy the same with all due diligence (including any period of Unavoidable Delays); or

19.1.3 The making by Tenant of any assignment for the benefit of creditors, the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or if a petition for reorganization or arrangement under any law relating to bankruptcy or insolvency (unless in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days), the appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets or of Tenant's interest under this Lease where possession is not restored to Tenant within sixty (60) days, or the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or of Tenant's interest under this Lease, where such seizure is not discharged within sixty (60) days (and the occurrence of any of the acts or events referred to in this Paragraph with respect to the guarantor of this Lease shall also constitute a default hereunder); or

19.1.4 Tenant's abandonment or surrender of the Leased Premises or any portion thereof.

19.2 Landlord Default. Landlord shall be deemed to be in default under this Lease if, subject to the availability of sufficient funds from (i) airport operations and (ii) collection of Rent payable under this Lease to provide the Landlord Services, Landlord shall be in default in the performance of any covenant or agreement on the part of Landlord to be performed hereunder, including without limitation the failure of Landlord to provide the Landlord Services at all times throughout the Term of this Lease, if such default continues for a period of thirty (30) days after written notice thereof, specifying such default, is given to Landlord; provided, however, in the case of a default which cannot with due diligence be remedied by Landlord within such period of thirty (30) days, if Landlord proceeds as promptly as may reasonably be possible after the service of such notice and with all due diligence to remedy such default and thereafter prosecutes the remedying of such default with all due diligence, the period of time after the giving of such notice within which Tenant may remedy such default shall be extended for such period as may be necessary to remedy the same with all due diligence (including any period of Unavoidable Delays).

## 20. REMEDIES

20.1 Landlord's Remedies. Upon the occurrence of any Event of Default by Tenant pursuant to Paragraph 19.1.1 or Paragraph 19.1.3, Landlord may exercise any one or more of the following remedies, or any other remedy provided in this Lease or by law or equity, to which Landlord may resort cumulatively or in the alternative:

20.1.1 Termination/Recovery by Landlord. Landlord may, at its option, terminate this Lease and any and all right, title and interest of Tenant hereunder in and to the Leased Premises shall expire and Tenant will then quit and surrender the Leased Premises to Landlord. Upon any such termination of this Lease, and in addition to all other rights or remedies it may have, Landlord may recover from Tenant:

(a) the worth at the time of award of the unpaid Rent and additional rent which is due, owing and unpaid by Tenant to Landlord at the time of termination; and

(b) the worth at the time of award of the unpaid Rent and additional rent which would have come due after termination until the time of award, reduced by the amount, if any, of such rent loss which Tenant proves could have been reasonably avoided; and

(c) the worth at the time of award of the unpaid Rent and additional rent for the balance of the Term after the time of award, reduced by the amount, if any, of such Rent loss which Tenant proves could have been reasonably avoided; and

(d) all other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things are likely to result therefrom, which shall specifically include all costs, including attorneys' fees, of repossession, removing persons or property from the Leased Premises, repairs, reletting and reasonable alterations of the Leased Premises in connection with reletting, if any.

All computations of the worth at the time of award of amounts recoverable by Landlord under clauses (a) and (b) above shall be computed by allowing interest at the rate set forth in Paragraph 28.1 below.

All computations of the worth at the time of award of the amounts recoverable by Landlord under clause (c) above shall be computed by discounting such sum at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

20.1.2 Re-entry. If and to the extent permitted by law, Landlord shall have the immediate right to re-enter the Leased Premises and terminate the Tenant's right to possession of the Leased Premises and may, but shall have no obligation to, remove all persons and property therefrom. Such property may be removed and stored in a warehouse or elsewhere at the expense and risk of and for the account of Tenant. Should Landlord elect to re-enter as herein provided, or should Landlord terminate Tenant's right to possession pursuant to legal proceedings or to any notice provided by law, this Lease shall not terminate unless Landlord gives Tenant written notice of termination. In the event of any such re-entry, Landlord shall at its election have the right to use all or any portion of Tenant's Personal Property and trade fixtures without compensation and without liability for use or damage.

20.1.3 Suit for Rent. Landlord may, at its option, elect to recover all Rent and additional rent as it becomes due hereunder whether under California Civil Code Section 1951.4, or any similar, related or unknown provision of law. Additionally, Landlord shall be entitled to recover from Tenant all costs of maintenance and preservation of the Leased Premises, and all costs, including attorneys' and receiver's

fees, incurred in connection with the appointment of and performance by a receiver to protect the Leased Premises.

**20.1.4 Landlord's Right to Perform Tenant's Covenants/Additional Rent.**

In the event of the occurrence of an Event of Default by Tenant with respect to its obligation to (a) procure and maintain the insurance policies provided in Paragraph 12 hereof, (b) pay any Imposition in accordance with the provisions of Paragraph 4, (c) cause any lien of the character in Paragraph 8 referred to be discharged in and when required thereunder or (d) perform any other act on Tenant's part to be performed, then Landlord may, but shall not be obligated so to do and without further notice or demand upon Tenant and without waiving or releasing Tenant from any obligations of Tenant contained in this Lease, (i) pay any such Imposition, (ii) procure, pay for and maintain any such insurance policies, (iii) discharge any such lien, or (iv) perform any other act on Tenant's part to be performed as provided in this Lease. All sums so paid by Landlord and all necessary incidental costs and expenses paid or incurred by Landlord in connection with the performance of any such act by Landlord, together with interest thereon as provided in Paragraph 28.1 below, shall be payable to Landlord as "additional rent" on demand or at the option of Landlord may be added to any Rent then due or thereafter becoming due under this Lease, and Tenant covenants to pay any such sum or sums with interest as aforesaid.

**20.1.5 Assignment of Rents Under Sublease.** Subject to the terms and provisions of Paragraph 15.2.8 above, in the event of the occurrence of an Event of Default by Tenant, Tenant shall assign to Landlord all rents payable under any existing Sublease (collectively, "Subrents") and other sums falling due from Subtenants during any period in which Landlord has the right under this Lease, whether exercised or not, to reenter the Leased Premises as a result of Tenant's default, and Tenant shall not have any right to such sums during that period. This assignment is subject and subordinate to any and all assignments of the same Subrents and other sums made, before the default in question, to a Leasehold Mortgagee under a Leasehold Mortgage. Landlord may at its election reenter the Leased Premises and Improvements, with or without process of law, without terminating the Lease, and either or both collect such Subrents or bring action for the recovery of the sums directly from such Subtenants. Landlord shall receive and collect all Subrents from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of Landlord recovering possession, placing the Leased Premises and Improvements, in good condition, and preparing or altering the Leased Premises or Improvements, as reasonably required for reletting; second, to the reasonable expense of securing new tenants; third, to the fulfillment of Tenant's covenants to the end of the term; and further, to the persons legally entitled to same. Tenant shall nevertheless pay to Landlord on the due dates specified in the Lease the equivalent of all sums required of Tenant under the Lease, plus Landlord's expenses, and interest from the date due, less the proceeds of the sums assigned and actually collected under this provision. Landlord may proceed to collect either the assigned sums or Tenant's balances or both, or any installment or installments of them, either before or after expiration of the term, but the period of limitations shall not begin to run on Tenant's payments until the due date of the final installment to which Landlord is entitled nor shall it begin to run on the payments of

the assigned sums until the due date of the final installment due from the respective obligors.

**20.2 Landlord's Remedy for Event of Default Under Paragraph 19.1.2.** Notwithstanding anything in this Lease to the contrary, upon the occurrence of any Event of Default by Tenant pursuant to Paragraph 19.1.2, Landlord may, as its sole and exclusive remedy under this Lease or otherwise, terminate this Lease with respect to those Section(s) for which Tenant failed to perform the specified actions set forth with respect to such Section and with respect to any other Section, per Paragraph 10.3.4, on which Tenant has not commenced the actions required pursuant in Exhibit "C-1" and, to the extent the Option has been exercised in accordance with Paragraph 29, Exhibit "C-2"; in the event of any such termination this Lease shall remain in effect with respect to the other Sections leased by Tenant hereunder for which Tenant has performed the specified actions set forth with respect to such Sections pursuant to Paragraph 10.3.4. If Landlord exercises such termination right as provided in this Paragraph 20.2, then the Base Rent payable under this Lease from and after the effective date of such termination shall be decreased by the portion of Base Rent reasonably allocated by Tenant to such terminated Section(s).

**20.3 Limitation of Tenant's Liability.**

**20.3.1 Non-Recourse Ground Lease.** Notwithstanding anything to the contrary contained in this Lease, including without limitation the remedies of Landlord contained in this Paragraph 20, except as otherwise provided in Paragraph 20.3.2 below, if at any time Tenant shall fail to perform or pay any covenant or obligation on its part to be performed or paid hereunder, and as a consequence thereof, Landlord or its successors and assigns shall obtain a money judgment against Tenant, Landlord agrees to look solely to the interest of Tenant in the Leased Premises and/or Improvements for the satisfaction of such judgment, and if such interest is insufficient to satisfy the judgment amount, Landlord shall have no right of action nor shall Tenant be liable for any such insufficiency.

**20.3.2** In the event of any action or other dispute arising in connection with this Lease, Landlord hereby agrees that no action shall be taken against any individual director, officer, employee, member, shareholder, or partner of Tenant or any Affiliate of Tenant, Landlord hereby expressly covenanting and agreeing that no such person shall have any personal liability under or in connection with this Lease or any matter connected therewith, and each party hereto hereby forever waives any right to bring any action against any such person.

**20.4 Remedies Cumulative.** Nothing herein shall be deemed to affect any rights of indemnification which Landlord has under this Lease; nor shall anything herein be deemed to affect the right of Landlord to equitable relief where such relief is appropriate. Each right, power and remedy of Landlord provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights, powers or remedies provided for in this

Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all such other rights, powers or remedies not waived by Landlord herein.

20.5 No Waiver. No failure by Landlord or Tenant to insist upon the strict performance of any provision hereof or to exercise any right, power or remedy consequent upon a default hereunder shall constitute a waiver of any such default or of any other than existing or subsequent default of the same type or any other type nor shall such failure preclude either party's right to at any time thereafter insist upon the other party's strict performance under any term or provision of this Lease and no waiver of any default shall affect or alter this Lease, which shall continue in full force and effect.

20.6 Tenant's Remedies. In the event of a default by Landlord under this Lease, Tenant shall have any and all rights and remedies available to it, whether at law or in equity, including the right to terminate this Lease and the right to recover damages, and/or the right seek to specific performance of Landlord's obligations hereunder. If Tenant provides notice to Landlord of an event or circumstance which requires the action of Landlord, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event not later than thirty (30) days after receipt of such notice (or such longer period as reasonably necessary if more than thirty (30) days are reasonably required to complete such action and Landlord commences such repairs within such 30-day period and thereafter diligently attempts to complete same), then Tenant may proceed to take the required action upon delivery of an additional ten (10) business days' notice to Landlord specifying that Tenant is taking such required action (provided, however, that such additional ten (10) business days' notice provided shall be reduced to two (2) business days' notice in the event of an emergency), and if such action was required under the terms of this Lease to be taken by Landlord and was not taken by Landlord within such ten (10) business day period (or two (2) business day period, as the case may be), then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action plus interest thereon at an annual rate of ten percent (10%) compounded monthly; provided, however, Tenant shall be entitled to deduct from Rent payable by Tenant to Landlord under this Lease, the amount described above to the extent Tenant has not received such reimbursement from Landlord.

## 21. WARRANTIES

21.1 Landlord's Covenants, Representations and Warranties. Landlord hereby represents, warrants, and covenants to Tenant as follows:

21.1.1 Landlord has full power and authority to execute this Lease and neither this Lease nor anything provided to be done under this Lease violates or shall violate any agreement to which Landlord is a party or by which it may be bound or any agreement affecting the Leased Premises of which Landlord has actual knowledge.

21.1.2 Subject to the terms of this Lease, upon paying the Rent and performing the other terms, covenants and conditions of this Lease on Tenant's part to be performed, Tenant shall and may peaceably and quietly have, hold, occupy, possess and enjoy the Leased Premises during the Term.

21.1.3 Landlord covenants, warrants and represents that: except as provided under the Existing Agreements, (a) the Leased Premises is now unoccupied and tenant-free, (b) absolute, tenant-free possession of the Leased Premises will be delivered to Tenant on the Leases Commencement Date, and (c) Tenant shall and may (subject, however, only to the exceptions, reservations, terms and conditions of this Lease and applicable FAA regulations and requirements) peaceably and quietly have, hold and enjoy the Leased Premises for the term hereby granted without molestation or disturbance by or from Landlord or any Person claiming through Landlord and free of any encumbrance created or suffered by Landlord, except only those encumbrances, liens or defects of title, created or suffered by Tenant.

21.2 Tenant's Warranties. Tenant hereby represents and warrants to Landlord that Tenant is a limited liability company, validly in existence and in good standing pursuant to the laws of the State of Delaware. Tenant has the right and power to enter into this Lease and to perform its obligations hereunder.

## 22. NOTICES

All written notices or demands of any kind which either party may be required or may desire to serve on the other in connection with this Lease must be served (as an alternative to personal service) by registered or certified mail, shall be deposited in the United States mail with postage thereon fully prepaid and addressed to the party to be served as follows:

If the party so to be served be Landlord, address Landlord at:

The City of Hawthorne  
4455 West 26<sup>th</sup> Street  
Hawthorne, California 90250  
Attention: City Manager and City Attorney  
Facsimile: (310) 970-7058

With a copy to:

McDonough, Holland & Allen PC  
555 Capitol Mall, 9<sup>th</sup> Floor  
Sacramento, California 95814  
Attention: Brent Hawkins, Esq.  
Facsimile: (916) 444-3826

If the party so to be served be Tenant, address Tenant at:

Hawthorne Airport, LLC  
c/o Kearny Real Estate Company  
1900 Avenue of the Stars, Suite 320  
Los Angeles, CA 90067  
Attention: Mr. Jeffrey A. Dritley  
Facsimile: (310) 203-1850

and

Hawthorne Airport, LLC  
c/o Wedgewood Enterprises  
319 Main Street  
El Segundo, CA 90245  
Attention: Mr. David Wehrly  
Facsimile: (310) 640-3090

With a copy to:

Allen Matkins Leck Gamble & Mallory LLP  
515 South Figueroa Street, 7th Floor  
Los Angeles, California 90071  
Attention: Kevin M. Ehrhart, Esq.  
Facsimile: (213) 620-8816

Each service of any such notice or demand so made by mail shall be deemed complete on the day of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the fourth day after the date of mailing, whichever is earlier in time. If requested in writing any Leasehold Mortgagee (which request shall be made in the manner hereinabove provided as between the parties hereto and shall specify an address to which notices or demands shall be given or made) any such notice or demand shall also be given or made in the manner herein specified and contemporaneously to such holder. Either party, and any Leasehold Mortgagee who shall have made the request hereinabove referred to, may designate by notice in writing given in the manner hereinabove specified a new or other address to which such notice or demand shall thereafter be so given or made.

23. INVALIDITY OF PARTICULAR PROVISIONS

If any term or provision of this Lease or the application thereof to any Person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

24. NO MERGER OF TITLE

There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Leased Premises by reason of the fact that the same person may own or hold (a) the leasehold estate created by this Lease or any interest in such leasehold estate, and (b) any interest in such fee estate; and no such merger shall occur unless and until all persons having any interest in (i) the leasehold estate created by this Lease, and (ii) the fee estate in the Leased Premises, shall join in a written instrument effecting such merger and shall duly record the same.

## 25. HAZARDOUS MATERIALS

25.1 Hazardous Materials. As used herein the term "**Hazardous Materials**" shall mean any material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," "pollutant" or other words of similar import within the meaning of any Environmental Statute, or any other hazardous or toxic wastes or substances or other substances or materials which are now or in the future included under or regulated by any Environmental Statute or adopted by the United States Environmental Protection Agency, including petroleum and petroleum products and all hazardous or toxic substances or wastes, any substances which because of their quantitative concentration, chemical, radioactive, flammable, explosive, infectious or other characteristics, constitute or may reasonably be expected to constitute or contribute to a danger or hazard to public health, safety or welfare or to the environment, including any asbestos (whether or not friable) and any ACM, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), toxic metals, etchants and plating wastes, explosives, reactive metals and compounds, pesticides, herbicides, radon gas, urea formaldehyde foam insulation and chemical, biological and radioactive wastes; provided, however, except as provided otherwise in immediately following sentence, the term "**Hazardous Materials**" shall not include reasonable quantities of the foregoing substances used or stored at the Leased Premises in compliance with all Environmental Statutes and in the ordinary course of operating and maintaining a general aviation airport (including common cleaning supplies located at the Leased Premises).

25.2 Environmental Statutes. As used herein the term "**Environmental Statutes**" shall mean and include any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct (in each case having the force of law), concerning any (a) Hazardous Materials, (b) environmental regulations, (c) contamination or pollution by Hazardous Materials or other substances, (d) clean-up of Hazardous Materials or other substances or disclosures relating to Hazardous Materials or other substances, (e) wetlands or other protected land or wildlife species, (f) solid, gaseous or liquid waste generation, handling, discharge, release, threatened release, treatment, storage, disposal or transportation, including underground storage tanks, (g) the implementation of spill prevention and/or disaster plans relating to Hazardous Materials or other substances, (h) community right-to-know and other disclosure laws, together with any judicial or administrative interpretation of the items described in the foregoing clauses (a) through (h), inclusive, including any judicial or administrative orders, judgments, advisories or guidance documents now or hereafter in effect of any federal, state or local court or executive, legislative, judicial, regulatory or administrative agency, board or authority (or any judicial or administrative decision with regard thereto). "**Environmental Statutes**" shall include, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 *et seq.* ("**CERCLA**"); (ii) Solid Waste Disposal Act, 42 U.S.C. §6901 *et seq.* as amended by and including the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.* ("**RCRA**"); (iii) Superfund Amendments and Reauthorization Act of 1986, Public Law No. 99-499 ("**SARA**"); (iv) Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.* ("**TSCA**"); (v) the Clean Water Act, 33 U.S.C. § 1251 *et seq.*, as amended; (vi) the Safe Drinking Water Act, 42 U.S.C. § 300f-300j; (vii) the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; (viii) the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 *et seq.*, as amended; (ix) the Federal Water Pollution Control Act, the Rivers and Harbors Act of 1899, 33 U.S.C. § 401 *et*

seq.; (x) the National Environmental Policy Act, 42 U.S.C. §4321 et seq.; (xi) the Refuse Act, 33 U.S.C. §407 et seq.; (xii) The Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §1101 et seq.; (xiii) the Occupational Safety and Health Act, 29 U.S.C. §651 et seq.; (xiv) the California Hazardous Waste Control Law, Cal. Health & Safety Code Section 25100 et seq., (xv) the Safe Drinking Water and Toxic Enforcement Act of 1986, Cal. Health & Safety Code Section 25249.5 et seq., (xvi) the Porter-Cologne Water Quality Control Act, Cal. Wat. Code Section 13020, et seq., and (xvii) the Hazardous Substances Account Act, California Health and Safety Code § 25100 et seq.

### 25.3 Removal and Indemnity by Landlord.

25.3.1 To the extent required by any Environmental Statute or other applicable law, Landlord shall, as soon as reasonably practical following the Effective Date of this Lease, remove any Hazardous Materials that are existing on the Leased Premises as of the Lease Commencement Date and/or that were brought onto or released at the Leased Premises prior to the Lease Commencement Date. In addition to Landlord's obligation to remove any Hazardous Materials as set forth in the preceding sentence, Landlord hereby covenants and agrees to remove any Hazardous Materials which migrate onto or are otherwise discovered on, under or about the Leased Premises by Tenant in connection with or as a result of Tenant's use and operation of the Leased Premises (including Tenant's development of any Improvements on the Leased Premises) regardless of the original source of such Hazardous Material (unless caused by Tenant or Tenant Affiliates). If and to the extent that any Hazardous Materials are discovered on, under or about the Leased Premises and the presence thereof is attributable to the actions or omissions of any third-party, then Landlord shall diligently pursue and use its best efforts to cause such third-party to remove such Hazardous Materials in accordance with all applicable laws (including all applicable Environmental Statutes).

25.3.2 At any time during the Term of this Lease if (i) Landlord does not remove any Hazardous Materials from the Leased Premises which are required to be removed by Landlord in accordance with this Lease or (ii) Landlord does not diligently pursue and use its best efforts to cause any responsible third-party to remove any Hazardous Materials located on the Leased Premises which are attributable to such third party in accordance with this Lease, then notwithstanding anything contained in Paragraph 20.6 above to the contrary, Tenant's sole and exclusive remedy shall be to exercise either or both of the remedies set forth in Paragraph 25.3.2(a) or 25.3.2(b) below:

(a) Tenant shall have the right and authority (acting on behalf of Landlord), but not the obligation, to undertake Landlord's obligations pursuant to Paragraph 25.3.1 above on behalf of Landlord ("**Self-Help**"), including to remove any such Hazardous Materials from the Leased Premises and/or to pursue any potentially responsible third party with respect to any Hazardous Materials located on, under or about the Leased Premises, in which case Landlord shall assign to Tenant any and all claims and rights Landlord may have against any such third party. All costs and expenses incurred by Tenant in connection with the performance of such actions (including, without limitation, attorneys' fees,

costs and other litigation expenses) shall be collectively referred to herein as "**Self-Help Costs**". Tenant shall be entitled to reimbursement from Landlord of up to a maximum of One Hundred Thousand Dollars (\$100,000) of Self-Help Costs each Lease Year, which reimbursement shall be made to Tenant in the following manner: (i) fifty percent (50%) of such Self-Help Costs incurred by Tenant shall be credited toward and applied against the next installments of Rent payable by Tenant to Landlord pursuant to this Lease and (ii) the remaining fifty percent (50%) of such Self-Help Costs incurred by Tenant shall be deemed to be added to and constitute a part of Tenant's Invested Capital.; and/or

(b) If, in Tenant's reasonable judgment, Tenant is unable to use any portion of the Leased Premises as a result of the presence or suspected presence of Hazardous Materials (regardless of the original source thereof (unless caused by Tenant or Tenant Affiliates), then Rent payable by Tenant hereunder shall be abated in proportion to the portion of the Leased Premises rendered unusable as a result of the presence or suspected presence of Hazardous Materials thereon. In the event that Rent is abated for more than six (6) Sections as a result of the presence of such Hazardous Materials, then Tenant shall have the right, but not the obligation, to terminate this Lease in its entirety or to the applicable Sections for which Rent has been abated.

25.3.3 Landlord shall and hereby does agree to defend, indemnify and hold Tenant, its officers, directors, shareholders, partners and employees harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities (including liabilities arising under a claim of strict liability), including, but not limited to, attorneys' fees and costs of litigation, arising out of or in any matter connected with (i) the violation of any Environmental Statute or other applicable federal, state or local environmental Law with respect to any Hazardous Materials other than Tenant-Caused Hazardous Materials (as defined in Paragraph 25.4 below); or (ii) the presence, "release" or "threatened release" of or failure to remove by Landlord of Hazardous Materials (other than Tenant-Caused Hazardous Materials) on, under or about the Leased Premises.

25.4 Removal and Indemnity by Tenant. To the extent required by any Environmental Statute or other applicable law, Tenant shall remove any Hazardous Materials that are brought onto or released at the Leased Premises during the Term of this Lease by Tenant, Tenant's employees, direct tenants or subtenants (it being expressly acknowledged and agreed that Tenant shall have no liability with respect to any Hazardous Materials brought onto or released on, under or about the Leased Premises by any party under any of the Excluded Agreements), contractors, licensees or invitees (collectively, "Tenant Affiliates") during the Term of this Lease (collectively, "Tenant-Caused Hazardous Materials"). Tenant shall and hereby does agree to defend, indemnify and hold Landlord harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities, including, but not limited to, attorneys' fees and costs of litigation, arising out of or in any matter connected with (i) the violation by Tenant or any Tenant Affiliates of any Environmental Statute

or other applicable federal, state or local environmental Law with respect to any Tenant-Caused Hazardous Materials brought onto or released at the Leased Premises during the Term of this Lease; or (ii) the presence, "release" or "threatened release" of or failure to remove, if required by this Paragraph 25, by Tenant or any Tenant Affiliates during the Term of this Lease, any Tenant-Caused Hazardous Materials.

## 26. DEFINITIONS

For all purposes of this Lease, unless the context otherwise requires, the following words and phrases shall have the following meanings when used in this Lease (provided that various other terms are defined in other sections of this Lease):

26.1 Impositions: All taxes, assessments (including without limitation all assessments for public improvements or benefits) and all taxes, fees, or excises, however described, as a direct substitution in whole or in part for, in lieu of or in addition to, any real property taxes, imposed by the State of California or any political subdivision thereof (including without limitation any county, city, public corporation or district), any possessory interest taxes, water, sewer, or similar charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges in each case, whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including all interest and penalties thereon), which at any time during or in respect of the Term hereof may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon (i) the Leased Premises or any part thereof or any estate, right or interest therein, (ii) any occupancy, use or possession of or activity conducted on the Leased Premises or any part thereof, (iii) any Personal Property installed or located in or on the Leased Premises. Notwithstanding the foregoing, Tenant shall not be liable for any franchise, corporate, estate, inheritance, succession, capital levy, stamp tax or transfer tax of Landlord, or any income, value added, excess profits or revenue tax or any other tax, assessment, charge or levy upon the Rent or additional rent payable by Tenant under this Lease or any penalty or interest thereon.

26.2 Improvements: Any structures, buildings or other improvements now or hereafter erected or situated on the Leased Premises, including without limitation, the foundations and footings thereof and any and all fixtures, equipment and machinery of every kind and nature whatsoever now or hereafter affixed or attached thereto, or now or hereafter used or procured for use in connection with the operation, use or occupancy thereof, and all appurtenances thereto, provided same are real property.

26.3 Insurance Requirements: All terms of any insurance policy required to be maintained by Tenant under this Lease, all requirements of the issuer of any such policy or policies, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Leased Premises or any part thereof or any use or condition of the Leased Premises or any part thereof.

26.4 Lease Year: The First Lease Year shall be the period beginning with the Lease Commencement Date and ending twelve (12) consecutive months thereafter. The Second

and each subsequent Lease Year will be consecutive twelve (12) month periods following the end of the First Lease Year.

26.5 Legal Requirements: All laws, statutes, codes, acts, ordinance, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all local, state, federal or other governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Leased Premises or any part thereof or any of the adjoining sidewalks, curbs, streets or ways, or any use or condition of the Leased Premises or any part thereof.

26.6 Person: An individual, corporation, association, partnership, joint venture, trust, estate or other business entity, or a governmental or political unit or agency.

26.7 Personal Property: Any and all fixtures (unless a part of Improvements), furniture, equipment, apparatus and other similar personal property and any and all renewals, replacements or, additions to and substitutions therefor owned by Tenant and located in, attached or affixed to and used in connection with Improvements and/or other Improvements or the operation thereof; excluding, however, any such items belonging to present or future Subtenants.

26.8 Recordation of Lease: Landlord shall record the Memorandum of Lease in the Office of the County Recorder of Los Angeles County.

26.9 Sublease: Any sublease, concession, license or occupancy agreement between Tenant and any third Person covering any portion of the Leased Premises.

26.10 Subtenant: Any subtenant, concessionaire or licensee under a Sublease.

26.11 Unavoidable Delays: Delays due to strikes, lockouts, acts of God, inability to obtain labor or materials, governmental acts or restrictions, enemy action, civil commotion, fire, unavoidable casualties or any other causes beyond the reasonable control of Tenant.

## 27. LANDLORD'S RIGHT TO OCCUPY A PORTION OF THE PROPERTY

27.1 Landlord's Right to Continue to Use Management Office and Storage Space. Subject to the terms and provisions hereof, during the Term of this Lease Landlord shall have the right to continue to use (i) the management office (the "**Management Office**"), (ii) the airport operations storage area (the "**Storage Area**") and (iii) the hangar which is presently used for the police helicopter operated by the City of Hawthorne Police Department for (the "**Police Helicopter Hangar**"), all which have been used by Landlord prior to entering into this Lease; the Management Office, Storage Area and the Police Helicopter Hangar are in the locations depicted on Exhibit "A". Landlord's shall not be required to pay any rent to Tenant in connection with Landlord's use of the Management Office, Storage Area or the Police Helicopter Hangar ; provided, however, Landlord shall be solely responsible for any and all costs and expenses relating to Landlord's use and occupancy of the Management Office, Storage Area and the Police Helicopter Hangar, including without limitation utility costs (if and to the extent separately metered), insurance, use and occupancy taxes (if any) and other similar operating expenses.

Landlord shall at all times and in a manner consistent with the terms and provisions of Paragraph 10.2.8 above maintain such insurance as may be reasonably required by Tenant and/or any Leasehold Mortgagee with respect to the Management Office, Storage Area and the Police Helicopter Hangar, and Tenant and each Leasehold Mortgagee shall be named as additional insureds under such policies.

27.2 Tenant's Right to Relocate. Tenant shall have the right, exercisable from time to time during the Term of this Lease, to relocate the Management Office, the Storage Area and/or the Police Helicopter Hangar provided that (i) the portion of the Leased Premises to which such space is relocated is substantially similar in all material respects to the original space, (ii) Tenant shall deliver written notice of such relocation to Landlord not less than thirty (30) days prior to the effective date of such relocation and (iii) Tenant shall be responsible for the costs of relocation.

## 28. MISCELLANEOUS

28.1 Late Charges; Interest on Past Due Obligations. If Tenant fails to make any payment of Rent or other sum which, from time to time, becomes due and payable by Tenant to Landlord hereunder, within five (5) days after such payment becomes due, Tenant shall be required to pay Landlord a late charge equal to three percent (3%) of the delinquent payment. Further, except as expressly herein provided, any amount which is payable by Tenant to Landlord which is not paid when due shall bear interest from the date due at a rate equal to ten percent (10%) per annum. Payment of such interest shall not excuse or cure any default by Tenant under this Lease; provided, however, that interest shall not be payable on late charges incurred by Tenant, nor on any amounts upon which late charges are paid by Tenant.

28.2 Interpretation. In all cases the language in all parts of this Lease shall be construed simply, according to its fair meaning and not strictly for or against the drafter of this Lease or for or against Landlord or Tenant. The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, and the neuter shall include the masculine and the feminine genders.

28.3 Headings. The Paragraph designations or headings contained herein are inserted solely for convenience of reference and do not in any way govern the intent or construction of this Lease. Any reference to a Paragraph shall be deemed to include a reference to all subsections thereof.

28.4 Successors and Assigns. Subject to the provisions of Paragraph 16 of this Lease, this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and wherever a reference in this Lease is made to either of the parties hereto such reference shall be deemed to include, wherever applicable, also a reference to the successors and assigns of such party, as if in every case so expressed.

28.5 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California.

28.6 Entire Agreement. This Lease together with any written modifications or amendments hereto hereafter entered into shall constitute the entire agreement between the

parties relative to the subject matter hereof, and shall supersede any prior agreement or understanding, if any, whether written or oral, which Tenant may have had relating to the subject matter hereof with Landlord.

28.7 No Oral Modification. This Lease may be changed, waived or discharged only by an instrument in writing signed by the party against which enforcement of such change, waiver or discharge is sought.

28.8 Counterparts. This instrument may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute and be construed as one and the same instrument.

28.9 Consent. Unless otherwise specifically provided in this Lease, whenever in this Lease the consent or approval of Landlord or Tenant is required, it is agreed by Landlord and Tenant that such consent or approval will not be unreasonably withheld and will be promptly considered.

28.10 Attorneys' Fees. In any action or proceeding which either party brings against the other to enforce its rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees, which amounts shall be a part of the judgment in said action or proceeding.

28.11 Time of Essence. Time is of the essence with respect to each and every provision of this Lease.

28.12 No Partnership. Nothing contained in this Lease shall be deemed or construed to create the relationship of principal or agent or of partnership or of joint venture or of any association between Landlord and Tenant, and neither the method of computation of Rent nor any other provisions contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant, other than the relationship of landlord/tenant.

## 29. TENANT'S OPTION TO LEASE ADDITION SECTIONS

29.1 Grant of Option. Landlord hereby grants to Tenant the option ("**Option**") to lease all (but not less than all) of Sections 3, 8 and 10 as depicted on Exhibit "A" (the "**Option Premises**") solely for the purpose of developing and operating hangars and offices related to general aviation and general aviation services. The Option may be exercised by Tenant giving Landlord written notice thereof ("**Option Notice**") during the period commencing on the date that each of the following conditions precedent (collectively, the "**Entitlements**") has been satisfied and expiring on that date which is ninety (90) days thereafter:

29.1.1 Tenant has submitted to the City of Hawthorne an application for development of the Option Premises and (ii) such information as may be reasonably necessary for the preparation of an Environmental Impact Report, which Environmental Impact Report shall (a) be prepared by an environmental consultant selected by Landlord and reasonably approved by Tenant and (b) be paid for by Tenant;

29.1.2 The City Council of the City of Hawthorne has (i) exercised its discretion to certify the Environmental Impact Report for the proposed development, (ii) determined that the application is consistent with the City's general plan, zoning code, subdivision regulations and airport master plan after holding the necessary public hearings and (iii) approved such application or application(s);

29.1.3 Tenant has submitted to FAA or any other responsible federal agency (i) an updated airport layout plan, if necessary, (ii) an updated airport master plan, if necessary, and (iii) any other plans or applications required to develop the Option Premises as contemplated in Tenant's development application for the Option Premises and the FAA has approved any such plans and applications; and

29.1.4 Any and all applicable appeal or challenge periods relating to any of the foregoing shall have expired or lapsed.

29.2 No Effect on City. Nothing in this Option is intended to predetermine, promise, or guarantee any approval of the Entitlements or any proposed development application. Nothing in this Option is intended to limit the City's police power discretion; to approve or to deny the Entitlements or the proposed development of the Option Premises; or to limit the City's discretion to impose conditions and modifications on any approval of the entitlements and proposed development. Notwithstanding the foregoing to the contrary, Tenant shall have no obligation to exercise the Option herein contemplated unless and until all of the Entitlements have been issued with conditions of approval satisfactory to Tenant, with all applicable appeal periods having expired without any appeals having been filed.

29.3 Exercise Of Option. Provided that the Entitlements have been granted, the Option Notice shall indicate that Tenant has exercised the Option and shall set forth the date upon which the Option Premises are to be delivered to Tenant by Landlord ("**Option Premises Delivery Date**"), which date shall not be later than 30 days after the date of the Option Notice.

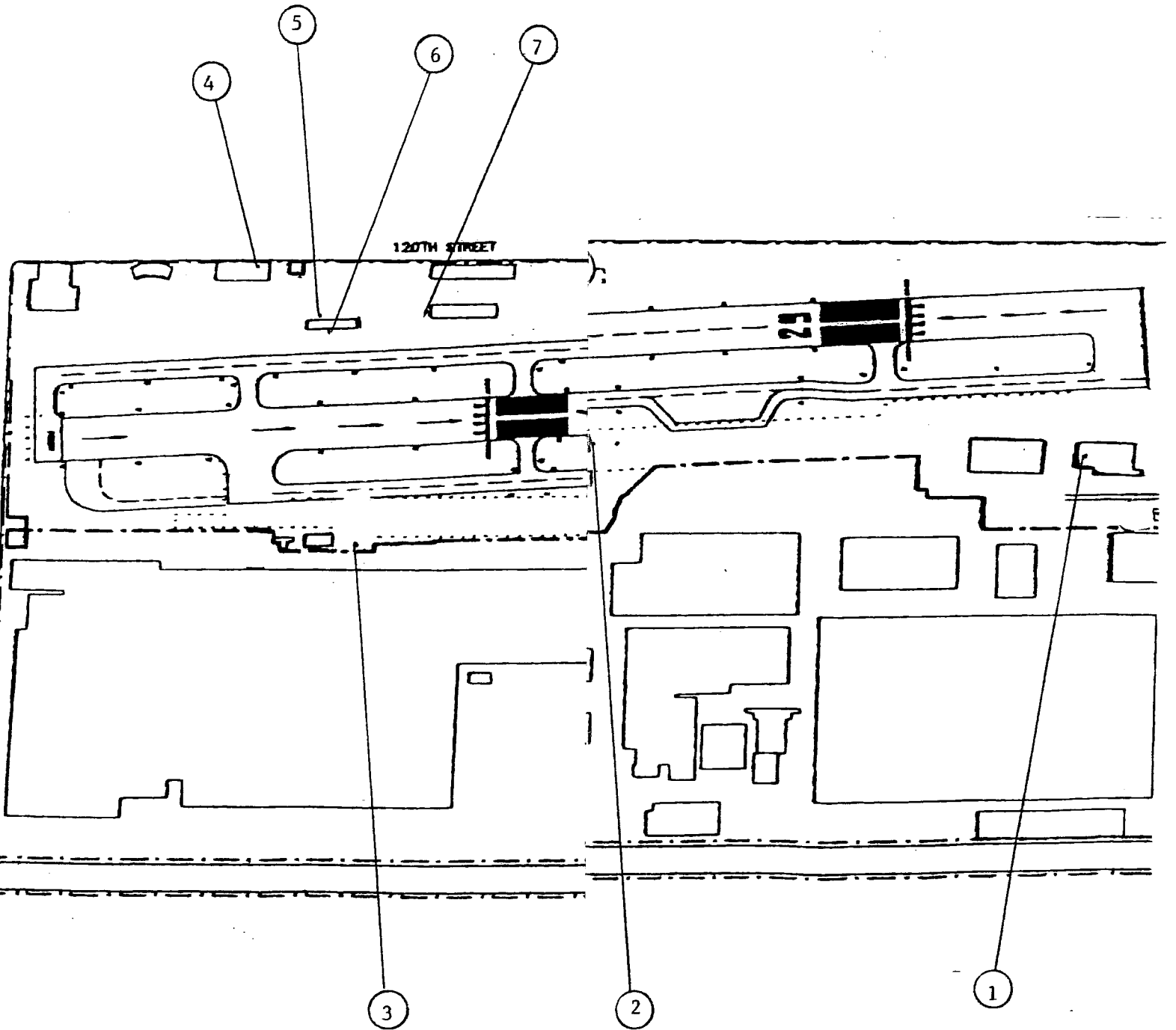
29.4 Option Premises. Provided that the Entitlements have been granted, if Tenant timely and properly exercises the Option, the Option Premises shall be leased by Tenant upon the terms and conditions set forth in this Lease, as amended hereby, with the following modifications: (i) the lease term for the Option Premises (the "**Option Premises Term**") shall commence upon the Option Premises Delivery Date and shall expire co-terminously with the Term of this Lease for the Leased Premises, as may be extended from time to time; (ii) there shall be no adjustment in the Base Rent payable by Tenant as a result of the inclusion of the Option Premises within the Leased Premises; and (iii) Tenant shall lease the Option Premises in the same condition as the Option Premises existed as of the day the Tenant delivered the Option Notice to Landlord.

### 30. REFINANCING PROCEEDS

30.1 Refinancing Proceeds. As used herein the term "**Refinancing Proceeds**" shall mean (a) all cash proceeds actually received by Tenant from a Refinancing of all or a portion of the Leased Premises less (b) the sum of (i) any debts and liabilities then encumbering the Leased Premises (or a portion thereof in the case of a partial refinance) which are paid from

the proceeds of such Refinancing, (ii) any unrecovered Tenant's Invested Capital and (iii) any fees and costs incurred by Tenant in connection with such Refinancing, including without limitation attorneys' fees, appraisal costs, lender fees and other similar out-of-pocket costs and expenses.

30.2 Distribution of Refinancing Proceeds. Following any Refinancing, Tenant shall pay to Landlord an amount equal to twenty-five percent (25%) of the Refinancing Proceeds realized by Tenant with respect to such Refinancing. Within thirty (30) days following the close of any Refinancing, Tenant shall provide Landlord with a statement indicating the amount of the Refinancing and all calculations for purposes of determining if any proceeds are to be payable to Landlord. Any such amounts shall be paid upon submittal of such statement.



**ACILITIES**

31. MEMORANDUM OF LEASE. Following completion by Tenant of a metes and bounds legal description of the Leased Premises, a Memorandum of Lease, in the form attached to this Lease as Exhibit "E", shall be executed by the Landlord and Tenant and shall be recorded in the Official Records of the County of Los Angeles.

32. Subdivision of Leased Premises. Landlord and Tenant acknowledge that (i) as of the Effective Date of this Lease the Leased Premises may not constitute separate legal parcels pursuant to the California Subdivision Map Act (as set forth in California Government Code §§ 66410-66499.58) (the "**California Map Act**") and (ii) it will be beneficial to both Landlord and Tenant if the Leased Premises are subdivided so as to constitute separate legal parcels pursuant to the California Map Act (the creation of such legal parcels pursuant to the California Map Act shall be referred to herein as the "**Subdivision**"). In connection with the foregoing Subdivision, Landlord in good faith, accept for processing, review and action all completed applications for subdivision in accordance with Article 7 of this Lease and all applicable laws.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

"LANDLORD":

THE CITY OF HAWTHORNE,  
a municipal corporation

By: *Richard Puentes*  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

"TENANT":

HAWTHORNE AIRPORT, LLC,  
a Delaware limited liability company.

By: *Jeff Dittler*  
Name: *Jeff Dittler*  
Title: *Co-President*

By: *David Wehrly*  
Name: *David Wehrly*  
Title: *manager*

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF LEASED PREMISES**

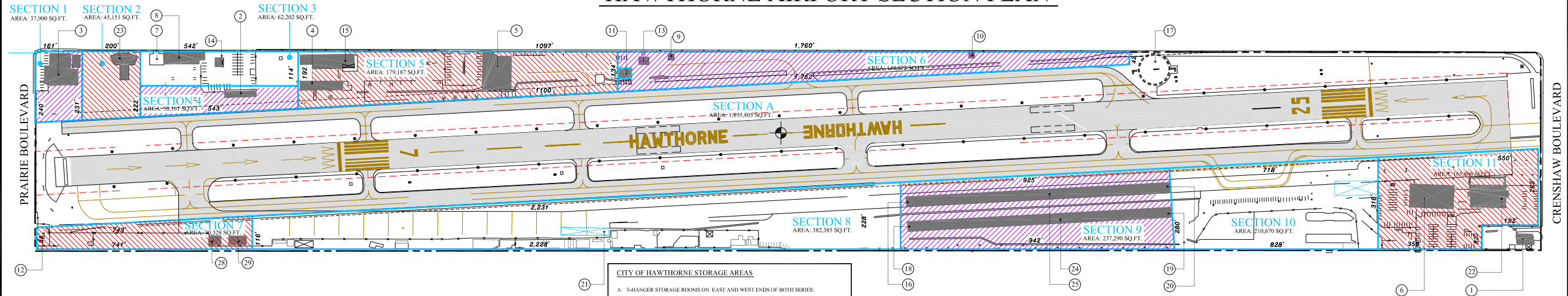
[To be completed prior to execution]

**EXHIBIT "A"**

**DEPICTION OF LEASED PREMISES AND OPTION PREMISES**

**[Hard Copy To Be Provided by Tenant]**

# HAWTHORNE AIRPORT SECTION PLAN



SECTION/BUILDING FOOTPRINT AREAS				
<b>SECTION 1</b> Area: 37,900 sq.ft. Building 3 : 11,750 sq.ft.  <b>SECTION 2</b> Area : 45,151 sq.ft. Building 23 : 4,800 sq.ft.  <b>SECTION 3</b> Area: 62,202 sq.ft. Building 8 : 6,000 Building 14 : 1,400 Total : 7,400	<b>SECTION 4</b> Area: 50,161 sq.ft. Building 2 : 2,301 sq.ft.  <b>SECTION 5</b> Area: 179,187 sq.ft.  Building 4 : 4,750 sq.ft. Building 5 : 12,300 sq.ft. Building 15 : 8,300 sq.ft. Total : 25,350 sq.ft.	<b>SECTION 6</b> Area: 149,072 SQ.FT. Building 13 : 1,000 sq.ft. Building 10 : 500 sq.ft. Total : 1,500 sq.ft.  <b>SECTION 7</b> Area: 70,328 sq.ft.  Building 28 : 1,420 sq.ft. Building 29 : 1,800 sq.ft. Total : 3,220 sq.ft.	<b>SECTION 8</b> Area: 382,385 sq.ft.  Building 24 : 35,000 sq.ft. Building 25 : 35,000 sq.ft. Total : 70,000 sq.ft.  <b>SECTION 9</b> Area: 237,290 sq.ft.  Building 6 : 12,200 sq.ft. Building 22 : 10,000 sq.ft. Total : 22,200 sq.ft.	<b>SECTION 11</b> Area: 165,806 sq.ft.  Building 6 : 12,200 sq.ft. Building 22 : 10,000 sq.ft. Total : 22,200 sq.ft.  <b>CONTROL TOWER SECTION</b> BUILDING 11 : 1,260 sq.ft.

**CITY OF HAWTHORNE STORAGE AREAS**

A. T-HANGER STORAGE ROOMS ON EAST AND WEST ENDS OF BOTH SERIES:  
 100 SERIES EAST 15' X 10' APPROX. 150 SQ. FT.  
 100 SERIES WEST 17' X 10' APPROX. 170 SQ. FT.  
 200 SERIES EAST 16' X 11' APPROX. 176 SQ. FT.  
 200 SERIES WEST 16' X 10' APPROX. 160 SQ. FT.

B. PESTICIDE OFFICE AND CHEMICAL STORAGE SHED:  
 20' X 20' APPROXIMATELY 400 SQ. FT.  
 ADD ON ROOM: 32' X 20' APPROX. 640 SQ. FT.  
 HAWTHORNE POLICE DEPT. HELICOPTER HANGAR: 60' X 41' 6"  
 APPROXIMATELY 2,490 SQ. FT.  
 OUTSIDE STORAGE: 37' X 32' APPROXIMATELY 1,184 SQ. FT.

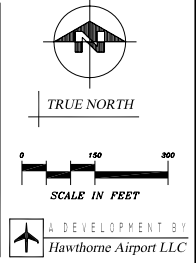
C. AIRPORT MAINTENANCE SHOP: 60' X 41' 6" APPROX. 2,490 SQ. FT.  
 ADD ON ROOM: 32' X 20' APPROX. 640 SQ. FT.  
 HAWTHORNE POLICE DEPT. HELICOPTER HANGAR: 60' X 41' 6"  
 APPROXIMATELY 2,490 SQ. FT.  
 OUTSIDE STORAGE: 37' X 32' APPROXIMATELY 1,184 SQ. FT.

D. PRAIRIE GATE OPERATOR - FENCED IN AREA AT DRIVEWAY (PRAIRIE GATE)  
 OUTSIDE STORAGE: 40' X 40' APPROXIMATELY 1,600 SQ. FT.

E. WASH RACK WEST OF HAWTHORNE POLICE HELICOPTER HANGAR

F. WASTE OIL DUMP STATION

LEGEND				
1 FIRE STATION	6 FAA BUILDING	11 CONTROL TOWER	16 AIR FARE SUPPLY STORAGE	27 TERMINAL BUILDING
2 SMALL OFFICES	7 WASH RACK	12 GATE OPENER	17 WIND SOCK	23 NOSE HANGAR
3 WESTERN MUSEUM OF FLIGHT	8 1/2 HPD HELICOPTER HANGAR 1/2 MAINTENANCE SHOP	13 JACK'S LOUNGE	18 LAWN MOWER STORAGE AND FIRE DEPT. FOAM	24 T-HANGAR - SOUTH
4 EXISTING HANGAR	9 FUEL PIT	14 OFFICE AND PESTICIDE STORAGE ROOM	19 AIR FIELD LIGHTING SUPPLY STORAGE	25 T-HANGAR - NORTH
5 CENTURY AVIATION	10 FAA INSTRUMENTS	15 EXISTING HANGAR	20 AIRPORT MAINTENANCE SUPPLY STORAGE	28 SMALL HANGAR
			21 WASTE OIL DUMP	29 SMALL HANGAR



**EXHIBIT "B"**

**LEGAL DESCRIPTION OF OPTION PREMISES**

[To be completed prior to execution]

**EXHIBIT "B"**

**LANDLORD/TENANT MAINTENANCE OBLIGATIONS**

**HAWTHORNE MUNICIPAL AIRPORT  
LANDLORD OBLIGATIONS**

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**AIRFIELD MAINTENANCE – MAINTAINING AIRFIELD**

1. Runway, taxi, distance remaining, intersection and threshold light, sign repair, bulb replacement.
2. Weed control, documents and reports to Department of Agriculture.
3. Mow and edge all grass areas.
4. Maintain all landscaping.
5. Maintain all irrigation systems.
6. Fence Repairs.
7. Maintenance and repair of automatic gate and card key systems for vehicle entrances.
8. Maintenance and repair of push-button walk-in gates.
9. Maintain all signage.
10. Keep all areas clean of debris and litter.
11. Enforce all airport rules and regulations.
12. Maintain all concrete and asphalt surfaces.
13. Take care of all aspects of storm water monitoring.
14. File reports and documents for spraying weeds and applying pesticides.
15. Keep daily records of aircraft on field for billing and security reasons.
16. Runway Inspection – Daily Recording
17. Maintenance for runway and taxi lighting system regulators, relays, transmitters for pilot-controlled lighting

**CONTROL TOWER**

1. Interior painting
2. Lighting repair and bulb replacement
3. Heating and air-conditioning, minor repairs.
4. Plumbing repairs.
5. Trash pick-up

## TENANT OBLIGATIONS

### AIRPORT TERMINAL BUILDING AREA MAINTENANCE

#### I. EXTERIOR MAINTENANCE OF ADMINISTRATION BUILDING

1. Clean driveway, sidewalks and parking lot.
2. Clean north and Westside patios.
3. Mow and edge grass area.
4. Clean, weed, fertilize and maintain plants and flowers in all planters.
5. Maintain all sprinkler systems.
6. Maintain signage in driveway and parking lot.
7. Trim trees.

### AIRPORT TERMINAL BUILDING MAINTENANCE

1. General maintenance of all common areas.
2. Painting interior and exterior.
3. All interior and exterior lighting, including bulb replacement.
4. Minor plumbing and electrical
5. Clean lobby, hallway, kitchen, locker room and Suite 3 (airport office)
6. Clean the four restrooms on first floor and supply with soap, toilet paper, seat covers, paper towels.
7. Window cleaning:
  - a. all exterior windows
  - b. interior windows in lobby and Suite 3

### PESTICIDE OFFICE AND RESTROOMS

1. Interior and exterior painting.
2. Electrical and plumbing repairs.
3. Clean restrooms, supply with soap, paper towels, and seat covers for public use.
4. Maintain landscaping around building

**ELECTRICAL METERS**  
**HAWTHORNE AIRPORT**

(12/27/04)

1. CA # 2-01-544-6842, Service Acct # 3-001-1728-09, Meter # P379-002511  
**Location:** 12101 S. Crenshaw Blvd. terminal building equipment room.  
**Services:** Suites 1,2 & 3. Kitchen, locker room, restrooms,  
Lobby & hallway lights, AC's 1,2 & 3., exterior lights, elevator,  
Obstruction lights (terminal & blast fence), metro-jet GPU.  
\*City and LLC will estimate electrical usage for City Administration offices.  
City shall pay estimated utility bill amount. **LLC**
  
2. CA # 2-01-544-6891, Service Acct # 3-001-1728-10, Meter # Y805-007135  
**Location:** East end of the 100 series T hangars.  
**Services:** 100 & 200 series T hangars exterior security lights,  
Transient aircraft light standards, 100 series east maintenance shop,  
200 series east supply hangar, and electrical to hangar # 218. **HHR**
  
3. CA # 2-09-185-2525, Service Acct # 3-012-8912-04, Meter # AE53-200322  
**Location:** Approx. 100' East of A & E hangar, green meter box along fence. **HHR**  
**Services:** Light standards beginning at Northrop ramp running west to A & E.
  
4. CA # 2-01-544-5984, Service Acct # 3-000-0061-40, Meter # AE8-234422  
**Location:** 3923 W. 120<sup>th</sup> St., north east corner inside of HHR maintenance shop.  
**Services:** PD hangar, HHR maintenance staff workshop,  
Wash rack rainwater diversion system, offices to the east. **HHR**
  
5. CA # 2-01-544-6818, Service Acct # 3-001-1728-07, Meter # AE308-223291  
**Location:** 3854 W.120<sup>th</sup> (Aris building) north side of building.  
(Suite's numbered 1-5 west to east) **LLC**  
**Services:** Unknown.
  
6. CA # 2-01-544-6354, Service Acct # 3-000-8446-73, Meter # AE8-234738  
**Location:** 3854 W.120<sup>th</sup> (Aris building) south side of building.  
**Services:** Suite 3 (HHR maint.) and suite 4 (RCC); lights and receptacles.  
(Suite's numbered 1-5 west to east) **LLC**
  
7. CA # 2-01-544-6834, Service Acct # 3-001-1728-08, Meter # AE85-247463  
**Location:** South security hangar building, meter on the west side. **LLC**  
**Services:** Five T hangars.
  
8. CA # 2-01-544-9325, Service Acct # 3-001-6439-16, Meter # 709-000912  
**Location:** 3680 w. 120<sup>th</sup> St., ATC tower equipment room.  
**Services:** North and south taxiway lights, intersection signs, 1000' makers,  
and runway lights. **HHR**
  
9. CA # 2-01-544-6933, Service Acct # 3-001-1728-12, Meter # AE85-247431 **HHR**  
**Location:** East side of Radio Transmitter Receiver (RTR) building.  
**Services:** Windsock lights and obstruction light (on photo cell).

## WATER METERS HAWTHORNE AIRPORT

1. ACCOUNT # 27-61-22-0685-1, METER # N158086  
**Location:** 12101 Crenshaw Blvd., sidewalk 50' North of driveway. LLC  
**Services:** Nat's (water heater located in equipment room), terminal building and irrigation for all landscape areas from the Leo Gay court east, except parking lot planters.
  
2. ACCOUNT # 27-61-22-0901-1, METER # 0039663 HHR  
**Location:** 12113 Prairie Ave., meter is on the opposite side (east) of the street in the sidewalk at the runway centerline.  
**Services:** Prairie planters and hedge.
  
3. ACCOUNT # 27-61-22-0902-1, METER # 29096660 LLC  
**Location:** 12016 Prairie Ave., in the sidewalk west of museum entrance.  
**Services:** Museum and museum planters.
  
4. ACCOUNT # 27-61-22-0892-1, METER # 29096651 LLC  
**Location:** 3924 W. 120<sup>th</sup> St., west side of nose hangar 30' out towards runway.  
**Services:** Metro-jet facilities.
  
5. ACCOUNT # 27-61-22-0893-1, METER # 31340800 HHR  
**Location:** 3923 W. 120<sup>th</sup> St. at the center of wash area where concrete meets asphalt.  
**Services:** The wash rack.
  
6. ACCOUNT # 27-61-22-0896-1, METER # 62039834 LLC  
**Location:** Maintenance field office / roses restroom at the S/E corner of building.  
**Services:** Restrooms, hose bib and landscape irrigation.
  
7. ACCOUNT # 27-61-22-0898-1, METER # 97126932 LLC  
**Location:** 3854 w. 120<sup>th</sup> St. suite 4 north side of building at hose bib.  
**Services:** Hose bib.
  
8. ACCOUNT # 27-61-22-0900-1, METER # S4953681 HHR  
**Location:** Service road at the N/E corner of airfield.  
**Services:** Reclaimed waterline provides irrigation for landscaping on the N/E portion of airfield.

*Informational item only:*

*METER # 6045296, Services the Flight Service Station and also provides irrigation for terminal parking lot planters, FSS parking lot planters and planter south of FSS building.(Paid by AFSS)*

**EXHIBIT "C-1"**

**SCHEDULE FOR PERFORMANCE FOR  
TENANT'S UPGRADES FOR LEASED PREMISES**

Section 1 – Completion within 2 years of Effective Date

- A) Remodel existing building

Section 2 – Completion within 2 years of Effective Date

- A) Remodel existing building

Section 4 – Completion within 2 years of Effective Date

- A) Remodel existing building

Section 5 – Controlled by long-term tenant

Section 6 – Completion within 1 year of Effective Date

- A) Repaint and remodel fuel pit building. Landscape surrounding area.

Section 7 – Completion within 2 years of Effective Date

- A) Upgrade A&E Hangar and adjacent building

Section 9 – Completion within 3 years of Effective Date

- A) Electrical upgrades as per tenant request
- B) Paint existing T-hangars and add interior electrical outlets

Section 11 – Completion within 3 years of Effective Date

- A) Improve the terminal building: paint the interior and exterior of the terminal building; replace furniture in the lobby; remodel public restrooms

**EXHIBIT "C-2"**

**SCHEDULE FOR PERFORMANCE FOR  
TENANT'S UPGRADES FOR OPTION PREMISES**

Following are the potential upgrades to the sections reflected in Exhibit A – Section Site Plan. Hawthorne Airport, LLC shall make every attempt to maximize the highest and best use of each and every section, subject to: the availability of water and utilities to the section(s); limitations imposed by the FAA, the City of Hawthorne, CalTrans or any other regulating entity.

**Section 3 – Completion within 2 years of Option Premises Delivery Date**

- A) Remove all existing structures and build approximately 12,000 sf of new hangars

**Section 8 –**

- A) Engage Coffman and Associates (or another professional consultant) to develop plans for new hangars once the Vought lease expires within one (1) year of Option Premises Delivery Date
- B) Complete the development per the above-referenced plan within four (4) years of the Option Premises Delivery Date

**Section 10 – Completion within 3 years of Option Premises Delivery Date**

- A) Build approximately 50,000 sf of new hangars
- B) Build previously approved hangar
- C) Upgrade ramp space to facilitate transient parking for aircraft using the terminal building.

**EXHIBIT "D"**

**RENT ROLL**

[See Hard Copy Attached]

Billing - Dec. 2004

Notes for January 2005 Billing

Invoice  
11/30/2004 16:09:18

Page  
Group: Post

Original Document#: 2749999  
Invoice#: 90484  
Customer: 07-0023-10 A & J'S AERIAL PHOTO SERVICE L

Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN PULL THRU FEE

Type	Category	Account number	Amount
Billing	tdpt	Tie Down Pull Thru Fee	
S		Automatic summary	100.00 CR
S		Automatic summary	100.00 CR
S		Automatic summary	100.00 DB
Document totals:			0.00

Original Document#: 2750001  
Invoice#: 90483  
Customer: 07-0020-14 A AND E FLYING CLUB

Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE (& others)

Type	Category	Account number	Amount
Billing	hangar	hangar Hangar Fee	
Billing	td	Tie Down Fee	325.00 CR
Billing	tdpt	Tie Down Pull Thru Fee	140.00 CR
S		Automatic summary	200.00 CR
S		Automatic summary	665.00 CR
S		Automatic summary	665.00 DB
Document totals:			0.00

Original Document#: 2750002  
Invoice#: 90485  
Customer: 07-0025-10 ABBOTT, BRUCE

Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	td	Tie Down Fee	
S		Automatic summary	70.00 CR
S		Automatic summary	70.00 CR
S		Automatic summary	70.00 DB
Document totals:			0.00

Original Document#: 2750003  
Invoice#: 90486  
Customer: 07-0035-10 ABELL, JOHN

Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar	hangar Hangar Fee	
S		Automatic summary	325.00 CR

S = Automatic summary

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City of Hawthorne  
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Group: p109

Document#: 2750003 (continued)

Type	Category	Amount
S	Automatic summary	
S	Automatic summary	
Document totals:		
	325.00 DB	325.00 CR
		Difference: 0.00

Original Document#: 2750004  
 Invoice#: 90487  
 Customer: 07-0041-13 ADAMS, JAMES S  
 Date: 11/30/2004 Post into: 05/2005  
 Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 CR
Document totals:			
	325.00 DB	325.00 CR	Difference: 0.00

Original Document#: 2750005  
 Invoice#: 90488  
 Customer: 07-0050-12 ADAMS, SCOTT  
 Date: 11/30/2004 Post into: 05/2005  
 Description: AUTO PARKING

Type	Category	Account number	Amount
Billing	apark	R 520-120-2181	
S	Automatic summary	B 520-48100	30.00 CR
S	Automatic summary	B 520-12500	30.00 CR
Document totals:			
	30.00 DB	30.00 CR	Difference: 0.00

Original Document#: 2750006  
 Invoice#: 90489  
 Customer: 07-0079-10 ANDERSON, HANS  
 Date: 11/30/2004 Post into: 05/2005  
 Description: TIE DOWN PULL THRU FEE

Type	Category	Account number	Amount
Billing	tdpt	R 520-120-2161	
S	Automatic summary	B 520-48100	100.00 CR
S	Automatic summary	B 520-12500	100.00 CR
Document totals:			
	100.00 DB	100.00 CR	Difference: 0.00

S = Automatic summary

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City of Hawthorne  
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Page:  
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Document#: 2750006 (continued)

Document totals: 100.00 DB 100.00 CR Difference: 0.00

Original Document#: 2750007  
Invoice#: 90490  
Customer: 07-0082-10 APLIN, STU  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750008  
Invoice#: 90492  
Customer: 07-0085-15 ARIS HELICOPTERS LTD  
Date: 11/30/2004 Post into: 05/2005  
Description: STORAGE SPACE (& others)

Type	Category	Account number	Amount
Billing	a-stor Storage Space	R 520-120-2181	120.00 CR
Billing	125 Lease Agreement Type 25	R 520-120-2162	555.00 CR
Billing	tdhe60 Tie Down - Helicopter >60'	R 520-120-2161	250.00 CR
S	Automatic summary	B 520-48100	225.00 CR
S	Automatic summary	B 520-12500	925.00 DB
Document totals:			925.00 DB 925.00 CR Difference: 0.00

Original Document#: 2750009  
Invoice#: 90501  
Customer: 07-0480-16 AUFILL, LIESE  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Beginning  
January 2005  
Amount due  
\$ 675/mo.  
as per lease.

Credit Acct - 1 file  
Due to Record  
Due to errors Balance  
Due

S = Automatic summary

Invoice Posting List  
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Page: 1  
Group: P

Original Document# 2750010  
Invoice# 90493  
Customer: 07-0264-14 BARNWELL, M P  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750011  
Invoice# 90494  
Customer: 07-0295-10 BECKER, VERNE  
Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	Tie Down Fee	R 520-120-2161	70.00 CR
S	Automatic summary	B 520-48100	70.00 CR
S	Automatic summary	B 520-12500	70.00 DB
Document totals:			0.00

Original Document# 2750012  
Invoice# 90495  
Customer: 07-0331-19 BERINGER, GLEN  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750013  
Invoice# 90496  
Customer: 07-0380-12 BIGBEE AVIATION CORP  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

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11/30/2004 16:09:32

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Document#: 2750013 (continued)

Document totals: 325.00 DB 325.00 CR 0.00 Difference:

Original Document#: 2750014 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90497  
Invoice#: 052801 Description: STORAGE SPACE (& others)  
Customer: 07-0412-18 BRAVO AVIATION, INC.

Type	Category	Account number	Amount
Billing	a-stor Storage Space	R 520-120-2181	120.00 CR
Billing	apark Auto Parking	R 520-120-2181	30.00 CR
Billing	llo Lease Agreement Type 10	R 520-120-2162	300.00 CR
Billing	tdhe Tie Down - Helicopter < 60'	R 520-120-2161	100.00 CR
Billing	tusefx Terminal use -fixed num planes	R 520-120-2160	60.00 CR
S	Automatic summary	B 520-48100	610.00 CR
S	Automatic summary	B 520-12500	610.00 DB

Document totals: 610.00 DB 610.00 CR 0.00 Difference:

Original Document#: 2750015 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90500  
Invoice#: 052804 Description: HANGAR FEE  
Customer: 07-0480-10 BROWN, PATRICIA

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB

Document totals: 325.00 DB 325.00 CR 0.00 Difference:

Original Document#: 2750016 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90498  
Invoice#: 052802 Description: TIE DOWN FEE  
Customer: 07-0450-10 BRUCK, MICHAEL

Type	Category	Account number	Amount
Billing	td Tie Down Fee	R 520-120-2161	70.00 CR
S	Automatic summary	B 520-48100	70.00 CR
S	Automatic summary	B 520-12500	70.00 DB

S = Automatic summary

Add 2 MON  
Auto-parking  
Total bill in  
3 Auto-parking  
= \$90/mc

change to reflect 3 spaces  
January 2005

Printed 11/30/2004 16:09:34

Invoice Posting List  
City of Hawthorne  
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Page:  
Group:

Document#: 2750016 (continued)

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750017 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90502  
Customer: 07-0520-14 BURTON, CHARLES I Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750018 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90503  
Customer: 07-0533-11 CALIFORNIA BLACK Description: LEASE AGREEMENT TYPE 25

Type	Category	Account number	Amount
Billing	Lease Agreement Type 25	R 520-120-2162	94.50 CR
S	Automatic summary	B 520-48100	94.50 CR
S	Automatic summary	B 520-12500	94.50 DB

Document totals: 94.50 DB 94.50 CR Difference: 0.00

Original Document#: 2750019 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90504  
Customer: 07-0536-10 CAPACI, TONY Description: TIE DOWN PULL THRU FEE

Type	Category	Account number	Amount
Billing	Tie Down Pull Thru Fee	R 520-120-2161	100.00 CR
S	Automatic summary	B 520-48100	100.00 CR
S	Automatic summary	B 520-12500	100.00 DB

Document totals: 100.00 DB 100.00 CR Difference: 0.00

S = Automatic summary

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11/30/2004 16:09:36

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Group: per 3

Document#: 2750020 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90505 Invoice#: 052809 Description: HANGAR FEE  
Customer: 07-0539-13 CAREY, PATRICK

Type	Category	Account number	Amount	Difference:
Billing	hangar Hangar Fee	R 520-120-2160	325.00	CR
S	Automatic summary	B 520-48100	325.00	CR
S	Automatic summary	B 520-12500	325.00	DB
Document totals:			325.00	DB

Document#: 2750021 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90506 Invoice#: 052810 Description: HANGAR FEE  
Customer: 07-0560-10 CASEY, EDMOND L.

Type	Category	Account number	Amount	Difference:
Billing	hangar Hangar Fee	R 520-120-2160	325.00	CR
S	Automatic summary	B 520-48100	325.00	CR
S	Automatic summary	B 520-12500	325.00	DB
Document totals:			325.00	CR

Document#: 2750022 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90547 Invoice#: 052851 Description: HANGAR FEE  
Customer: 07-2455-19 CASHMAN, PATRICK R.

Type	Category	Account number	Amount	Difference:
Billing	hangar Hangar Fee	R 520-120-2160	325.00	CR
S	Automatic summary	B 520-48100	325.00	CR
S	Automatic summary	B 520-12500	325.00	DB
Document totals:			325.00	CR

Document#: 2750023 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90507 Invoice#: 052811 Description: HANGAR FEE  
Customer: 07-0650-16 CLARK, ED

Type	Category	Account number	Amount	Difference:
Billing	hangar Hangar Fee	R 520-120-2160	325.00	CR
S	Automatic summary	B 520-48100	325.00	CR
S	Automatic summary	B 520-12500	325.00	DB
Document totals:			325.00	CR

S = Automatic summary

*Paid by alvarez due 4  
Jan 2005 -  
amount due.*

*Address -  
5000 Centinela Ave. #133  
Los Angeles 90066*

*Add 2 tie-downs.*

Invoice Posting List  
City of Hawthorne  
Posting Sequence: 10551

Document#: 2750023 (continued)

Document#: 2750024

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750024  
Invoice#: 90508  
Customer: 07-0670-18 COLEMAN, WILLIAM  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document#: 2750025  
Invoice#: 90509  
Customer: 07-0690-10 COMSTOCK, CROSSER  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document#: 2750026  
Invoice#: 90510  
Customer: 07-0735-13 CRYDER, NANCY  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

Invoice  
11/30/2004 16:09:40

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Document#: 2750027 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90511  
Invoice#: 052815 Description: HANGAR FEE  
Customer: 07-0740-14 CULLEN, DANIEL

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

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Document#: 2750028 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90512  
Invoice#: 052816 Description: LEASE AGREEMENT TYPE 25  
Customer: 07-0750-10 CUSTOM AIR TRANSPORT

Type	Category	Account number	Amount
Billing	125 Lease Agreement Type 25	R 520-120-2162	480.00 CR
S	Automatic summary	B 520-48100	480.00 CR
S	Automatic summary	B 520-12500	480.00 DB
Document totals:			0.00

=====  
Document#: 2750029 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90513  
Invoice#: 052817 Description: AUTO PARKING  
Customer: 07-0960-10 DONOVAN, DENNIS

Type	Category	Account number	Amount
Billing	apark Auto Parking	R 520-120-2181	30.00 CR
S	Automatic summary	B 520-48100	30.00 CR
S	Automatic summary	B 520-12500	30.00 DB
Document totals:			0.00

=====  
Document#: 2750030 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90514  
Invoice#: 052818 Description: HANGAR FEE  
Customer: 07-0960-14 DWOSKIN, DAVID F

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

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Document#: 2750030 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750031 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90515  
Customer: 07-0975-10 EDELL, JOHN Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	Tie Down Fee	R 520-120-2161	70.00 CR
S	Automatic summary	B 520-48100	70.00 CR
S	Automatic summary	B 520-12500	70.00 DB
Document totals:			70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750032 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90516  
Customer: 07-1020-17 FAA ATCT AWP22A Description: LEASE AGREEMENT

Type	Category	Account number	Amount
Billing	Lease Agreement	R 520-120-2162	2,698.75 CR
S	Automatic summary	B 520-48100	2,698.75 CR
S	Automatic summary	B 520-12500	2,698.75 DB
Document totals:			2,698.75 DB 2,698.75 CR Difference: 0.00

Original Document#: 2750033 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90517  
Customer: 07-1063-12 FERRANDO, JAMES P Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

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Document#: 2750034  
Invoice#: 90518  
Customer: 07-1075-12 FIRST GLOBE, INC.  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Document#: 2750035  
Invoice#: 90519  
Customer: 07-1100-19 FLYERS INC  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	213.00 CR
S	Automatic summary	B 520-48100	213.00 CR
S	Automatic summary	B 520-12500	213.00 DB
Document totals:			0.00

Document#: 2750036  
Invoice#: 90520  
Customer: 07-1121-18 FOWLER, KENNETH  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Document#: 2750037  
Invoice#: 90521  
Customer: 07-1150-19 FREEWING AIR INC  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

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11/30/2004 16:09:46

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Document#: 2750037 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750038  
Document#: 90522 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 052826 Description: AUTO PARKING  
Customer: 07-1205-10 GALOUSTIAN, MARK

Type	Category	Account number	Amount
Billing	apark	R 520-120-2181	90.00 CR
S	Automatic summary	B 520-48100	90.00 CR
S	Automatic summary	B 520-12500	90.00 DB
Document totals:			90.00 DB 90.00 CR Difference: 0.00

Original Document#: 2750039  
Document#: 90523 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 052827 Description: HANGAR FEE  
Customer: 07-1342-15 GLEMBOTSKI, CHESTER

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750040  
Document#: 90524 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 052828 Description: HANGAR FEE  
Customer: 07-1400-10 GOODRICH, LINDA A.

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

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Original Document# 2750041 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90586 Description: AUTO PARKING  
Customer: 07-4800-14 GORDON, JEFF

Type	Category	Account number	Amount
Billing	apark	R 520-120-2181	30.00 CR
S		Automatic summary	30.00 CR
S		Automatic summary	30.00 DB
Document totals:			30.00 DB 30.00 CR Difference: 0.00

Original Document# 2750042 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90525 Description: HANGAR FEE  
Customer: 07-1570-17 HAMRICK, TERRY

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	325.00 CR
S		Automatic summary	325.00 CR
S		Automatic summary	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Original Document# 2750043 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90526 Description: HANGAR FEE  
Customer: 07-1655-14 HAYOS, ROBERT

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	325.00 CR
S		Automatic summary	325.00 CR
S		Automatic summary	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Original Document# 2750044 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90527 Description: HANGAR FEE  
Customer: 07-1665-10 HEINTZ, JOHN F.

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	325.00 CR
S		Automatic summary	325.00 CR
S		Automatic summary	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

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11/30/2004 16:09:51

Invoice Posting List  
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Document#: 2750044 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750045  
Invoice#: 90528  
Customer: 07-1675-16 HERRICK, RICK  
Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	td	Tie Down Fee	
S		Automatic summary	70.00 CR
S		Automatic summary	70.00 CR
		Automatic summary	70.00 DB
Document totals:			0.00

Original Document#: 2750046  
Invoice#: 90529  
Customer: 07-1725-10 HOLT, CHARLES ETAL  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar	Hangar Fee	
S		Automatic summary	325.00 CR
S		Automatic summary	325.00 CR
		Automatic summary	325.00 DB
Document totals:			0.00

Original Document#: 2750047  
Invoice#: 90530  
Customer: 07-1780-11 HURTE, LORENZO  
Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	td	Tie Down Fee	
S		Automatic summary	70.00 CR
S		Automatic summary	70.00 CR
		Automatic summary	70.00 DB
Document totals:			0.00

S = Automatic summary

Printed 11/30/2004 16:09:54

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Original Document# 2750048 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90531 Description: HANGAR FEE  
Customer: 07-1790-10 ICHIYASU, CLIFFORD

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750049 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90532 Description: HANGAR FEE  
Customer: 07-1805-12 INGRAM, JOHN

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750050 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90533 Description: HANGAR FEE  
Customer: 07-1815-18 IRVIN, STEPHAN

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750051 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90534 Description: AUTO PARKING (& others)  
Customer: 07-1870-11 JOHNSON, OSCAR JR

Type	Category	Account number	Amount
Billing	apark Auto parking	R 520-120-2181	90.00 CR
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	415.00 CR
Document totals:			0.00

S = Automatic summary

Invoice  
11/30/2004 16:09:56

Invoice Posting List  
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Document#: 2750051 (continued)

Type	Category	Amount
S	Automatic summary	415.00 DB
Document totals:		415.00 CR

Document#: 2750052  
 Invoice#: 90535  
 Invoice#: 052839  
 Customer: 07-1910-17 KANE, JOHN J  
 Date: 11/30/2004 Post into: 05/2005  
 Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	Tie Down Fee	R 520-120-2161	70.00 CR
S	Automatic summary	B 520-48100	70.00 CR
S	Automatic summary	B 520-12500	70.00 DB
Document totals:			70.00 DB
			70.00 CR
			Difference:

Document#: 2750053  
 Invoice#: 90537  
 Invoice#: 052841  
 Customer: 07-1915-11 KASAKOFF, LLOYD  
 Date: 11/30/2004 Post into: 05/2005  
 Description: TIE DOWN PULL THRU FEE

Type	Category	Account number	Amount
Billing	Tie Down Pull Thru Fee	R 520-120-2161	100.00 CR
S	Automatic summary	B 520-48100	100.00 CR
S	Automatic summary	B 520-12500	100.00 DB
Document totals:			100.00 DB
			100.00 CR
			Difference:

Document#: 2750054  
 Invoice#: 90538  
 Invoice#: 052842  
 Customer: 07-1920-10 KEETON, JERRY  
 Date: 11/30/2004 Post into: 05/2005  
 Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			325.00 DB
			325.00 CR
			Difference:

*Due to error in billing,  
 Credit Account to reflect 0 balance  
 owed. January 2005 - payment should  
 state \$ 325/due*

S = Automatic summary

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Original Document# 2750055 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90539 Description: HANGAR FEE  
Customer: 07-1930-19 KILLAM, MARK

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750056 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90541 Description: HANGAR FEE  
Customer: 07-2175-19 LEVY, EDMUND B III

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750057 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90543 Description: HANGAR FEE  
Customer: 07-2250-16 LOTYSCH, MATTHEW

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Original Document# 2750058 Date: 11/30/2004 Post into: 05/2005  
Invoice# 90544 Description: HANGAR FEE  
Customer: 07-2275-13 LUZWICK, JOHN

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

P invoice  
11/30/2004 16:10:02

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Document#: 2750058 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750059 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90546 Description: TIE DOWN FEE  
Customer: 07-2313-17 MARTIN, HAROLD N

Type	Category	Account number	Amount
Billing	td		
S	Tie Down Fee	R 520-120-2161	70.00 CR
S	Automatic summary	B 520-48100	70.00 CR
S	Automatic summary	B 520-12500	70.00 DB

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750060 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90548 Description: HANGAR FEE  
Customer: 07-2456-16 MCQUOWN, KIRK

Type	Category	Account number	Amount
Billing	hangar		
S	Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750061 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90549 Description: AUTO PARKING  
Customer: 07-2460-10 MEMLEY AVIATION INC

Type	Category	Account number	Amount
Billing	apark		
S	Auto Parking	R 520-120-2181	30.00 CR
S	Automatic summary	B 520-48100	30.00 CR
S	Automatic summary	B 520-12500	30.00 DB

Document totals: 30.00 DB 30.00 CR Difference: 0.00

S = Automatic summary

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11/30/2004 16:10:05

Invoice Posting List  
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Document#: 2750062  
Original Document#: 90550  
Invoice#: 052854  
Customer: 07-2465-15 MILLER, CHRIS  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

=====  
Document#: 2750063  
Original Document#: 90551  
Invoice#: 052855  
Customer: 07-2480-12 MONTGOMERY, KEITH  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

=====  
Document#: 2750064  
Original Document#: 90552  
Invoice#: 052856  
Customer: 07-2500-10 MORGAN ENTERPRISES  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

=====  
Document#: 2750065  
Original Document#: 90553  
Invoice#: 052857  
Customer: 07-2535-11 MORTON, JOHN  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

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Document#: 2750065 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750066 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90554  
Customer: 07-2542-10 MURPHY, CYNTHIA Description: TIE DOWN PULL THRU FEE

*Close Acct December 2004  
Terminated lease Dec 1, 2004  
(Notified office)*

Type Category Account number Amount  
Billing tdpt Tie Down Pull Thru Fee R 520-120-2161 100.00 CR  
S Automatic summary B 520-48100 100.00 CR  
S Automatic summary B 520-12500 100.00 DB

Document totals: 100.00 DB 100.00 CR Difference: 0.00

Original Document#: 2750067 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90499  
Customer: 07-0450-18 NARR, CRAIG Description: HANGAR FEE

*New Address -  
21406 Ladeene Ave  
Torrance, CA 90503*

Type Category Account number Amount  
Billing hangar Hangar Fee R 520-120-2160 325.00 CR  
S Automatic summary B 520-48100 325.00 CR  
S Automatic summary B 520-12500 325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750068 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90555  
Customer: 07-2565-19 NAT'S AIRPORT CAFE Description: LEASE AGREEMENT

Type Category Account number Amount  
Billing lease Lease Agreement R 520-120-2162 2,434.77 CR  
S Automatic summary B 520-48100 2,434.77 CR  
S Automatic summary B 520-12500 2,434.77 DB

Document totals: 2,434.77 DB 2,434.77 CR Difference: 0.00

S = Automatic summary

P invoice  
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Document#: 2750069 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90556 Description: LEASE AGREEMENT  
Invoice#: 052860 Customer: 07-2566-16 NAT'S AIRPORT CAFE  
Customer: 07-2566-16 NAT'S AIRPORT CAFE  
=====

Type	Category	Account number	Amount
Billing	lease	R 520-120-2162	3,645.17 CR
S	Lease Agreement	B 520-48100	3,645.17 CR
S	Automatic summary	B 520-12500	3,645.17 DB
Document totals:			0.00

=====  
Document#: 2750070 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90558 Description: NORTHROP INSPECTION FEE  
Invoice#: 052862 Customer: 07-2630-10 NORTHROP INSPEC FEES  
Customer: 07-2630-10 NORTHROP INSPEC FEES  
=====

Type	Category	Account number	Amount
Billing	inspect Northrop Inspection Fee	R 520-120-2175	3,414.75 CR
S	Automatic summary	B 520-48100	3,414.75 CR
S	Automatic summary	B 520-12500	3,414.75 DB
Document totals:			0.00

=====  
Document#: 2750071 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90562 Description: HANGAR FEE  
Invoice#: 052866 Customer: 07-2680-10 O'ROURKE, TIM  
Customer: 07-2680-10 O'ROURKE, TIM  
=====

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

=====  
Document#: 2750072 Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90559 Description: HANGAR FEE  
Invoice#: 052863 Customer: 07-2650-12 ODLE, DAVID  
Customer: 07-2650-12 ODLE, DAVID  
=====

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

Invoice  
11/30/2004 16:10:12

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Document#: 2750072 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750073  
Document#: 90560  
Invoice#: 052864  
Customer: 07-2660-18 OLIVEIRA, STEVE  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Document#: 2750074  
Document#: 90561  
Invoice#: 052865  
Customer: 07-2668-14 OLIVERA, ANTONIO  
Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	tie Down Fee	R 520-120-2161	70.00 CR
S	Automatic summary	B 520-48100	70.00 CR
S	Automatic summary	B 520-12500	70.00 DB
Document totals:			0.00

Document#: 2750075  
Document#: 90563  
Invoice#: 052867  
Customer: 07-2770-10 PARK, DAVID  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

S = Automatic summary

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Original Document#: 2750076  
Invoice#: 90564  
Customer: 07-2810-10 PERNA, MARILYN  
Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	td	R 520-120-2161	70.00 CR
S		B 520-48100	70.00 CR
S		B 520-12500	70.00 DB
Document totals:			70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750077  
Invoice#: 90565  
Customer: 07-3090-15 ROSSO, JOHN A  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	325.00 CR
S		B 520-48100	325.00 CR
S		B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750078  
Invoice#: 90566  
Customer: 07-3095-10 ROUTH FAMILY TRUST  
Date: 11/30/2004 Post into: 05/2005  
Description: LEASE AGREEMENT

Type	Category	Account number	Amount
Billing	lease	R 520-120-2162	1,215.90 CR
S		B 520-48100	1,215.90 CR
S		B 520-12500	1,215.90 DB
Document totals:			1,215.90 DB 1,215.90 CR Difference: 0.00

Original Document#: 2750079  
Invoice#: 90567  
Customer: 07-3098-11 SALAZAR, RICK  
Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN PULL THRU FEE

Type	Category	Account number	Amount
Billing	tdtpt	R 520-120-2161	100.00 CR
S		B 520-48100	100.00 CR
S		B 520-12500	100.00 DB
Document totals:			100.00 CR 100.00 CR 100.00 DB

S = Automatic summary

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Document totals: 100.00 DB 100.00 CR Difference: 0.00

Original Document#: 2750080 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90568 Description: TIE DOWN FEE  
Customer: 07-3120-17 SAPPINGTON, STEVE

Type	Category	Account number	Amount
Billing	td	R 520-120-2161	70.00 CR
S		B 520-48100	70.00 CR
S		B 520-12500	70.00 DB
Document totals:			70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750081 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90569 Description: HANGAR FEE  
Customer: 07-3130-10 SARKHOSH, NADER

Type	Category	Account number	Amount
Billing	hangar	R 520-120-2160	325.00 CR
S		B 520-48100	325.00 CR
S		B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750082 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90570 Description: LEASE AGREEMENT  
Customer: 07-3155-10 SCHAF

Type	Category	Account number	Amount
Billing	lease	R 520-120-2162	2,000.00 CR
S		B 520-48100	2,000.00 CR
S		B 520-12500	2,000.00 DB
Document totals:			2,000.00 DB 2,000.00 CR Difference: 0.00

S = Automatic summary

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Document#: 2750083  
Document#: 90571  
Invoice#: 052875  
Customer: 07-3180-13 SCHUMACHER, SCOTT  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

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Document#: 2750084  
Document#: 90572  
Invoice#: 052876  
Customer: 07-3200-19 SCIVICQUE, RICHARD  
Date: 11/30/2004 Post into: 05/2005  
Description: AUTO PARKING

Type	Category	Account number	Amount
Billing	apark Auto Parking	R 520-120-2181	30.00 CR
S	Automatic summary	B 520-48100	30.00 CR
S	Automatic summary	B 520-12500	30.00 DB
Document totals:			0.00

=====  
Document#: 2750085  
Document#: 90573  
Invoice#: 052877  
Customer: 07-3260-15 SECURITY AVIATION INC  
Date: 11/30/2004 Post into: 05/2005  
Description: LEASE AGREEMENT

Type	Category	Account number	Amount
Billing	lease Lease Agreement	R 520-120-2162	3,219.50 CR
S	Automatic summary	B 520-48100	3,219.50 CR
S	Automatic summary	B 520-12500	3,219.50 DB
Document totals:			0.00

=====  
Document#: 2750086  
Document#: 90574  
Invoice#: 052878  
Customer: 07-3400-17 SIDLINGER COMPUTER CO  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
Billing	apark Auto Parking	R 520-120-2181	60.00 CR
S	Automatic summary	B 520-48100	385.00 CR
S = Automatic summary			

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Document#: 2750086 (continued)

Type	Category	Amount
S	Automatic summary	385.00 DB
Document totals:		385.00 DB

Date: 11/30/2004 Post into: 05/2005  
 Document#: 2750087  
 Invoice#: 90575  
 Invoice#: 052879 Description: HANGAR FEE  
 Customer: 07-3440-11 SIMPLYPTERS INC

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:		325.00 DB	325.00 CR
			Difference: 0.00

Date: 11/30/2004 Post into: 05/2005  
 Document#: 2750088  
 Invoice#: 90576  
 Invoice#: 052880 Description: AUTO PARKING (& others)  
 Customer: 07-3475-14 SKYLINK CHARTER, LLC

Type	Category	Account number	Amount
Billing	apark Auto Parking	R 520-120-2181	180.00 CR
Billing	lease Lease Agreement	R 520-120-2162	1,092.66 CR
S	Automatic summary	B 520-48100	1,262.66 CR
S	Automatic summary	B 520-12500	1,262.66 DB
Document totals:		1,262.66 DB	1,262.66 CR
			Difference: 0.00

Date: 11/30/2004 Post into: 05/2005  
 Document#: 2750089  
 Invoice#: 90577  
 Invoice#: 052881 Description: AUTO PARKING  
 Customer: 07-3500-11 SMITH, GLENN J

Type	Category	Account number	Amount
Billing	apark Auto Parking	R 520-120-2181	60.00 CR
S	Automatic summary	B 520-48100	60.00 CR
S	Automatic summary	B 520-12500	60.00 DB

S = Automatic summary

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Document#: 2750089 (continued)

Document totals: 60.00 DB 60.00 CR Difference: 0.00

Document#: 2750090  
Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90578  
Invoice#: 052882 Description: AUTO PARKING  
Customer: 07-3548-11 SMITH, LYNN P.

Type	Category	Account number	Amount
Billing	apark	Auto Parking	
S		Automatic summary	30.00 CR
S		Automatic summary	30.00 CR
		Automatic summary	30.00 DE

Document totals: 30.00 DB 30.00 CR Difference: 0.00

Document#: 2750091  
Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90579  
Invoice#: 052883 Description: HANGAR FEE  
Customer: 07-3555-16 SNIDER, JAMES

Type	Category	Account number	Amount
Billing	hangar	Hangar Fee	
S		Automatic summary	325.00 CR
S		Automatic summary	325.00 CR
		Automatic summary	325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750092  
Date: 11/30/2004 Post into: 05/2005  
Original Document#: 90580  
Invoice#: 052884 Description: HANGAR FEE  
Customer: 07-3560-17 SORENSON, MAYNARD D

Type	Category	Account number	Amount
Billing	hangar	Hangar Fee	
S		Automatic summary	325.00 CR
S		Automatic summary	325.00 CR
		Automatic summary	325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

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Document#: 2750093  
Invoice#: 90581  
Customer: 07-3651-12 STANLEY, LANG J  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Document#: 2750094  
Invoice#: 90536  
Customer: 07-1915-10 SWANSON, HILARY  
Date: 11/30/2004 Post into: 05/2005  
Description: TIE DOWN PULL THRU FEE

Type	Category	Account number	Amount
Billing	tdpt Tie Down Pull Thru Fee	R 520-120-2161	100.00 CR
S	Automatic summary	B 520-48100	100.00 CR
S	Automatic summary	B 520-12500	100.00 DB
Document totals:			0.00

Document#: 2750095  
Invoice#: 90582  
Customer: 07-3841-14 TATE, THOMAS E DDS  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Document#: 2750096  
Invoice#: 90542  
Customer: 07-2235-19 TERRY, TRUSTEE, DONALD  
Date: 11/30/2004 Post into: 05/2005  
Description: HANGAR/ELECTRICAL FEE

Type	Category	Account number	Amount
Billing	hangar Hangar/electrical Fee	R 520-120-2160	340.00 CR
S	Automatic summary	B 520-48100	340.00 CR
S	Automatic summary	B 520-12500	340.00 DB

*Delinquent Account.*

S = Automatic summary

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Document#: 2750096 (continued)

Document totals: 340.00 DB 340.00 CR Difference: 0.00

Original Document#: 2750097 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90545  
Customer: 07-2300-10 THURSTON, TIMOTHY D.  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	td		
S		R 520-120-2161	70.00 CR
S		B 520-48100	70.00 CR
S		B 520-12500	70.00 DB
Document totals:			70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750098 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90583  
Customer: 07-3960-13 TRAUB, G BRUCE  
Description: HANGAR FEE

Type	Category	Account number	Amount
Billing	hangar		
S		R 520-120-2160	325.00 CR
S		B 520-48100	325.00 CR
S		B 520-12500	325.00 DB
Document totals:			325.00 DB 325.00 CR Difference: 0.00

Original Document#: 2750099 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90584  
Customer: 07-4100-10 VANDENBERG, KENT  
Description: TIE DOWN FEE

Type	Category	Account number	Amount
Billing	td		
S		R 520-120-2161	70.00 CR
S		B 520-48100	70.00 CR
S		B 520-12500	70.00 DB
Document totals:			70.00 DB 70.00 CR Difference: 0.00

S = Automatic summary

Invoice Posting List  
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Original Document#: 2750100 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90557 Description: LEASE AGREEMENT  
Customer: 07-2620-14 VOUGHT AIRCRAFT

Type	Category	Account number	Amount
Billing	lease	R 520-120-2162	11,476.31 CR
S	Lease Agreement	B 520-48100	11,476.31 CR
S	Automatic summary	B 520-12500	11,476.31 DB
Document totals:			0.00

Original Document#: 2750101 Date: 11/30/2004 Post into: 05/2005  
Invoice#: 90585 Description: HANGAR FEE  
Customer: 07-4150-10 WALLENDER, TIMOTHY

Type	Category	Account number	Amount
Billing	hangar Hangar Fee	R 520-120-2160	325.00 CR
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 DB
Document totals:			0.00

Document#: 2750000 Date: 11/30/2004  
Reference: 520  
Description: airport - Fund 520 summary  
Post into: 05/2005

Account number	Description	Amount
B 520-48100	Automatic summary	55,635.31 CR
B 520-12500	Automatic summary	55,635.31 DB
R 520-120-2161	A/R invoice posting	2,300.00 CR
R 520-120-2160	A/R invoice posting	19,788.00 CR
R 520-120-2181	A/R invoice posting	930.00 CR
R 520-120-2162	A/R invoice posting	29,202.56 CR
R 520-120-2175	A/R invoice posting	3,414.75 CR
Document totals:		0.00

S = Automatic summary

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Invoice Posting List  
City of Hawthorne  
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Fund totals	Debits	Credits	Difference
520	55,635.31	55,635.31	0.00
Totals:	55,635.31	55,635.31	0.00

**EXHIBIT "E"**

**MEMORANDUM OF LEASE**

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

The City of Hawthorne  
4455 West 26<sup>th</sup> Street  
Hawthorne, California 90250  
Attention: City Manager and City Attorney  
Facsimile: (310) 970-7058

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**MEMORANDUM OF LEASE**

THIS MEMORANDUM OF LEASE ("Memorandum") is made as of \_\_\_\_\_, 200\_\_ by and between THE CITY OF HAWTHORNE, a municipal corporation ("**Landlord**"), and HAWTHORNE AIRPORT, LLC, a Delaware limited liability company ("**Tenant**").

Landlord and Tenant have entered into that certain Ground Lease dated as of January \_\_, 2004 ("**Lease**"), pursuant to which Landlord has ground leased to Tenant, and Tenant has ground leased from Landlord, that certain real property located in the City of Hawthorne, County of Los Angeles, State of California and more particularly described on Exhibit "A" attached hereto (the "**Leased Premises**"), all subject to the terms and covenants set forth in the Lease. Pursuant to the Lease Tenant also has the option to lease that certain real property described on Exhibit "B" attached hereto (the "**Option Premises**"). The purpose of this Memorandum is to give notice of the existence of the Lease and the provisions thereof, including without limitation provisions providing for the entry into a new ground lease following a foreclosure upon the circumstances described therein. To the extent that any provision of this Memorandum conflicts with any provision of the Lease, the Lease shall control.

This Memorandum may be executed in counterparts, each of which shall be an original, but all of which, together, shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the parties have executed this Memorandum as of the date first written above.

"LANDLORD"

THE CITY OF HAWTHORNE,  
a municipal corporation

By: *Richard Pente*  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

"TENANT"

HAWTHORNE AIRPORT, LLC,  
a Delaware limited liability company

By: *[Signature]*  
Name: *Jeff Hatten*  
Title: *Co-President*

By: *[Signature]*  
Name: *David R. Wehrly*  
Title: *manager*

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF LOS ANGELES )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public in and for said state, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public in and for said State

(SEAL)

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF LOS ANGELES )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public in and for said state, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public in and for said State

(SEAL)

**EXHIBIT "F"**

**FORM OF ESTOPPEL CERTIFICATE**

TENANT: \_\_\_\_\_  
DATE OF LEASE: \_\_\_\_\_  
PREMISES: \_\_\_\_\_

**ESTOPPEL CERTIFICATE**

To: Hawthorne Airport, LLC  
c/o Kearny Real Estate Company  
1900 Avenue of the Stars, Suite 320  
Los Angeles, CA 90067  
Attention: Mr. Jeffrey A. Dritley  
Facsimile: (310) 203-1850

Re: Hawthorne Airport, Hawthorne, California

The undersigned hereby certifies to Hawthorne Airport, LLC, a Delaware limited liability company ("HA") as follows:

1. The undersigned is the "Tenant" under the above referenced lease ("Lease") covering the above-referenced Premises ("Premises"). A true, correct and complete copy of the Lease (including all addendums, riders, amendments, modifications and supplements thereto) is attached as Exhibit "A".

2. The Lease constitutes the entire agreement between landlord under the Lease ("Landlord") and Tenant with respect to the Property and the Lease has not been modified, changed, altered or amended in any respect except as set forth above.

3. The term of the Lease commenced on \_\_\_\_\_ and, including any presently exercised option or renewal term, will expire on \_\_\_\_\_. Tenant has accepted possession of the Premises and is the actual occupant in possession and has not sublet, assigned or hypothecated Tenant's leasehold interest. All improvements to be constructed on the Property by Landlord have been completed and accepted by Tenant and any tenant construction allowances have been paid in full.

4. As of the date of this Estoppel Certificate, there exists no breach or default, nor state of facts which, with notice, the passage of time, or both, would result in a breach or default on the part of either Tenant or Landlord. To the best of Tenant's knowledge, no claim, controversy, dispute, quarrel or disagreement exists between Tenant and Landlord.

5. Tenant is currently obligated to pay annual rental in monthly installments of \$ \_\_\_\_\_ per month and monthly installments of annual rental have been paid through \_\_\_\_\_. No other rent has been paid in advance and Tenant has no claim or defense against Landlord under the Lease and is asserting no offsets or credits against either the rent or Landlord. Tenant has no claim against Landlord for any security or other deposits except \$ \_\_\_\_\_ which was paid pursuant to the Lease.

6. Tenant has no option or preferential right to purchase all or any part of the Premises (or the real property of which the Premises are a part) nor any right or interest with respect to the Property other than as Tenant under the Lease. Tenant has no right to renew or extend the terms of the Lease except \_\_\_\_\_.

7. Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other type of rental or other concession except as expressly set forth in the Lease.

8. There has not been filed by or against Tenant a petition in bankruptcy, voluntary or otherwise, any assignment for the benefit of creditors, any petition seeking reorganization or arrangement under the bankruptcy laws of the United States, or any state thereof, or any other action brought under said bankruptcy laws with respect to Tenant.

9. All insurance required of Tenant by the Lease has been provided by Tenant and all premiums paid.

10. The Premises contains \_\_\_\_\_ square feet of rentable/usable area.

This Certificate is made to HA in connection with HA entering into a ground lease with Landlord pursuant to which HA will assume Landlord's right, title and interest under the Lease. This Certificate may be relied on by HA and any other party who acquires an interest in the Premises in connection with such transaction or any person or entity which may finance such purchase.

Dated this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
"TENANT"

## EXHIBIT "G"

### FAA PROVISIONS AND REQUIREMENTS

#### LEASE AND USE AGREEMENT GUIDE

For Use by Airport Owners/Sponsors

#### Purpose

This Guide provides advisory guidance to assist sponsors in the preparation of airport leases and use agreements at airports that are obligated by federal grant agreements, surplus property or other conveyance instruments.

Grant agreements and conveyance instruments establish specific obligations for operating and maintaining public airports. This Guide includes basic provisions to be included in aeronautical and non-aeronautical leases or use agreements at airports subject to federal grant agreements and conveyance deed provisions. They represent covenants, conditions, and restrictions that are customarily included in various types of agreements conveying federal aid and airport assets. Note that Provisions #1 and #11 in this Guide contain obligatory language that must be included in all airport lease and use agreements.

Inclusion of the provisions contained in this Guide in lease and use agreements serves to extend the airport owner/sponsor's federal obligations to its relationship with airport tenants and users. It permits the explicit disclosure of federal obligations in airport agreements so airport owners/sponsors and tenants will share responsibility for complying with them. The provisions protect the airport owner/sponsor's rights and powers to manage and operate the airport in compliance with regulatory requirements. The provisions are appropriate for any lease, license, permit, contract, etc., for the right or privilege to provide services, accommodations and/or commodities to the public. They apply to both aeronautical and nonaeronautical activities.

Aeronautical Activities: Any activity that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations. Activities within this definition, commonly conducted at airports, include but are not limited to air taxi and charter operations, scheduled and nonscheduled air carrier services, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and services, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute, glider, balloon or ultralight activities and any other activities which, because of their direct relationship to the operation of aircraft, can appropriately be regarded as aeronautical activities.

Non-aeronautical activities: These include but are not limited to ground transportation (taxis, car rentals, limousines), restaurants, barber shops, auto parking lots, non-aviation businesses, recreational facilities and any other commodities, services, or accommodations made available to the general public that are of a non-aeronautical nature.

Definitions (For information purposes only)

**Assurance:** A provision contained in a federal grant agreement with which the recipient of federal airport development assistance has voluntarily agreed to comply in consideration of the assistance provided.

**Exclusive Right:** A power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. An exclusive right can be conferred by express agreement, by the imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right.

**Federal Obligation:** Used in the context of a federal grant program, federal airport development assistance, land transfers, or other federal aid. It refers to an airport sponsor's legal duty and responsibility to comply with the terms of conveyance instruments and grant agreements.

**Minimum Standards:** The qualifications or criteria which may be established by an airport owner as the minimum requirements that must be met by businesses engaged in on-airport aeronautical activities for the right to conduct those activities.

**Revenue Diversion:** The use of airport revenue for purposes other than the capital or operating cost of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property.

**Self-Sustaining:** The requirement to maintain a schedule of charges for use of the airport which will make the airport as self-sustaining as possible under the circumstances existing at the airport.

a) For aeronautical users, reasonable rates and charges that reflect the sponsor's cost of providing aeronautical services and facilities are satisfactory.

b) For non-aeronautical users, rates and charges must be based on the fair market value of the services and facilities provided.

#### **LEASE AND USE AGREEMENT PROVISIONS**

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this (deed, license, lease, permit, etc.) for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does

hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The (contractor, tenant, concessionaire, lessee) assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the (tenant, concessionaire, lessee) or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this Provision binds the contractors from the bid solicitation period through the completion of the contract.

**(The airport sponsor shall insert the third paragraph above in all airport contracts, leases, subcontracts, subleases and other agreements at all tiers, AC 150/5100-15A.)**

*(Additional information regarding civil rights and Disadvantaged Business Enterprise obligations can be obtained from the FAA Civil Rights Office.)*

The airport owner/sponsor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or views of the (lessee, licensee, permittee, etc.) and without interference or hindrance.

The airport owner/sponsor reserves the right, but shall not be obligated to the (lessee, licensee, permittee), to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the (lessee, licensee, permittee, etc.) in this regard.

This (lease, license, permit, etc.) shall be subordinate to the provisions and requirements of any existing or future agreement between the airport owner/sponsor and the United States, relative to the development, operation, or maintenance of the airport. Failure of the (lessee, licensee, permittee) or any occupant to comply with the requirements of any existing or future agreement between the lessor and the United States, which failure shall continue after reasonable

notice to make appropriate corrections, shall be cause for immediate termination of (lessee's, licensee, permittee's) rights hereunder.

There is reserved to the airport owner/sponsor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the (leased, licensed, permitted) premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operating on the airport premises.

The (lessee, licensee, permittee) agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the (leased, licensed, permitted) premises or in the event of any planned modification or alteration of any present or future building or structure situated on the (leased, licensed, permitted) premises.

The (lessee, licensee, permittee) by accepting this (lease, license, permit) agreement expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or building nor permit object of natural growth or other obstruction on the land leased hereunder above a height as determined by the application of the requirements of Title 14 CFR Part 77. In the event the aforesaid covenants are breached, the owner reserves the right to enter upon the land hereunder and to remove the offending structure or object or cut the offending natural growth, all of which shall be at the expense of the (lessee, licensee, permittee).

The (lessee, licensee, permittee) by accepting this (lease, license, permit) agrees for itself, its successors and assigns that it will not make use of the (leased, licensed, permitted) premises in any manner which might interfere with the landing and taking off of aircraft or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the owner reserves the right to enter upon the premises hereby (leased, licensed, permitted) and cause the abatement of such interference at the expense of the (lessee, licensee, permittee).

It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of U.S. Code 40103 (e) and 47107(a)(4).

This (lease, license, permit) and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport or the exclusive or nonexclusive use of the airport by the United States during the time of war or national emergency.

The (lessee, licensee, permittee) will furnish services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

***(In accordance with Grant Assurance #22.b, this provision must be included in any agreement, contract, lease, license, permit to engage in any aeronautical activity at the airport.)***

The (lessee, licensee, permittee) will conform to airport and Federal Aviation Administration safety and security rules and regulations regarding use of the airport operations area including runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; will complete and pass airfield safe driving instruction program when offered or required by the airport; and will be subject to penalties as prescribed by the airport for violations of the airport safety and security requirements.

662077.10/LA

EXHIBIT G

-5-

**FIRST AMENDMENT TO GROUND LEASE**

THIS FIRST AMENDMENT TO GROUND LEASE (this "**Amendment**") is entered into as of November <sup>AP</sup> 22 2005 ("**Effective Date**"), by and between THE CITY OF HAWTHORNE, a municipal corporation ("**Landlord**"), and HAWTHORNE AIRPORT, LLC, a Delaware limited liability company ("**Tenant**").

**RECITALS:**

A. Landlord and Tenant are parties to that certain Ground Lease dated as of January 3, 2005 (the "**Original Ground Lease**"), pursuant to which Landlord leased to Tenant and Tenant leased from Landlord certain real property located in the City of Hawthorne, County of Los Angeles, State of California and more particularly described herein (the "**Leased Premises**"). The Leased Premises are a portion of the municipal airport commonly known as the "Hawthorne Municipal Airport – Jack Northrop Field" (the "**Hawthorne Airport**").

B. As of the date of the Original Ground Lease, proper legal descriptions of the Leased Premises and the Option Premises had not been prepared and were not available to the parties. Such legal descriptions have since been prepared with respect to both the Leased Premises and the Option Premises and Landlord and Tenant now desire to enter into this Amendment in order to set forth and confirm the correct legal descriptions of the Leased Premises and the Option Premises. Such legal descriptions have also revealed that certain portions of the Hawthorne Airport which were originally believed to be within the Leased Premises are in fact not included and Landlord and Tenant desire to clarify and confirm such legal descriptions.

C. In addition, Landlord and Tenant desire to enter into this Amendment in order to reflect the parties understanding and acknowledgment that during the Term the operating hours of the Hawthorne Airport as currently established shall not be changed or altered by Landlord or any other party acting on behalf of Landlord without Tenant's consent.

D. The term "**Amended Ground Lease**" as used in this Amendment shall mean and refer to the Original Ground Lease as amended and modified by this Amendment.

E. All capitalized terms not otherwise specifically defined in this Amendment shall have meanings ascribed to such terms in the Original Ground Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Lease Commencement Date; Effective Date of Original Ground Lease. The parties hereby acknowledge and agree and wish to memorialize that the Lease Commencement Date (as defined in Section 1.1 of the Original Ground Lease) shall be deemed to be January 3, 2005. Also, the "Effective Date" set forth in the preamble of the Original Ground Lease is

incorrectly identified as January \_\_, 2004" whereas such "Effective Date" should and hereafter shall be deemed to be January 3, 2005.

2. Leased Premises. The parties hereby acknowledge and agree that the legal description of the Leased Premises includes the following (subject to the terms and provisions hereof):

- i. That certain real property referred to as Sections 1, 2, 4, 5, 6, 7, 9 and 11 as described on Exhibit A attached hereto;
- ii. That certain real property referred to as Sections 2-A2 and 5-A1, as described on Exhibit B attached hereto; and

For clarification purposes, the Leased Premises shall not include the following, it being understood and agreed that the following described real property shall not be subject to the Amended Ground Lease:

- i. That certain real property referred to as Sections 1-A, 2-A1 and 5A-2 as described on Exhibit C attached hereto.

3. Option Premises. The parties hereby acknowledge and agree that the legal description of the Option Premises (i.e., that certain real property referred to as Sections 3, 8 and 10) is set forth and described on Exhibit D attached hereto. In addition, the parties hereby acknowledge and agree that the legal description of the Option Premises includes the following (subject to the terms and provisions hereof):

- i. That certain real property referred to as Section 3-A1, as described on Exhibit E attached hereto; and
- ii. That certain real property referred to as Section 3-A2, as described on Exhibit F attached hereto; provided, however, such real property shall only be deemed to be part of the Option Premises for so long as the Improvements existing on such real property as of the date hereof remain on such real property; provided, further, in no event shall Tenant have any obligation to demolish or remove such existing improvements.

4. Operating Hours. Landlord hereby acknowledges and agrees that during the Term of the Amended Ground Lease (as set forth in Article 1 of the Original Ground Lease) neither Landlord nor any agency or other party acting on behalf of Landlord, shall take any action to change, alter or amend the operating hours of the Hawthorne Airport (as such existed as of the Lease Commencement Date) without the prior written consent of Tenant, which consent may be withheld in Tenant's sole and absolute discretion.

5. Exhibit B to Original Ground Lease Deletions and Modifications. The phrase "and billing" in item 15 of the "Airfield Maintenance – Maintaining Airfield" section on page 1 of Exhibit B attached to the Original Ground Lease is hereby deleted. The title of the "Tenant Obligations" Section on page 2 of Exhibit B attached to the Original Ground Lease is hereby

deleted and replaced with the title "HAWTHORNE AIRPORT, LLC, TENANT OBLIGATIONS". Item 5 of the "Airport Terminal Building Maintenance" section on page 2 of Exhibit B attached to the Original Ground Lease is hereby deleted and replaced the phrase "Clean lobby and hallway". The word "four" in item 6 of the "Airport Terminal Building Maintenance" section on page 2 of Exhibit B attached to the Original Ground Lease is hereby deleted and replaced with the word "two", and the phrase "refill air freshener device" shall be added to the end of said item 6. The phrase "and Suite 3" in item 7 of the "Airport Terminal Building Maintenance" section on page 2 of Exhibit B attached to the Original Ground Lease is hereby deleted.

5. Effect of This Amendment. Except as amended and/or modified by this Amendment, the Original Ground Lease (as may have been amended from time to time) is hereby ratified and confirmed and all other terms of the Original Ground Lease (as may have been amended from time to time) shall remain in full force and effect, unaltered and unchanged by this Amendment. In the event of any conflict between the provisions of this Amendment and the provisions of the Original Ground Lease (as may have been previously amended from time to time), the provisions of this Amendment shall prevail. Whether or not specifically amended by the provisions of this Amendment, all of the terms and provisions of the Original Ground Lease (as may have been amended from time to time) are hereby amended to the extent necessary to give effect to the purpose and intent of this Amendment.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Amendment attached thereto.

**[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]**

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the day and year first above written.

'LANDLORD':


THE CITY OF HAWTHORNE,  
a municipal corporation

By: *Richard Prentice*  
Name: RICHARD PRENTICE  
Title: CITY MANAGER

"TENANT":

HAWTHORNE AIRPORT, LLC,  
a Delaware limited liability company

By: *Jeff Willet*  
Name: Jeff Willet  
Title: Co-President  
By: *David Wehrly*  
Name: David Wehrly  
Title: Co-President

Approved as to  
Form  


**EXHIBIT "A"**

[Attached as the immediately following page(s)]

**PSOMAS**

**LEGAL DESCRIPTION**

**SECTION 1**

That portion of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 170.47 feet; thence northerly along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 230.76 feet to said northerly line; thence westerly, southwesterly and southerly along the northerly, northwesterly and westerly line of said Block A to the Point of Beginning.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.

Prepared under the direction of





John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

**PSOMAS**

LEGAL DESCRIPTION

SECTION 2

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That portion of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 170.47 feet to the True Point of Beginning; thence northerly along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 230.76 feet to said northerly line; thence along said northerly line and its easterly prolongation, South 89°58'46" East 200.00 feet to a line which bears at right angles to said northerly line and passes through a point which lies North 86°54'54" East 370.76 feet from the point of beginning; thence along last said line, South 0°01'14" West 219.91 feet to the line that bears North 86°54'54" East and which passes through the point of beginning; thence along said line, South 86°54'54" West 200.29 feet to the True Point of Beginning.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.

Prepared under the direction of



*[Handwritten Signature]*

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/06

Date

**PSOMAS**

**LEGAL DESCRIPTION**

**SECTION 4**

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That portion of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 370.76 feet to the True Point of Beginning; thence northerly along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 105.91 feet to a line parallel with and 114.00 feet southerly of said northerly line; thence along said parallel line, South 89°58'46" East 540.82 feet to line which bears at right angles to said northerly line and which passes through a point lying North 86°54'54" East 912.37 feet from the point of beginning; thence along said line, South 0°01'14" West 76.57 feet to the line that bears North 86°54'54" East and which passes through the point of beginning; thence along said line, South 86°54'54" West 541.61 feet to the True Point of Beginning.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

A handwritten signature in black ink, appearing to read "John Chiappe, Jr.", written over a horizontal line.

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

**P S O M A S**

**LEGAL DESCRIPTION**

**SECTION 5**

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Those portions of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County and the Southwest Quarter of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, described as follows:

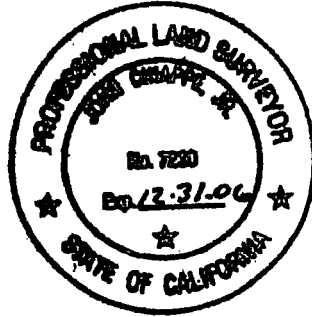
Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 912.37 feet to the True Point of Beginning; thence along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 190.57 feet to said northerly line; thence along said northerly line, South 89°58'46" East 365.02 feet to the westerly line of the east half of said Southwest Quarter; thence along said westerly line, North 0°01'27" East 40.00 feet to the northerly line of said Southwest Quarter; thence along said northerly line, North 89°57'43" East 724.38 feet to a line which bears at right angles to said northerly line and which passes through a point lying, North 86°54'54" East 2003.56 feet from the point of beginning; thence along said line, South 0°02'17" East 172.19 feet to the line that bears North 86°54'54" East; thence along said line, South 86°54'54" West 1091.18 feet to the True Point of Beginning

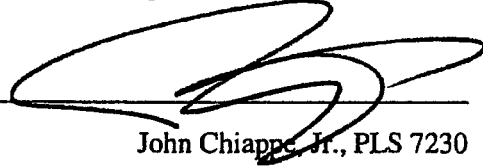
EXCEPT any portion thereof included within the lines of any public street or highway.

**PSOMAS**

1 This legal description is delineated on accompanying "Exhibit Map", is made a part  
2 hereof for reference purposes and is not intended to be used in the conveyance of land in  
3 violation of the Subdivision Map Act of the State of California.

Prepared under the direction of



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John Chiappe, Jr., PLS 7230

PSOMAS

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**P S O M A S**

LEGAL DESCRIPTION

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That portion of the South Half of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, in the City of Hawthorne, County of Los Angeles, State of California, described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 2003.56 feet to the True Point of Beginning; thence continuing along said line, North 86°54'54" East 1772.00 feet; thence northerly along a line which bears at right angles to the northerly line of said Half Section, North 0°00'30" West 77.39 feet to said northerly line; thence westerly along said northerly line to a line which bears at right angles to said northerly line and which passes through the True Point of Beginning; thence southerly along said line, South 0°02'17" East 85.50 feet; thence North 89°57'43" East 57.00; thence South 0°02'17" East 45.00 feet; thence South 89°57'43" West 57.00 feet to a line which bears at right angles to said northerly line and which passes through the True Point of Beginning; thence along said line South 0°02'17" East 41.96' to the True Point of Beginning

EXCEPT any portion thereof included within the lines of any public street or highway.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

*[Handwritten Signature]*

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

**PSOMAS**

LEGAL DESCRIPTION

**SECTION 7**

That portion of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, and the South Half of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, described as follows:

Beginning at the intersection of the southerly prolongation of the westerly line of Block A of said Tract No. 8636 and a line that bears North 87°04'23" East and which passes through a point on the easterly line of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, said point being southerly, South 0°08'47" West 358.31 feet along said Section line from the northeast corner of the Southeast Quarter of said Section; thence along said line, North 87°04'23" East 743.00 feet; thence southerly, along a line which bears at right angles to the southerly line of 122<sup>nd</sup> Street, formerly "Euclid Avenue", 60 feet wide, as shown on said Tract No. 8636, South 0°00'24" West 118.23 feet to a line parallel with and 705.00 feet southerly of the northerly line of the Southwest Quarter of said Section; thence westerly along said parallel line, North 89°58'46" West 742.06 feet to said southerly prolongation of the westerly line of Block A; thence northerly along said westerly line, North 0°01'54 East 80.02 feet to the Point of Beginning.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

John Chiappe, Jr., PLS 7230

PSOMAS

4/12/05

Date

**PSOMAS**

LEGAL DESCRIPTION

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That portion of the Southeast Quarter of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, in the City of Hawthorne, County of Los Angeles, State of California, described as follows:

Beginning at a point on a easterly line of said Section 10, said point being southerly South 0°08'47" West 358.31 feet along said section line from the northeast corner of the Southeast Quarter of said Section; thence South 87°04'23" West 1319.33 feet to the True Point of Beginning; thence South 2°55'37" East 279.87 feet to a line parallel with and 705.00 feet southerly of the northerly line of said Southeast Quarter; thence along said parallel line South 89°59'30" West 957.67 feet to a line which bears at right angles to said parallel line and which passes through a point which lies South 87°04'23" West 2263.98 feet from the point of beginning; thence northerly along said line, North 0°00'30" West 231.41 feet to the line which bears North 87°04'23" East; thence easterly along said line, North 87°04'23" East 944.65 feet to the True Point of Beginning.

EXCEPT any portion thereof included within the lines of any public street or highway.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

PSOMAS

LEGAL DESCRIPTION

SECTION 11

That portion of the Southeast Quarter of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, in the City of Hawthorne, County of Los Angeles, State of California, described as follows:

Beginning at a point on a easterly line of said Section 10, said point being southerly South 0°08'47" West 358.31 feet along said Section line from the northeast corner of the Southeast Quarter of said Section; thence South 87°04'23" West 608.89 feet; thence southerly along a line which bears at right angles to a line parallel with and 705.00 feet southerly of the northerly line of said Southeast Quarter, South 0°00'30" East 315.69 feet to said parallel line; thence along said parallel line, North 89°59'30" East 357.39 feet, thence North 0°00'30" West 82.00 feet to a line parallel with and 623.00 feet southerly of said northerly line of said Southeast Quarter; thence along said parallel line, North 89°59'30" East 250.00 feet to said easterly line of Section 10; thence along said easterly line, North 0°08'47" East 264.69 feet to the Point of Beginning.

EXCEPT any portion thereof included within the lines of any public street or highway.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.

Prepared under the direction of



*[Handwritten Signature]*

John Chiappe, Jr., PLS 7230

PSOMAS

*2/4/05*

Date

**EXHIBIT "B"**

[Attached as the immediately following page(s)]

**PSOMAS**

LEGAL DESCRIPTION

**SECTION 2-A2**

A 5.50 foot wide strip of land over that portion of 120<sup>th</sup> Street (formerly Raymond Avenue) as shown on the map of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, the southerly line of which is described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 170.47 feet; thence northerly along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 230.76 feet to said northerly line; thence along said northerly line, South 89°58'46" East 92.39 feet to the True Point of Beginning; thence along said northerly line, South 89°58'46" East 107.61.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.

Prepared under the direction of



A handwritten signature in black ink, appearing to read "John Chiappe, Jr.", written over a horizontal line.

John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

**PSOMAS**

**LEGAL DESCRIPTION**

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A 5.50 foot wide strip of land over that portion of 120<sup>th</sup> Street (formerly Raymond Avenue) as shown on the map of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, the southerly line of which is described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 912.37 feet; thence along a line which bears at right angles to the northerly line of Block D of said Tract No. 8636, North 0°01'14" East 190.57 feet to said northerly line and the True Point of Beginning; thence along said northerly line, South 89°58'46" East 365.02 feet to the westerly line of the east half of said Southwest Quarter.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.

Prepared under the direction of



A handwritten signature in black ink, appearing to read "John Chiappe, Jr.", written over a horizontal line.

John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

**EXHIBIT "C"**

[Attached as the immediately following page(s)]

**PSOMAS**

**LEGAL DESCRIPTION**

**SECTION 1-A**

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That portion of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 170.47 feet; thence northerly along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 230.76 feet to said northerly line and the True Point of Beginning; thence westerly along said northerly line to the beginning of a curve, concave southeasterly, having a radius of 30.00 feet, being tangent at it's southerly terminus to said westerly line of Block A and being the curved northerly boundary of said Block A; thence westerly, southwesterly and southerly along said curved northerly boundary to said westerly line of Block A; thence southerly along said westerly line of Block A to the beginning of a non-tangent curve, concave southeasterly, having a radius of 30.00 feet, being tangent at it's northerly terminus to a line parallel with and 0.50 feet southerly of said northerly line of Block A; thence northerly, northeasterly and easterly, along said curve to said parallel line; thence easterly along said parallel line to said line which bears at right angles to the northerly line of said Block A; thence northerly along said line, North 0°01'14" East 0.50 feet to the True Point of Beginning.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of  


John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

**PSOMAS**

**LEGAL DESCRIPTION**

**SECTION 2-A1**

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A 0.50 foot wide strip of land over that portion of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, the northerly line of which is described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 170.47 feet; thence northerly along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 230.76 feet to said northerly line and the True Point of Beginning; thence along said northerly line, South 89°58'46" East 92.39 feet.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

A handwritten signature in black ink, appearing to read "John Chiappe, Jr.", written over a horizontal line.

John Chiappe, Jr., PLS 7230

PSOMAS

11/20/05

Date

**P S O M A S**

**LEGAL DESCRIPTION**

**SECTION 5-A2**

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A 3 foot wide strip of land over that portion of the Southwest Quarter of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian in the City of Hawthorne, County of Los Angeles, State of California, the southerly line of which is described as follows:

Beginning at a point on the westerly line of Block A of Tract No. 8636, in said City, as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 912.37 feet; thence along a line which bears at right angles to the northerly line of Block D of Tract No. 8636, North 0°01'14" East 190.57 feet to said northerly line; thence along said northerly line, South 89°58'46" East 365.02 feet to the westerly line of the east half of said Southwest Quarter and the True Point of Beginning; thence North 89°55'34" East 115.19 feet.

EXCEPT any portion thereof included within the lines of any public street or highway.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

A large, stylized handwritten signature in black ink, appearing to read "John Chiappe, Jr.".

John Chiappe, Jr., PLS 7230

PSOMAS

11/12/05

Date

**EXHIBIT "D"**

[Attached as the immediately following page(s)]

**PSOMAS**

LEGAL DESCRIPTION

**SECTION 3**

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That portion of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 370.76 feet; thence northerly along a line which bears at right angles to the northerly line of said Block A, North 0°01'14" East 105.91 feet to a line parallel with and 114.00 feet southerly of said northerly line and the True Point of Beginning; thence continuing along said line, North 0°01'14" East 114.00 feet to the northerly line of said Block A; thence along said northerly line, South 89°58'46" East 540.82 feet to a line which bears at right angles to said northerly line and which passes through a point lying North 86°54'54" East 912.37 feet from the point of beginning; thence along said line, South 0°01'14" West 114.00 feet to a line parallel with and 114.00 feet southerly of said northerly line; thence along said parallel line, North 85°58'46" West 540.82 feet to the True Point of Beginning.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

A handwritten signature in black ink, appearing to be "John Chiappe, Jr.", written over a horizontal line.

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

**P S O M A S**

**LEGAL DESCRIPTION**

**SECTION 8**

Those portions of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County and the South Half of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, described as follows:

Beginning at the intersection of the southerly prolongation of the westerly line of Block A of said Tract No. 8636 and a line that bears North 87°04'23" East and which passes through a point on the easterly line of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, said point being southerly, South 0°08'47" West 358.31 feet along said Section line from the northeast corner of the Southeast Quarter of said Section; thence along said line North 87°04'23" East 743.00 feet to the True Point of Beginning; thence continuing along said line, North 87°04'23" East 2231.00 feet to a point which lies South 87°04'23" West 2263.98 feet from said point on the easterly line of said Section 10; thence southerly along a line which bears at right angles to a line parallel with and 705.00 feet southerly of the northerly line of the Southeast Quarter of said Section 10, South 0°00'30" East 231.41 feet to said parallel line; thence westerly along said parallel line and a line parallel with and 705.00 feet southerly of the northerly line of the Southwest Quarter of said Section 10, to a line which bears at right angles to the southerly line of 122<sup>nd</sup> Street, formerly "Euclid Avenue", 60 feet wide, as shown on said Tract No. 8636 and passes through the True Point of Beginning; thence northerly along said line, North 0°00'24" East 118.23 feet to the True Point of Beginning.

EXCEPT any portion thereof included within the lines of any public street or highway.

**PSOMAS**

1 This legal description is delineated on accompanying "Exhibit Map", is made a part  
2 hereof for reference purposes and is not intended to be used in the conveyance of land in  
3 violation of the Subdivision Map Act of the State of California.

Prepared under the direction of



*[Handwritten Signature]*

John Chiappe, Jr., PLS 7230

PSOMAS

4/12/05

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**P S O M A S**

LEGAL DESCRIPTION

**SECTION 10**

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That portion of the Southeast Quarter of Section 10, Township 3 South, Range 14 West, San Bernardino Meridian, in the City of Hawthorne, County of Los Angeles, State of California, described as follows:

Beginning at a point on a easterly line of said Section 10, said point being southerly, South 0°08'47" West 358.31 feet along said Section line from the northeast corner of the Southeast Quarter of said Section; thence South 87°04'23" West 1319.33 feet to the True Point of Beginning; thence South 2°55'37" East 279.87 feet to a line parallel with and 705.00 feet southerly of the northerly line of said Southeast Quarter; thence along said parallel line, North 85°59'30" East 695.27 feet; thence northerly along a line which bears at right angles to said parallel line and passes through a point South 87°04'23" West 608.89 feet from the point of beginning, North 0°00'30" West 315.69 feet to a line which bears South 87°04'23" West and passes through the Point of Beginning; thence along said line South 87°04'23" West 710.44 feet to the True Point of Beginning.

EXCEPT any portion thereof included within the lines of any public street or highway.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

*[Handwritten Signature]*

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

**EXHIBIT "E"**

[Attached as the immediately following page(s)]

**P S O M A S**

**LEGAL DESCRIPTION**

**SECTION 3-A1**

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4 That portion of 120<sup>th</sup> Street (formerly Raymond Avenue) as shown on the map of Tract  
5 No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per  
6 map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County,  
7 described as follows:

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9 Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point  
10 being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line  
11 of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21  
12 feet"; thence North 86°54'54" East 370.76 feet; thence northerly along a line which bears  
13 at right angles to the northerly line of Block B of said Tract No. 8636, North 0°01'14"  
14 East 219.91 feet to the northerly line of said Block B and the True Point of Beginning;  
15 thence easterly along said northerly line, South 89°58'46" East 540.82 feet to a line which  
16 bears at right angles to said northerly line and which passes through a point lying North  
17 86°54'54" East 912.37 feet from the Point of Beginning; thence along said line, North  
18 0°01'14" East 5.50 feet to a line parallel with and 5.50 feet northerly of said northerly line  
19 of Block B; thence westerly along said parallel line, North 89°58'46" West 209.67 feet;  
20 thence South 0°01'14" West 1.50 feet to a line parallel with and 4.00 feet northerly of  
21 said northerly line of Block A; thence westerly along said parallel line, North 89°58'46"  
22 West 9.22 feet; thence North 0°01'14" East 1.50 feet to a line parallel with and 5.50 feet  
23 northerly of said northerly line of Block B; thence westerly along said line, North  
24 89°58'46" West 321.93 feet to a line which bears at right angles to the northerly line of  
25 said Block B and passes through the True Point of Beginning; thence southerly along said  
26 line, South 0°01'14" West 5.50 feet to the True Point of Beginning.  
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**PSOMAS**

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This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.

Prepared under the direction of



A large, stylized handwritten signature in black ink, appearing to read "John Chiappe, Jr.".

John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

**EXHIBIT "F"**

[Attached as the immediately following page(s)]

**PSOMAS**

LEGAL DESCRIPTION

**SECTION 3-A2**

That portion of 120<sup>th</sup> Street (formerly Raymond Avenue) as shown on the map of Tract No. 8636, in the City of Hawthorne, County of Los Angeles, State of California as per map filed in Book 124, Pages 34 through 36, inclusive, of Maps, Records of said County, described as follows:

Beginning at a point on the westerly line of Block A of said Tract No. 8636, said point being South 0°01'54" West 210.00 feet from the northerly terminus of the westerly line of Lot 1 of said Tract No. 8636, shown as having a bearing and distance of "North 16.21 feet"; thence North 86°54'54" East 370.76 feet; thence northerly along a line which bears at right angles to the northerly line of Block B of said Tract No. 8636, North 00°01'14" East 219.91 feet to said northerly line of Block B; thence along said northerly line, South 89°58'46" East 78.70 feet; thence along a line which bears at right angles to said northerly line of Block B, North 00°01'14" East 5.50 feet to a line parallel with and 5.50 feet northerly of said northerly line of Block B and the True Point of Beginning; thence easterly along said parallel line, South 89°58'46" East 139.97 feet; thence North 0°01'12" East 2.96 feet; thence North 89°45'49" West 19.99 feet; thence South 89°58'40" West 100.11 feet; thence South 02°07'02" East 0.66 feet; thence South 89°20'53" West 19.92 feet to a line which bears North 00°37'32" West and passes through the True Point of Beginning; thence southerly along said line South 00°37'32" East 2.07 feet to the True Point of Beginning.

This legal description is delineated on accompanying "Exhibit Map", is made a part hereof for reference purposes and is not intended to be used in the conveyance of land in violation of the Subdivision Map Act of the State of California.



Prepared under the direction of

John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

**SECOND AMENDMENT TO GROUND LEASE**

THIS SECOND AMENDMENT TO GROUND LEASE (this "**Amendment**") is entered into as of June 13, 2006 ("**Effective Date**"), by and between THE CITY OF HAWTHORNE, a municipal corporation ("**Landlord**"), and HAWTHORNE AIRPORT, LLC, a Delaware limited liability company ("**Tenant**").

**R E C I T A L S :**

A. Landlord and Tenant are parties to that certain Ground Lease dated as of January 3, 2005 (the "**Original Ground Lease**"), pursuant to which Landlord leased to Tenant and Tenant leased from Landlord certain real property located in the City of Hawthorne, County of Los Angeles, State of California and more particularly described herein (the "**Leased Premises**"). The Leased Premises are a portion of the municipal airport commonly known as the "Hawthorne Municipal Airport – Jack Northrop Field" (the "**Hawthorne Airport**").

B. Landlord and Tenant are also parties to that certain First Amendment to Ground Lease dated as of November 22, 2005, pursuant to which Landlord and Tenant made clarifications regarding the proper legal descriptions of the Leased Premises, the operating hours of Hawthorne Airport, the effective date of the Original Ground Lease and Landlord's maintenance obligations.

C. Landlord and Tenant desire to enter into this Second Amendment to Ground Lease in order to reflect the parties understanding and acknowledgement that during the Term (i) the Landlord's right to continue use of the Management Office and Storage Space includes the right to rent all or portions of the Management Office and Storage Space to Tenant or other third parties, and (ii) any license or lease of the tarmac area in front of the current Northrop Grumman Corporation – leased hangar constituting 49,470 square feet is an Excluded Agreement under paragraph 3.1.3 of the Original Ground Lease.

D. The term "**Amended Ground Lease**" as used in this Amendment shall mean and refer to the Original Ground Lease as amended and modified by the First Amendment to Ground Lease.

E. All capitalized terms not otherwise specifically defined in this Second Amendment to Ground Lease shall have meanings ascribed to such terms in the Amended Ground Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Rental of Portions of the Management Office and Storage Space.

Paragraph 27 of the Amended Ground Lease is hereby amended by adding the following:

27.3 Landlord's Right to Rent all or Portions of the Management Office and Storage Space.

During the term of this Lease, Landlord shall have the right to lease all or portions of the Management Office, Storage Area and/or Police Helicopter Hanger, or in the event Tenant exercises its rights to relocate under Paragraph 27.2, all or portions of the relocated Management Office, Storage Area and/or Police Helicopter Hanger, to Tenant or other third parties.

(a) Commencing June 1, 2006, Landlord and Tenant agree that portions of the Management Office and Storage Area comprising 955 net square feet, which square footage is calculated as set forth in Exhibit A-1 and which is generally depicted in Exhibit A-2, both attached hereto and made a part hereof, shall be leased to Tenant at the rental rate of \$600.00 per month which rent shall be subject to CPI Adjustment in the same manner as CPI adjustments of Base Rent occur pursuant to Paragraph 3.4 of the Amended Ground Lease. Landlord and Tenant agree that such rent shall not be included as an Operating Expense of Tenant as defined in Paragraph 3.2.1(b) of the Amended Ground Lease as any such rent pertaining to the Management Office, Storage Space or Police Helicopter Hanger is in the nature of income derived from an Excluded Agreement under Paragraph 3.1.3. Consistent with Exhibit A-1, the proposed conference room shall be shared with Landlord on a 50/50 basis. The proposed line service equipment/lunch room shall be shared with the Landlord on a 30% Landlord/70% Tenant basis.

(b) Should Tenant cease leasing all or part of the Management Office as a conference room and Storage Area as a lunch room pursuant to Paragraph 27.3(a), then the Management Office and Storage Area, or the portions thereof that are no longer leased as a conference room and lunch room, respectively, shall revert back to Landlord's exclusive use; provided, however, that in such event there shall be a corresponding percentage reduction in rent due to Landlord.

2. License or Lease of Tarmac Area fronting Northrop Grumman Corporation-leased Hanger Constitutes an Excluded Agreement.

Paragraph 3 of the Amended Ground Lease is hereby amended by adding a new subparagraph (d) to Paragraph 3.1.3 as follows:

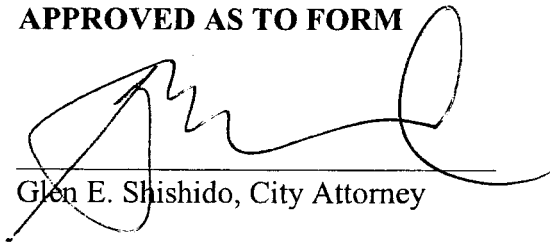
(d) Any license or lease of the tarmac area in front of the current Northrop Grumman Corporation – leased hanger constituting 49,470 square feet, which area is legally described in Exhibit B-1 and generally depicted in Exhibit B-2 both attached hereto and made a part hereof.

3. Effect of This Amendment. Except as amended and/or modified by this Amendment, the Amended Ground Lease is hereby ratified and confirmed and all other terms of the Amended Ground Lease shall remain in full force and effect, unaltered and unchanged by this Amendment. In the event of any conflict between the provisions of this Amendment and the provisions of the Amended Ground Lease, the provisions of this Amendment shall prevail. Whether or not specifically amended by the provisions of this Amendment, all of the terms and provisions of the Amended Ground Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this Amendment.

4. Counterparts. This Second Amendment to Ground Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Amendment attached thereto.

**[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]**

**APPROVED AS TO FORM**



Glen E. Shishido, City Attorney

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the day and year first above written.

"LANDLORD":

THE CITY OF HAWTHORNE,  
a municipal corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



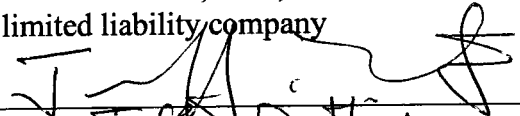
"TENANT":

HAWTHORNE AIRPORT, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



JEFF DRITLEY  
Co-President

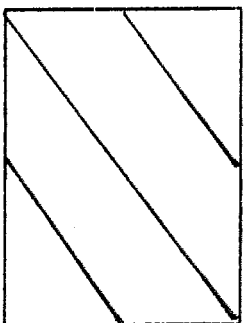
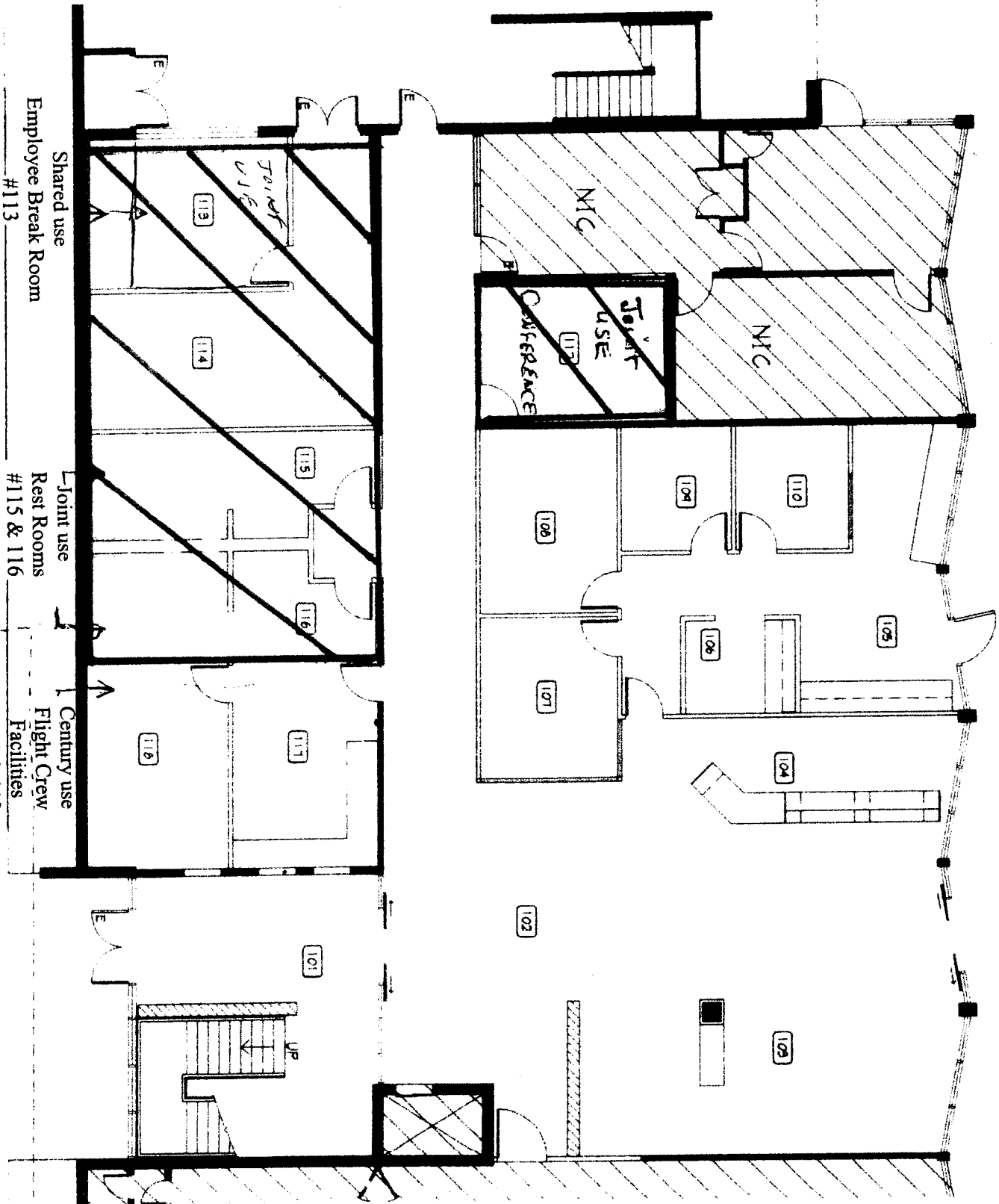
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Terminal Building

1)	Storage closet:	Square feet	32
2)	Locker/storage room:	Square feet	161
3)	Men's Washroom:	Square feet	80
4)	Women's washroom:	Square feet	37
5)	Lunch room:	Square feet	171
6)	Boiler Room:	Square feet	550
			70/30% split use (70% LLC) = 385 sq ft
7)	Purposed Conference room: (current office space)	Square feet	178
		50/50% split use	50% = 89 sq ft
	Total Square feet:		1,209 adjusted for use = 955 sq ft



Terminal area that was sole use by City prior to Agreement and leased to Hawthorne Airport, LLC

EXHIBIT A-2

1 PARTITION PLAN  
N.T.S.

**NORTHROP LICENSE AGREEMENT  
LEGAL DESCRIPTION**

That portion of the South one-half of Section 10, Township 3 South, range 14 West, San Bernardino Meridian, in the City of Hawthorne, County of Los Angeles, State of California, according to the Official Plat thereof, described as follows:

Beginning at a point distant 412.68 feet, S19°42'52"W from the National Geodetic Survey (NGS) Monument and the Primary Airport Control Station (PACS);  
Thence N 87°07'45"E, 400.84 feet; Thence southerly 135 feet to a point 2334.49 feet West of the centerline of Crenshaw Boulevard and 753.54 feet North of the centerline of Northrop Avenue; Thence S 89°47'39"W, 312.78 feet; Thence N 69°57'09"W, 15.41 feet; Thence N 89°24'03"W, 71.75 feet to a point 2535.73 feet East of the centerline of Prairie Avenue and 758.50 feet North of the centerline of Northrop Avenue; Thence Northerly 109 feet to the point of beginning.

The described land contains an area of 49,470 square feet.

EXHIBIT B-1

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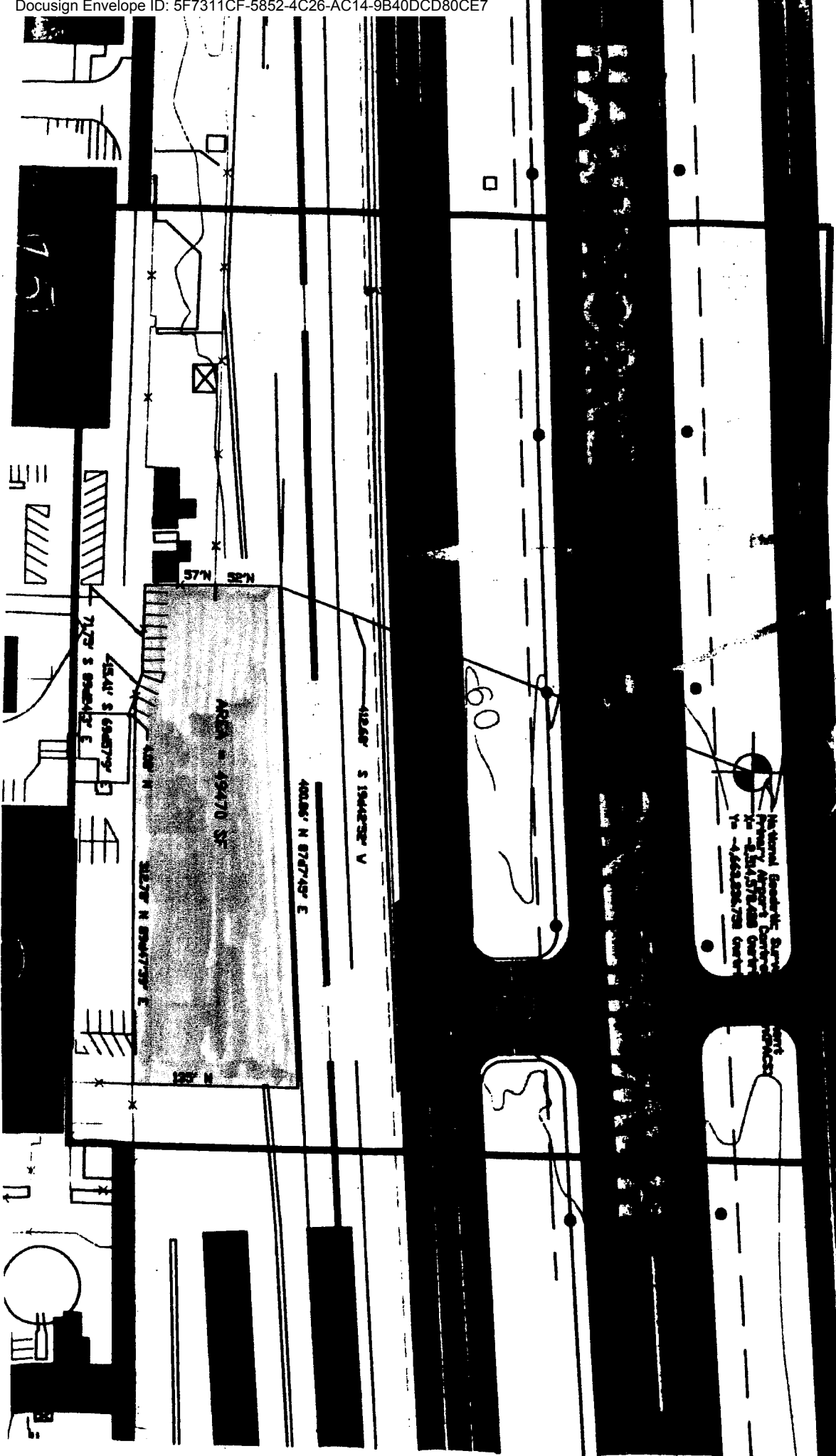


EXHIBIT B-2

### THIRD AMENDMENT TO GROUND LEASE

THIS THIRD AMENDMENT TO GROUND LEASE (this “Amendment”) is entered into as of \_\_\_\_\_, 2017 (“Effective Date”) by and between the CITY OF HAWTHORNE, a municipal corporation (“Landlord”) and HAWTHORNE AIRPORT, LLC, a Delaware limited liability company (“Tenant”).

#### RECITALS

A. Landlord and Tenant are parties to that certain Ground Lease dated as of January 3, 2005 (the “Original Ground Lease”), as amended by a First Amendment dated as of November 22, 2005 and a Second Amendment dated as of June 13, 2006 (collectively, the “Amended Ground Lease”).

B. Pursuant to the Amended Ground Lease, Landlord leased to Tenant and Tenant Leased from Landlord certain real property (the “Leased Premises”) that is a portion of the Airport commonly known as “Hawthorne Municipal Airport—Jack Northrup Field” (the “Airport”).

C. Section 27.1 of the Original Ground Lease reserved to Landlord the right to continuing use of the portion of the Leased Premises designated as the “Storage Area” and the “Police Helicopter Hangar.”

D. Tenant desires to build a new building at the location on Leased Premises where Storage Area and the Police Helicopter Hangar is located. Upon completion of the new building, tenant will provide to the City a permanent replacement for the Storage Area (the “New Storage Area”) and for the Police Helicopter Hangar (the “New Police Helicopter Hangar”).

E. Landlord and Tenant desire to amend the Amended Ground Lease to provide for the replacement of Landlord’s rights in the Storage Area and the Police Helicopter Hangar with rights in the New Storage Area and the New Police Helicopter Hangar. Landlord and Tenant further desire to amend the Amended Ground Lease to require that Tenant provide temporary facilities for use by Landlord during construction of the New Facility.

F. All capitalized terms not otherwise specifically defined in this Third Amendment shall have the meanings ascribed to such terms in the Amended Ground Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Temporary Storage Facilities. Tenant shall make available to Landlord for Landlord’s exclusive and continuous use temporary storage facilities of equivalent size to the Storage Area (the “Temporary Storage Facilities”). Tenant shall make such Temporary Storage

Facilities available to Landlord beginning not less than -14 days prior to the date that the Storage Area will become unavailable to Landlord. The Temporary Storage Facilities shall continue to be available to Landlord until not less than 14 days after the New Storage Area is fully completed and available for Landlord's use. The Temporary Storage Facilities shall be designated by Tenant and must be located on the Leased Premises.

2. Temporary Police Helicopter Hangar. Tenant shall make available to Landlord for Landlord's exclusive and continuous use not less than 45'x40' of space in Hangar 8 on the Leased Premises (the "Temporary Police Storage Space"). Tenant shall make such Temporary Police Storage Space available to Landlord beginning not less than 14 days prior to the date that the Police Helicopter Hangar will become unavailable to Landlord. The Temporary Police Storage Space shall continue to be available to Landlord until not less than 14 days after the New Police Helicopter Hangar is fully completed and available for Landlord's use. At all times between the date the Police Helicopter Hanger becomes unavailable to Landlord and the date the New Police Helicopter Hanger becomes available to Landlord, Tenant shall provide Landlord with use of Hanger Space (in addition to the Temporary Police Storage Space) on the Leased Premises that is appropriate for the storage and operation of the police helicopter owned by Landlord. Tenant may, from time to time request that the police helicopter be relocated between hangars in order to facilitate Tenant's use of its facilities for filming and events. The primary space shall be located in Hangar 16, except when Hangar 16 is unavailable due to filming or event use.

3. New Facility. The New Police Helicopter Hangar shall be located in a new 45'X60' hangar with a bathroom, 20 foot overall height with bifold gate (steel) building and 87 feet distance to the edge of the service road ramp space. to be located to the East of Hangar 3. This new hangar facility shall be served by 2 adjacent, dedicated, parking spaces. The New Storage Area shall include the following features:

- Three and a half (3.5) T-hangars shall be provided to City Airport staff to be located next to each other/adjacent on the back row (200 series) closest to the perimeter fence. The T-hangars are designated as 214, 215, 217, and half of 216.
- Tenant will install Ridge Vent at each T-Hangar for air circulation.
- Six (6) parking spaces will be designated for City vehicles next to the south perimeter fence adjacent to hangar 5.
- City Airport staff will use the bathroom next to hangar 5.
- An eye wash station will be installed next to the bathroom located next to hangar 5.
- A wash rack for City use will be installed west of the bathroom next to hangar 5. This wash rack will connect to the sewer and have the required filter.
- An office/break room 20 feet wide and 26 feet long will be provided to City Airport staff inside the T-hangars. This office space shall have insulation covered by drywalls, windows, AC unit and a doorway to the outside.
- 240-V Power Panel shall be provided by Tenant to the T-hangars newly assigned to the Airport staff.
- . Walls that are non-structural shall be thoroughly removed by Tenant to maximize use of the space and all affected (damaged) floor areas shall be thoroughly repaired. .

- The interior of the T-hangars used by Airport staff shall be painted by Tenant
- The roof of the T-hangars used by Airport staff shall be made leak proof by Tenant.

4. Plans for this facility are attached hereto as Exhibit "A" and incorporated herein by reference. Ownership of this facility shall vest in Landlord immediately upon completion of the facility and acceptance by Landlord. Tenant shall provide a warranty against defects for the facility for a period of 3 years. Tenant shall also provide, at tenant's sole expense, an interior wall separating the New Storage Area from the New Police Helicopter Hangar. The New Storage Area and the New Police Helicopter Hangar shall be subject to all provisions of Section 27 of the Amended Ground Lease and shall be treated as substitutes for the Storage Area and the Police Helicopter Hanger as described in the Amended Ground Lease. Except for the City owned four T-Hangar storage rooms and 40' by 40, open storage area, Terminal building offices that will remain as City owned and occupied areas and not subject to this amendment.

5. Rental. Except as provided in Section 27.3 of the Amended Ground Lease, in no event shall Landlord be required to pay any rent to Tenant as consideration for Landlord's use of any of the facilities described in Sections 1 through 3 of this Third Amendment. Tenant shall be responsible for all insurance, utilities and other expenses set forth in Section 27.1 of the Amended Ground Lease with respect to the temporary facilities described in Sections 1 and 2 of this Third Amendment.


6. Effect of this Agreement. Except as amended and/or modified by this Third Amendment, the Amended Ground Lease is hereby ratified and confirmed and all other terms of the Amended Ground Lease shall remain in full force and effect, unaltered and unchanged by this Third Amendment. In the event of any conflict between the provisions of this Third Amendment and the provisions of the Amended Ground Lease, the provisions of this Third Amendment shall prevail. Whether or not specifically amended by this Third Amendment, all of the terms and provisions of the Amended Ground Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this Third Amendment.

7. Counterparts. This Third Amendment may be executed in any number of counterparts, each of which shall be considered an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signatures thereon, provided such signature page is attached to any other counterpart identical thereto, except having additional signature pages executed by other parties to this Third Amendment.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be duly executed as of the date first above written.

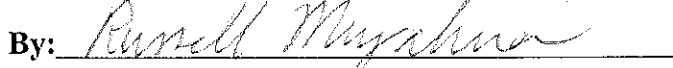
**"LANDLORD"**

THE CITY OF HAWTHORNE,  
a municipal corporation



By: \_\_\_\_\_  
Name: Arnold Shadbehr, City Manager

APPROVED AS TO FROM:



Name: Russell Miyahira  
Title: City Attorney for the City of Hawthorne

“TENANT”

Hawthorne Airport, LLC,  
a Delaware limited liability company



By: \_\_\_\_\_  
Name: Dave Wehrly  
Title: President, Hawthorne Airport, LLC

**FOURTH AMENDMENT TO GROUND LEASE**

This Fourth Amendment To Ground Lease (the “FOURTH AMENDMENT”) is entered into as of January 24, 2024 by and between the City of Hawthorne, a municipal corporation (“LANDLORD”) and Hawthorne Airport, LLC, a Delaware limited liability company (“TENANT”) (LANDLORD and TENANT are hereinafter sometimes referred to individually as “PARTY” or collectively as “PARTIES”).

**RECITALS**

A. WHEREAS, LANDLORD and TENANT are parties to: 1) the Ground Lease entered into as of January 3, 2005 (the “GROUND LEASE”), 2) the First Amendment To Ground Lease entered into as of November 22, 2005 (the “FIRST AMENDMENT”), 3) the Second Amendment To Ground Lease, entered into as of June 13, 2006 (the “SECOND AMENDMENT”), and the Third Amendment To Ground Lease entered into as of June 28, 2017 (the “THIRD AMENDMENT”) (hereinafter, the GROUND LEASE, the FIRST AMENDMENT, the SECOND AMENDMENT, and the THIRD AMENDMENT are collectively referred to as the “MGL”).

B. WHEREAS, pursuant to the GROUND LEASE, LANDLORD leased to TENANT and TENANT leased from LANDLORD certain portions of the Hawthorne Municipal Airport— Jack Northrop Field (the “AIRPORT”), specifically Sections 1, 2, 4, 5, 6, 7, 9, and 11 (the “ORIGINAL PREMISES”), as described in the GROUND LEASE and the FIRST AMENDMENT.

C. WHEREAS, the GROUND LEASE has a term of thirty-five (35) years, starting at the Lease Commencement Date. The GROUND LEASE provided TENANT with options to extend the term for two additional periods of five years each.

D. WHEREAS, the GROUND LEASE provides that TENANT, at its option, could lease and develop Section 7 and Section 8 of the AIRPORT. The GROUND LEASE noted that portions of the AIRPORT (the “VOUGHT/ZELMAN PREMISES”) had been leased by LANDLORD to Vought Airport Industries, Inc. since January 1, 1979 (the “VOUGHT LEASE”). The VOUGHT/ZELMAN PREMISES are located on small portions of sections 7 and 8 of the AIRPORT.

E. WHEREAS, LANDLORD leased the VOUGHT/ZELMAN PREMISES to Zelman Hawthorne, LLC (“ZELMAN”). ZELMAN in turn sub-leased the VOUGHT/ZELMAN PREMISES to Space Exploration Technologies Corp. (“SPACEX”).

F. WHEREAS, after TENANT a filed a lawsuit against LANDLORD, ZELMAN, and SPACEX, in the Superior Court of the State of California for Los Angeles (Case No. 22TRCV01306) (the “ACTION”) related to TENANT’s claims for possession of the

VOUGHT/ZELMAN PREMISES, TENANT entered into written settlement agreements with ZELMAN and SPACEX to settle the ACTION against ZELMAN and SPACEX.

G. WHEREAS, pursuant to the written settlement agreements between TENANT, ZELMAN, and SPACEX, and subject to settlement of the ACTION between TENANT and LANDLORD, the lease between LANDLORD and ZELMAN and the sub-lease between ZELMAN and SPACEX will be terminated and TENANT will enter into a new lease with SPACEX, pursuant to which TENANT will lease the VOUGHT/ZELMAN PREMISES to SPACEX and pass-through any rent collected from SPACEX to LANDLORD. The PARTIES acknowledge and agree that:

1. The new lease between TENANT and SPACEX shall not preclude TENANT'S future development of the VOUGHT/ZELMAN PREMISES.
2. As between TENANT and SPACEX, TENANT and SPACEX take the position that their new lease allows TENANT to develop the VOUGHT/ZELMAN PREMISES, subject to the requirements of the MGL and any necessary approval by LANDLORD, the Federal Aviation Administration, and/or any other applicable permitting or governing authority.
3. Any new lease between TENANT and SPACEX will, at minimum, be for \$9,166.00 per month in monthly rent (i.e., the same amount as the current monthly rent SPACEX pays to ZELMAN), subject to any applicable escalation clauses in the lease between ZELMAN and SPACEX. Notwithstanding the foregoing, if the future development of the VOUGHT/ZELMAN PREMISES results in a reduction of the usable leased space available to SPACEX, then: (i) the amount of monthly rent from the lease between TENANT and SPACEX may be reduced; and (ii) that reduced amount paid by SPACEX shall be passed through to LANDLORD by TENANT. If the rent is reduced based on the future development of the VOUGHT/ZELMAN PREMISES, the reduction shall be memorialized via written amendment with written notice given to LANDLORD.
4. ZELMAN has certain rights to step into the shoes of SPACEX and lease the VOUGHT/ZELMAN PREMISES from TENANT in the event that SPACEX exercises an option for an early termination of its lease with TENANT, and upon such an occurrence, TENANT will continue to pass-through any rent collected from ZELMAN to LANDLORD for the VOUGHT/ZELMAN PREMISES.

H. WHEREAS, TENANT and LANDLORD have a settlement with respect to the ACTION.

I. WHEREAS, TENANT and LANDLORD and confirm that based on: a) the construction previously completed by PLAINTIFF at the AIRPORT, b) PLAINTIFF'S two five

year extension rights provided for in Section 1.2 of the MGL, c) the automatic extension provisions provided for in Section 1.3 of the MGL, and d) in order to settle PLAINTIFF'S claims for damages as alleged in the LAWSUIT, that the PARTIES wish to enter into this FOURTH AMENDMENT to extend the term of the MGL through December 31, 2055.

J. WHEREAS, all capitalized terms not otherwise specifically defined in this FOURTH AMENDMENT shall have the meanings ascribed to such terms in the MGL.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

#### TERMS

1.) **Extension Of Term Of MGL**

The PARTIES agree and acknowledge that, pursuant to Sections 1.2 and 1.3 of the MGL, and based on the agreement of the PARTIES, the term for the MGL shall be extended through December 31, 2055. The MGL shall expire after 11:59:59 PM on December 31, 2055.

2.) **TENANT'S Nonresponsibility For Prior Damages**

The PARTIES agree and acknowledge that TENANT will not be responsible for any damages caused to the VOUGHT/ZELMAN PREMISES prior to the date that TENANT enters into a new lease with SPACEX.

3.) **TENANT'S AIRPORT Development Obligations**

The PARTIES agree and acknowledge that PLAINTIFF has complied with all conditions and completed all required actions under the MGL, as amended, for PLAINTIFF to apply for the further development of the VOUGHT/ZELMAN PREMISES and that there are no further approvals required for PLAINTIFF to obtain from the CITY to apply for the development of the VOUGHT/ZELMAN PREMISES.

4.) **Subordination To Grant Assurances**

TENANT acknowledges that, pursuant to Paragraph 10.6 of the GROUND LEASE, the MGL and this FOURTH AMENDMENT are subordinated to all applicable FAA Grant Assurances. TENANT acknowledges that it is of critical importance to LANDLORD that LANDLORD be in compliance with all FAA Grant Assurances.

5.) **Effect Of This FOURTH AMENDMENT**

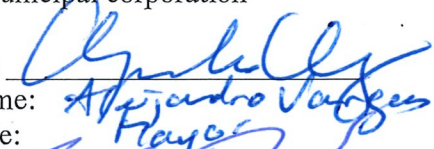
Except as amended and/or modified by this FOURTH AMENDMENT, the MGL and the prior amendments to the MGL are hereby ratified and confirmed and all other terms of the MGL and the prior amendments to the MGL shall remain in full force and effect, unaltered and unchanged by this FOURTH AMENDMENT. In the event of any conflict between the provisions

of this FOURTH AMENDMENT and the provisions of the MGL or the prior amendments to the MGL, the provisions of this FOURTH AMENDMENT shall prevail.


IN WITNESS WHEREOF, LANDLORD and TENANT have executed this FOURTH AMENDMENT as of the day and year first above written.

LANDLORD:

THE CITY OF HAWTHORNE,  
a municipal corporation


By:   
Name: Alejandro Vargas  
Title: Mayor

APPROVED AS TO FORM:

By:   
Name:  
Title: City Attorney for the City of Hawthorne

TENANT:

HAWTHORNE AIRPORT, LLC,  
A Delaware limited liability company  
Levi Stockton

By:   
Name: Levi Stockton  
Title: President

Digitally signed by: Levi Stockton  
DN: CN = Levi Stockton email =  
lstockton@hwyadvancedair.com C =  
AP  
Date: 2024.01.17 15:36:19 -0800

# EXHIBIT “B”

## Ground Sublease

## GROUND SUBLEASE

This Ground Sublease ("**Sublease**") is made effective as of July 1, 2011 ("**Effective Date**") by and between HAWTHORNE AIRPORT, LLC, a Delaware limited liability company (hereinafter referred to as "**Sublandlord**") and TERMINAL BUILDING, LLC, a California limited liability company (hereinafter referred to as "**Subtenant**") with regard to the following facts.

### R E C I T A L S :

A. Sublandlord and The City of Hawthorne, a municipal corporation (the "**Landlord**") are parties to (i) that certain Ground Lease dated as of January 3, 2005, (ii) that certain First Amendment to Ground Lease dated as of November 22, 2005, (iii) that certain Second Amendment to Ground Lease dated as of June 13, 2006 and (iv) that certain letter dated as of October 25, 2007 from Sublandlord to Landlord exercising Sublandlord's election with respect to a portion of the Property containing the Subleased Premises (hereinafter defined) (collectively, the "**Master Lease**", a copy of which is attached as **Exhibit "A"**) concerning certain real property located in the City of Hawthorne, Los Angeles, California and more particularly described on **Exhibit "A-1"** attached hereto and incorporated herein by reference (the "**Property**") located at the municipal airport commonly known as "Hawthorne Municipal Airport – Jack Northrop Field" (the "**Airport**").

B. Subtenant desires to sublease from Sublandlord a portion of that Property consisting of (i) the approximate 14,550 square foot "Terminal Building" having an address of 12101 Crenshaw Boulevard, Hawthorne, California 90250 and (ii) the north and west ramp areas (such areas being referred to collectively as the "Ramp Areas") located adjacent to the Terminal Building (the Terminal Building and the Ramp Areas being referred to collectively as the "**Subleased Premises**"), as depicted on **Exhibit "B"** attached hereto, and Sublandlord has agreed to sublease the Subleased Premises to Subtenant upon the terms, covenants and conditions herein set forth.

### A G R E E M E N T :

In consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. **Sublease**. Sublandlord hereby subleases and demises to Subtenant and Subtenant hereby hires and takes from Sublandlord the Subleased Premises. The Subleased Premises constitutes a portion of the Property and shall be surrendered to Sublandlord upon the expiration or earlier termination of this Sublease in good condition and repair, casualty damage excepted.

1.1 **Use of Common Areas**. Appurtenant to the Subleased Premises shall also be a nonexclusive right to use (1) the common areas and (2) all easements, licenses and other

rights of access over, upon and across all common areas of the Property and the Airport to which Sublandlord has access pursuant to the Master Lease. As used herein, the term "**common areas**" shall mean all areas and facilities within the Property and the Airport which are provided and designated from time to time by Sublandlord and Landlord for the general use and convenience of Subtenant and other tenants of the Property and their respective employees, agents and invitees. Notwithstanding the forgoing, Sublandlord shall, to the extent within Sublandlord's control, at all times allow Subtenant (and its tenants) reasonable ingress and egress to the Subleased Premises across the common areas from a public street adjacent to the Airport and to the Airport runways and taxiways; provided, however, in no event shall the common areas be used for vehicular parking or any other non-aviation related purpose.

1.2 Sublandlord's Reserved Rights. Subject to the limitations set forth herein, Sublandlord reserves the right to, from time to time, (i) install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Property leading through the Subleased Premises in locations which will not materially interfere with Subtenant's use thereof, (ii) relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Subleased Premises which are so located or located elsewhere outside the Subleased Premises, (iii) construct other buildings or improvements on the Property (other than the Subleased Premises), (iv) build additional stories on any building or buildings on the Property (other than the Subleased Premises), (v) lease any portion of the Property (other than the Subleased Premises) for the construction of improvements or buildings and (vi) reconfigure and/or restripe driveways, walkways, and taxiways. Sublandlord may modify or enlarge the common areas, alter or relocate accesses to the Subleased Premises and the Property, including both separate and common accesses and provisions of a separate access, or alter or relocate any common facility. Sublandlord shall not exercise rights reserved to it pursuant to this Section 1.2 in such a manner as to materially impair Subtenant's ability to conduct its activities in the normal manner (except as may be necessary for Sublandlord to comply with applicable law), however, the foregoing shall not limit or restrict Sublandlord's right to undertake reasonable construction activity and Subtenant's use of the Subleased Premises shall be subject to reasonable temporary disruption incidental to such activity diligently prosecuted. Sublandlord further reserves to itself the right, from time to time, to grant such non-exclusive easements, rights and dedications that Sublandlord deems necessary or desirable, and to cause the recordation of restrictions, so long as such easements, rights, dedications and restrictions do not materially interfere with the use of the Subleased Premises by Subtenant. Subtenant shall promptly sign any documents reasonably necessary to affect the aforementioned rights, upon request of Sublandlord and failure to do so shall constitute a material breach of this Sublease.

1.3 Tender of Possession. Subject to the terms and provisions of this Sublease, possession of the Subleased Premises pursuant to this Sublease shall be tendered and delivered by Sublandlord, and accepted by Subtenant, in its "**AS IS, WHERE IS**" condition as of the Commencement Date in accordance with Section 37 below.

1.4 Intangible Property. As part of this Sublease, Sublandlord agrees to assign for the term of the Sublease all intangible property (collectively, the "**Intangible Property**") owned or held by Sublandlord in connection with the Subleased Premises, including, but not limited to, (i) all leases and tenancy agreements identified on the rent roll including the amount

of security deposits held for each tenant (which is attached hereto as Exhibit "F") (said items being hereinafter collectively referred to as the "**Tenant Leases**"). The form of the Assignment and Assumption of Tenant Leases is attached hereto as Exhibit "G".

1.5 Sublandlord's Right to Develop Hangars. Notwithstanding anything contained in this Sublease to the contrary, Sublandlord shall have the exclusive right to construct, develop, lease, sell and operate one or more aircraft hangars (each, a "**Hangar**") within the portion of the Subleased Premises located west of the Terminal Building (which area is commonly referred to as the "West ramp area" and depicted on Exhibit "B") and to retain any and all income generated in connection with such Hangar(s). In addition to the foregoing, in the event that Sublandlord or any designee of Sublandlord develops a Hangar within the West ramp area of the Subleased Premises, then Sublandlord shall, from and after the completion of construction of such Hangar, also have the exclusive right to park vehicles and aircraft of other users and subtenants of the Property within an area located immediately in front of such Hangar and comprising an area identical in size and shape to the footprint of such Hangar.

1.6 Prorations. The following prorations, except as specifically provided herein to the contrary, shall be made as of the Effective Date and shall be applied to reduce or increase the balance of the Purchase Price, as applicable:

A. General. Prorations of (i) paid rents and other charges (including operating expenses) for the month in which Effective Date occurs, revenues, and other income, if any, from the Subleased Premises ("**Rentals**"), (ii) costs related to assumed contracts and (iii) taxes, assessments, and other expenses, if any, affecting the Subleased Premises shall be prorated as of 11:59 p.m. on the day prior to the Effective Date ("**Proration Date**"). It is agreed the Effective Date shall be an income and expense day for Subtenant. Sublandlord and Subtenant hereby acknowledge and agree, except to the extent referenced in the immediately prior sentence, Sublandlord shall be entitled to all Rentals accruing prior to the Effective Date and Subtenant shall be entitled to all Rentals accruing on and after the Effective Date.

B. Delinquent Rentals. For purposes of this Agreement, any Rentals (whether base rent or "pass-throughs") shall be deemed delinquent when payment thereof is past due as of the Proration Date ("**Delinquent Rentals**"). Delinquent Rentals shall not be prorated until collected pursuant to this paragraph. To the extent either Sublandlord or Subtenant collects any Delinquent Rentals after the Effective Date, such Delinquent Rentals shall be first applied to rent due Sublandlord not more than thirty (30) days past due as of the Effective Date, then to rent presently due Subtenant and the balance remitted to Sublandlord to the extent of any Delinquent Rentals relating to the period prior to the Effective Date and not previously credited to Sublandlord. Subtenant agrees to cooperate with Sublandlord's efforts to collect Delinquent Rentals. Sublandlord shall have the right to pursue and take any action against any tenant owing Delinquent Rentals relating to the period prior to the Effective Date; provided, however, Sublandlord agrees to take no action which would affect said tenant's use of or disturb said tenant's quiet possession of its premises. Other than as set forth in the immediately preceding sentence, Sublandlord shall have no right to pursue and/or take any action against any tenant owing Delinquent Rentals. Subtenant and Sublandlord agree to cooperate in a final reconciliation of tenant operating cost and tax pass-throughs and Sublandlord shall be entitled to payment, upon collection by Subtenant, of any additional amounts paid by tenants on account of

such taxes and expenses applicable to the period prior to the Effective Date. Sublandlord shall reimburse Subtenant, within ten (10) days following Subtenant's demand therefore, any amount of tenant operating cost and tax pass-throughs, in respect of periods preceding the Effective Date, that Subtenant is required to rebate to tenants as a consequence of such reconciliation. Notwithstanding anything to the contrary set forth above, all amounts payable to Sublandlord on account of readjustments with tenants relating to the period prior to the Effective Date shall be payable to Sublandlord without regard to the Delinquent Rentals priority referenced above.

C. Tenant Deposits. Subtenant shall be credited and Sublandlord shall be debited with an amount equal to all tenant deposits being held by Sublandlord as of the Proration Date.

D. Operating Expenses and Taxes. Operating Expenses (as defined in Section 3.4) and Taxes (as defined in Section 3.3) for the Property shall be prorated as of the Proration Date. Sublandlord shall be entitled to recover any and all deposits held by any utility company as of the Effective Date.

E. Other Items. All cash in any operating, reserve or other property accounts of Sublandlord on the Effective Date shall belong to Sublandlord.

F. Finality of Prorations. Unless otherwise provided herein, all prorations hereunder shall be final.

2. Term.

2.1 Term. The "**Term**" of this Sublease shall commence on the Effective Date (the "**Commencement Date**") and shall end, unless sooner terminated as provided herein or in the Master Lease, on the Lease Expiration Date of the Master Lease, which is currently expected to be November 1, 2053.

3. Rent.

3.1 Rent; Subtenant's Share. Subtenant shall pay to Sublandlord rent during the Term of this Sublease in an amount equal to Subtenant's Share of all "Rent" (as defined in the Master Lease) payable by Sublandlord to Landlord pursuant to the Master Lease (as may be amended from time to time) and as such amount may be adjusted from time to time pursuant to the terms and provisions of the Master Lease; Subtenant hereby acknowledges and agrees that Subtenant has been provided with and reviewed the Master Lease and is familiar with the "Rent" required to be paid by Sublandlord to Landlord thereunder. As used herein the term "**Subtenant's Share**" was determined by Sublandlord based on a percentage using (i) the square footage of the footprint of the Terminal Building and that portion of the Subleased Premises reserved to the exclusive use of Subtenant as the numerator (which Sublandlord and Subtenant hereby agree is 14,550 square feet) and (ii) the aggregate square footage of the Property which is developed or may be developed by Sublandlord for commercial purposes as the denominator, (which Sublandlord and Subtenant hereby agree is, as of the Effective Date of this Sublease, 227,711 square feet). Based on the foregoing, Sublandlord and Subtenant hereby acknowledge

and agree that Subtenant's Share shall be 6.4%. Base Rent and all other sums payable to Sublandlord hereunder are collectively referred to in this Sublease as "**rent**".

3.2 Late Charges; Interest on Past Due Obligations. If Subtenant fails to make any payment of rent or other sum which, from time to time, becomes due and payable by Subtenant to Sublandlord hereunder, within five (5) days after such payment becomes due, Subtenant shall be required to pay Sublandlord a late charge equal to five percent (5%) of the delinquent payment. Further, except as expressly herein provided, any amount which is payable by Subtenant to Sublandlord which is not paid when due shall bear interest from the date due at a rate equal to ten percent (10%) per annum. Payment of such interest shall not excuse or cure any default by Subtenant under this Sublease.

3.3 Taxes. Subtenant shall be responsible for and shall pay prior to delinquency all taxes and assessments, if any, levied against or by reason of all alterations and additions and all other items installed or paid for by Subtenant under this Sublease, and the personal property, trade fixtures and all of the property placed by Subtenant (or its tenants) in or about the Subleased Premises (collectively, the "**Subtenant Installed Property**"). Upon demand by Sublandlord, Subtenant shall furnish Sublandlord with satisfactory evidence of payment thereof. If at any time during the term of this Sublease any of the Subtenant Installed Property, shall be taxed or assessed as part of the Subleased Premises, then such tax or assessment shall be paid by Subtenant to Sublandlord immediately upon presentation by Sublandlord or copies of the tax bills in which such taxes and assessments are included and shall for the purposes of this Sublease, be deemed to be personal property taxes or assessments under this Section 3.3. In addition, Subtenant shall be responsible for paying any assessment, fee, levy or charge upon this transaction or any document to which Subtenant is a party, creating or transferring an interest or estate in the Subleased Premises. Except as provided above, Sublandlord shall pay real property taxes, if any, assessed against the Subleased Premises and such taxes shall be subject to reimbursement as an element of Operating Expenses (as defined below) except to the extent such taxes are paid as part of the Rent under the Master Lease.

3.4 Operating Expenses. In addition to payment of the rent described in Section 3.1 above, Subtenant shall pay to Sublandlord, Subtenant's Share of Operating Expenses (as defined below).

3.4.1 "**Operating Expenses**" are:

(i) To the extent Sublandlord maintains insurance policies for the benefit of the Subleased Premises and/or any improvements located thereon, the premiums for such policies;

(ii) Real Property Taxes (defined below) except to the extent such taxes are paid as part of the Rent under the Master Lease;

(iii) Expenses incurred by Sublandlord for (i) utilities paid by Sublandlord pursuant to Section 5.1 below, (ii) the maintenance or repair of the Subleased Premises pursuant to Section 12.2(iii) below and (iii) the operation, repair, refurbishment,

replacement, and maintenance of those common areas within the Subleased Premises other than those reserved for the exclusive use of Sublandlord or other subtenants;

(iv) A fair market administrative fee for management of the Property.

Notwithstanding anything to the contrary set forth above, all expenses related to the use, operation, maintenance, repair, refurbishment and/or replacement of the Hangar and the Ramp Areas (as defined in Section 1.5 above) shall be borne by Sublandlord and excluded from "Operating Expenses".

3.4.2 The amount of the Operating Expenses may be estimated by Sublandlord and the estimated amount of Subtenant's Share shall be payable monthly during each calendar year on the first (1<sup>st</sup>) day of each month together with the base rent. If Sublandlord requires payment of Operating Expenses on an estimated basis, the estimate shall be a reasonable estimate supported by written documents evidencing the total amount of Operating Expenses which shall be made available to Subtenant upon request. In the event that Subtenant pays to Sublandlord the Operating Expenses on an estimated basis, then, within a reasonable period following the expiration of each calendar year, Sublandlord shall deliver to Subtenant a reasonable detailed statement showing the amount of Operating Expenses incurred during such calendar year. If the amount of Subtenant's payments of estimated Operating Expenses made during a calendar year exceeds Subtenant's Share of the actual amount of the Operating Expenses for such calendar year, then Subtenant shall be entitled to credit in the amount of such overpayment against the next following payment of estimated Operating Expenses. If the amount of Subtenant's payments of estimated Operating Expenses paid during a calendar year was less than Subtenant's Share of the actual amount of Operating Expenses for such calendar year, then Subtenant shall pay to Sublandlord the amount of such deficiency within ten (10) days after delivery by Sublandlord to Subtenant of the detailed statement. Failure by Sublandlord to deliver a detailed statement of Operating Expenses incurred shall not affect Subtenant's obligation to pay Subtenant's Share of such expenses nor Sublandlord's right to collect them. The provisions of this Section 3.3.2 shall survive the expiration or earlier termination of this Sublease.

3.4.3 Real Property Taxes. As used herein, the term "**Real Property Taxes**" shall include any form of real estate or possessory interest tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, income or estate taxes) imposed on the Property and/or the Subleased Premises by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage, or other improvement district thereof, as against any legal or equitable interest of Sublandlord in the Subleased Premises and/or the Property, as against Sublandlord's right to rent or other income therefrom, and as against Sublandlord's business of leasing the Subleased Premises and/or the Property. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "Real Property Tax", or (ii) which is imposed as a result of a transfer, either partial or total, of Sublandlord's interest in the Subleased Premises and/or the Property or which is added to a tax or charge hereinbefore included within

the definition of Real Property Taxes by reason of such transfer. Notwithstanding the foregoing to the contrary, Real Property Taxes shall not include any tax, fee or assessment which is based upon any commercial enterprise operated by a third-party tenant or licensee at the Property.

3.4.4 Audit Rights. In the event Subtenant disputes the amount of the Operating Expenses for any particular year delivered, Subtenant shall have the right, at Subtenant's cost, after reasonable notice to Sublandlord, to have Subtenant's authorized employees (which may include Subtenant's own staff auditors) or its agents or representatives inspect and photocopy, at Sublandlord's offices during normal business hours, Sublandlord's books, records and supporting documents concerning the Operating Expense; provided, however, Subtenant shall have no right to conduct such inspection, have an audit performed by the "Accountant" as described below, or object to or otherwise dispute the amount of the Operating Expenses unless Subtenant notifies Sublandlord of such objection and dispute, completes such inspection, and has the Accountant commence and complete such audit within one (1) year immediately following Sublandlord's delivery of the particular statement of Operating Expenses in question (the "**Review Period**"); provided, further, that notwithstanding any such timely objection, dispute, inspection, and/or audit, and as a condition precedent to Subtenant's exercise of its right of objection, dispute, inspection and/or audit as set forth in this Section 3.3.4, Subtenant shall not be permitted to withhold payment of, and Subtenant shall timely pay to Sublandlord, the full amounts as required by the provisions of this Article 3 in accordance with such statement. However, such payment may be made under protest pending the outcome of any audit which may be performed by the Accountant as described below. In connection with any such inspection by Subtenant, Sublandlord and Subtenant shall reasonably cooperate with each other so that such inspection can be performed pursuant to a mutually acceptable schedule, in an expeditious manner and without undue interference with Sublandlord's operation and management of the Property. If after such inspection and/or request for documentation, Subtenant still disputes the amount of the Operating Expenses set forth in the statement, Subtenant shall have the right, within the Review Period, to cause an independent certified public accountant (which is not paid on a commission or contingency basis) mutually approved by Sublandlord and Subtenant, which approval shall not be unreasonably withheld or delayed (the "**Accountant**") to complete an audit of Sublandlord's books and records to determine the proper amount of the Operating Expenses incurred and amounts payable by Subtenant for the year which is the subject of such statement. Such audit by the Accountant shall be final and binding upon Sublandlord and Subtenant. If Sublandlord and Subtenant cannot mutually agree as to the identity of the Accountant within thirty (30) days after Subtenant notifies Sublandlord that Subtenant desires an audit to be performed, then the Accountant shall be one (1) of the "Big 4" accounting firms (which is not paid on a commission or contingency basis and is not one of Subtenant's principal accounting firms), as selected by Subtenant. If such audit reveals that Sublandlord has over-charged Subtenant, then within thirty (30) days after the results of such audit are made available to Sublandlord, Sublandlord shall reimburse to Subtenant the amount of such over-charge, together with interest on the amount of the over-charge at the Interest Rate. If the audit reveals that the Subtenant was under-charged, then within thirty (30) days after the results of such audit are made available to Subtenant, Subtenant shall reimburse to Sublandlord the amount of such under-charge. Subtenant agrees to pay the cost of such audit unless it is subsequently determined that Sublandlord's original Statement which was the subject of such audit overstated Operating Expenses by three percent (3%) or more of the actual Operating Expenses which was the subject of, and as determined by, such audit. The payment by

Subtenant of any amounts pursuant to this Article 3 shall not preclude Subtenant from questioning, during the Review Period, the correctness of the particular Statement in question provided by Sublandlord, but the failure of Subtenant to object thereto, conduct and complete its inspection and have the Accountant conduct the audit as described above prior to the expiration of the Review Period for such Statement shall be conclusively deemed Subtenant's approval of the Statement in question and the amount of Operating Expenses shown thereon. In connection with any inspection and/or audit conducted by Subtenant pursuant to this Section 3.3.4, Subtenant agrees to keep, and to cause all of Subtenant's employees and consultants and the Accountant to keep, all of Sublandlord's books and records and the audit, and all information pertaining thereto and the results thereof, strictly confidential, and in connection therewith, Subtenant shall cause such employees, consultants and the Accountant to execute such reasonable confidentiality agreements as Sublandlord may require prior to conducting any such inspections and/or audits.

4. Use of the Subleased Premises. Subtenant (and its tenants) shall use the Subleased Premises only for (1) on-going or similar operations within the Terminal Building, including one "fixed base operation" and one or more dining facilities, without the need for Sublandlord's consent or (2) other aircraft or aviation uses subject to (i) Sublandlord's prior written consent (which shall not be unreasonably withheld, conditioned or delayed) and (ii) to the extent required under the Master Lease, Landlord's prior written consent (collectively, the "**Permitted Use**"). Subtenant acknowledges that Landlord's express written consent is required for any use of the Subleased Premises as (A) a fuel distribution facility or (C) a flight school. Subtenant acknowledges that, as a condition to providing consent to use of the Subleased Premises for purposes other than the Permitted Use, Landlord may impose various fees and charges, all of which shall be timely and fully paid by Subtenant.

4.1 Standard of Conduct; Rules and Regulations. Subtenant's (and its tenants') activities at the Subleased Premises shall be established and conducted throughout the term hereof in a first class manner. Subtenant shall not use the Subleased Premises for or carry on or permit upon the Subleased Premises or the Property or any part thereof any offensive, noisy, or dangerous activity. Subtenant shall not do or permit anything to be done in or about the Subleased Premises or the Property, nor bring nor keep anything therein which will in any way cause the Subleased Premises or the Property to be uninsurable with respect to the insurance required by this Sublease or with respect to standard fire and extended coverage insurance with vandalism, malicious mischief and riot endorsements. Subtenant (and its tenants) shall comply with rules and regulations (together with any authorized amendment or supplement thereto) as shall be adopted by Landlord and/or Sublandlord in their reasonable discretion from time to time for the convenient, safe and efficient operation of the Property, including, without limitation, the rules attached hereto as Exhibit "C". Sublandlord agrees to enforce the rules and regulations on a non-discriminatory basis.

4.2 Compliance with Laws. Subtenant shall not use the Subleased Premises or permit the Subleased Premises to be used in whole or in part for any purpose or use that is in violation of any of the laws, ordinances, regulations or rules of any governmental agency or public authority of competent jurisdiction over the Subleased Premises. Subtenant shall keep the Subleased Premises equipped with all safety appliances required by law, ordinance or insurance on the Subleased Premises, or any order or regulation of any public authority because of

Subtenant's use of the Subleased Premises (including, without limitation, the federal Occupational Health and Safety Act of 1970, and the California Occupational Health and Safety Act of 1973). Subtenant (and its tenants) shall (i) use the Subleased Premises in strict accordance with all applicable ordinances, rules, laws and regulations and shall comply with all requirements of all governmental authorities now in force and which may hereafter be in force pertaining to the use of the Subleased Premises by Subtenant, including, without limitation, California Hazardous Waste Control Act (Health & Safety Code Section 25100, et seq.), California Underground Storage of Hazardous Substances Act (Health & Safety Code Section 25280, et seq.), California Hazardous Substances Account Act (Health & Safety Code Section 25300, et seq.), California Porter-Cologne Water Quality Control Act (Water Code Section 13000, et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.) and Resource Conservation and Recovery Act (42 U.S.C. 6901, et. seq.) and statutes and regulations applicable to noise, and air pollution, and (ii) make such alterations and additions thereto as may be required from time to time by such laws' ordinances, rules, regulations and requirements of governmental authorities, or insurance on the Subleased Premises because of Subtenant's use of the Subleased Premises. Sublandlord shall have no responsibility whatsoever for seeking any general plan amendment, rezone, map or other discretionary or ministerial license or permit whatsoever from any governmental agency of public authority which may be necessary for Subtenant's lawful possession and/or use of the Subleased Premises (including regulations of the Federal Aviation Administration and Department of Transportation).

4.3 Protective Covenants. Subtenant will (i) comply with any covenants, conditions, restrictions and regulations affecting the Property (including regulations of the Federal Aviation Administration and Department of Transportation), (ii) immediately give Sublandlord written notice of receipt by Subtenant of any notice of violation under any such covenants, conditions, restrictions and regulations and (iii) indemnify and hold Sublandlord harmless from any liability or costs (including reasonable attorneys' fees) indirectly or directly arising out of Subtenant's violation of any such covenants, conditions, restrictions and regulations other than violations resulting from the acts or omissions of Sublandlord constituting gross negligence or willful misconduct.

## 5. Utilities.

5.1 Payment. Beginning on the Commencement Date and continuing throughout the term of this Sublease, before delinquency, Subtenant shall pay all separately metered charges, if any, for water, gas, heat, electricity, power, sewer, telephone, janitorial or other services or utilities supplied to or consumed in or upon the Subleased Premises. If any of the utility services supplied to the Subleased Premises are not separately metered, then the amount thereof shall be an item of Operating Expenses. All utilities furnished to the common areas shall be included in Operating Expenses.

5.2 Interruption. There shall be no abatement of rent or other charges required to be paid hereunder and Sublandlord shall not be liable in damages or otherwise for interruption or failure of any service or utility furnished to or used in the Subleased Premises because of accident, making of repairs, alterations or improvement, severe weather, difficulty or inability in obtaining services or supplies, labor difficulties or any other cause.

6. Alterations.

6.1 Right to Make Alterations. Without consent from Sublandlord, Subtenant may make interior, non-structural alterations, additions and improvements to the Subleased Premises. Subtenant shall not make any exterior, structural alterations, additions or improvements to the Subleased Premises, or make any alterations, additions or improvements which materially interfere with the use of, or require alterations to, the common areas without first obtaining Sublandlord's (and, if required under the Master Lease, Landlord's) prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. All such alterations, additions and improvements shall be completed with due diligence in a first-class workmanlike manner and in compliance with (i) if approval of such plans and specifications is required, the plans and specifications approved by Sublandlord (and, if required, Landlord) and (ii) all applicable laws, ordinances, rules and regulations, including rules and regulations of the Federal Aviation Administration, the Department of Transportation, and the State of California, County of Los Angeles and the City of Hawthorne regulatory agencies. The process of obtaining Landlord's consent (if required) to any alterations, additions or improvements shall be coordinated through Sublandlord, and Subtenant shall not deal directly with Landlord in connection therewith.

6.2 Conditions to Make Improvements. In making any alterations or improvements to the Subleased Premises which Subtenant has a right to make, Subtenant shall comply with all of the following:

6.2.1 Bond. If the proposed alteration or improvement will reasonably cost more than \$50,000, then Sublandlord may require Subtenant to provide to Sublandlord, at Subtenant's sole cost and expense, a lien and completion bond in an amount equal to 150% of the estimated cost of such alterations or improvements to insure Sublandlord against any liability for mechanics and materialman's liens and to insure completion of the work.

6.2.2 Permits. Subtenant shall acquire, at Subtenant's sole cost and expense, all necessary building and other permits from appropriate governmental agencies and furnish copies thereof to Sublandlord prior to the commencement of the work. Subtenant shall comply with all conditions of such permits in a prompt and expeditious manner.

6.2.3 Notice. Subtenant shall give Sublandlord not less than ten (10) days' notice prior to the commencement of any work in the Subleased Premises, and Sublandlord shall have the right to post notices of non-responsibility in or on the Subleased Premises as provided by law.

6.2.4 Liens. Subtenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Subtenant at or for use in the Subleased Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Subleased Premises or any interest therein. If any lien is filed against the Subleased Premises or any interest therein for labor or materials furnished or alleged to have been furnished to or for Subtenant, Subtenant shall cause lien to be discharged of record within ten (10) days after it is filed. If Subtenant shall, in good faith, contest the validity of any such lien, claim or demand, then Subtenant shall, at its sole expense, defend itself and Sublandlord

against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Sublandlord or the Subleased Premises, upon the condition that if Sublandlord shall require, Subtenant shall furnish to Sublandlord, within ten (10) days after the lien is filed, a surety bond satisfactory to Sublandlord in an amount equal to 150% of such contested lien claim or demand (or such other amount as may be reasonably required by Sublandlord to release the lien claim or demand) indemnifying Sublandlord against liability for the same and releasing the Subleased Premises from the effect of such lien or claim. In addition, Sublandlord may require Subtenant to pay Sublandlord's attorney's fees and costs in participating in such action if Sublandlord shall decide it is to its best interest to do so.

6.3 Title to Alterations. Upon expiration or termination of this Sublease, all alterations, additions, and improvements installed upon the Subleased Premises shall become the property of Sublandlord; however, that the foregoing shall not apply to Subtenant's movable furniture, fixtures, equipment and other personal property and trade fixtures not affixed to the Subleased Premises.

6.4 Signage. Subtenant shall not construct nor permit the erection of any signs on the Subleased Premises, Premises or Airport without Sublandlord's prior written consent (and, if required, the consent of Landlord under the Master Lease) and compliance with applicable signage regulations of the City of Hawthorne. Any such approved signage shall be subject to the provisions of Sections 6.1 and 6.2 above as if the signage were an alteration. Upon expiration or termination of this Sublease, Subtenant shall remove all signage from the Subleased Premises and Premises and repair all damage resulting therefrom.

7. Maintenance and Repairs. The parties hereto acknowledge that insurance and maintenance costs in connection with the Subleased Premises and/or any improvements located thereon, including without limitation the Terminal Building, are entirely Subtenant's obligation; provided, however, Sublandlord shall be responsible at its own cost (and without reimbursement from Subtenant) for all expenses related to the use, operation, maintenance, repair, refurbishment and/or replacement of the Hangar and the Ramp Areas (as defined in Section 1.5 above). Subtenant shall keep or cause others to keep the Subleased Premises and improvements in good and clean order and first-class condition, and will promptly make or cause others to make all necessary or appropriate repairs, replacements and renewals thereof, whether interior or exterior, or structural or non-structural, necessary to maintain the Subleased Premises and improvements in good and clean order and condition, reasonable wear and tear excepted. Subtenant waives any rights created by any law now or hereafter in force to make repairs to the Subleased Premises or improvements at Sublandlord's expense. Sublandlord shall not be required to furnish any services or facilities or to make any repairs or alterations to the Subleased Premises or improvements and Subtenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Subleased Premises, improvements and any personal property located thereon.

8. Insurance.

8.1 Subtenant's Insurance. Subtenant shall procure and maintain in full force and effect during the term of this Sublease and for such other period as may be required herein,

insurance in the amounts and form specified in this Article 8 and in Exhibit "D" attached hereto and incorporated herein by reference.

8.2 Waiver of Subrogation. Sublandlord and Subtenant agree to have their respective insurance companies issuing property damage, worker's compensation insurance and loss of income and extra expense insurance waive any rights of subrogation that such companies may have against Sublandlord or Subtenant, as the case may be. Notwithstanding anything in this Sublease to the contrary, Sublandlord and Subtenant hereby waive any right that either may have against the other on account of any loss or damage if such loss or damage is insurable under the property damage or loss of income and extra expense insurance required to be maintained hereunder (this waiver extends to deductibles under such insurance).

8.3 Increase in Premiums. Subtenant shall do all acts and pay all expenses necessary to insure that the Subleased Premises are not used for purposes prohibited by any applicable insurance, and that Subtenant's use of the Subleased Premises complies with all requirements necessary to obtain any such insurance. In the event Subtenant uses or permits the Subleased Premises to be used in a manner which increases the existing rate of any insurance carried by Sublandlord, Subtenant shall pay the amount of the increase in premium caused thereby, and Sublandlord's costs of obtaining other replacement insurance policies, including any increase in premium, within ten (10) days after demand therefor by Sublandlord.

9. Right of Entry. Sublandlord and its authorized representatives may enter the Subleased Premises at any time(s) during the term of this Sublease during normal business hours and upon not less than one (1) business day's prior notice, except in the case of an emergency, for the purpose of inspecting and determining the condition of the Subleased Premises or for any other proper purpose including, without limitation, to make repairs, replacements or improvements which Sublandlord may reasonably deem necessary, to post notices or non-responsibility and any other purpose permitted by law. Sublandlord shall not be liable for inconvenience, annoyance, disturbance, loss of business, quiet enjoyment or other damage or loss to Subtenant by reason of making any repairs or performing any work upon the Subleased Premises and the obligations of Subtenant under this Sublease shall not thereby be affected in any manner whatsoever; provided however, Sublandlord shall use reasonable efforts to minimize the inconvenience to Subtenant's normal operations caused thereby and shall not make inspections of the Subleased Premises more than two (2) times in any consecutive 12-month period.

10. Quiet Enjoyment. Sublandlord covenants that Subtenant, upon paying the rent and other amounts required to be paid hereunder and performing its obligations hereunder and subject to all the terms and conditions of this Sublease, shall peacefully and quietly have, hold and enjoy the Subleased Premises, as against all persons claiming by, through or under Sublandlord, throughout the term of this Sublease, or until this Sublease is earlier terminated as provided by this Sublease and/or the Master Lease.

11. Casualty and Taking by Eminent Domain. If during the term of this Sublease, (i) the Subleased Premises or any substantial part thereof are damaged by fire or other casualty or (ii) the Subleased Premises or any portion thereof is taken by eminent domain or by action in lieu thereof, Subtenant's rights and obligations with respect to repair, reconstruction, termination,

abatement and use of insurance proceeds shall be subject to the rights and obligations under the Master Lease. To the extent the provisions of the Master Lease pertaining to casualty or eminent domain do not conflict with the provisions below, then the following provisions shall, as between Sublandlord and Subtenant, apply:

11.1 Casualty; Repair of Damage by Sublandlord. Subtenant shall promptly notify Sublandlord of any damage to the Subleased Premises resulting from fire or any other casualty. If the Subleased Premises shall be damaged by fire or other casualty, Subtenant shall, subject to Article 7 above, promptly and diligently restore all leasehold improvements in the Subleased Premises. Notwithstanding anything contained in this Sublease to the contrary, Sublandlord shall not be liable for any inconvenience or annoyance to Subtenant, or injury to Subtenant's business resulting in any way from such damage or the repair thereof. The provisions of this Section constitute an express agreement between Sublandlord and Subtenant with respect to any and all damage to, or destruction of, all or any part of the Subleased Premises or the Property, and any statute, regulation or case law of the State of California, including without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to termination rights arising from damage or destruction shall have no application to this Sublease or any damage or destruction to all or any part of the Subleased Premises, Premises or Airport.

11.2 Subtenant's and Sublandlord's Rights Upon Condemnation. If, during the term of this Sublease, the Subleased Premises and/or the Property, or any substantial part thereof, are taken by eminent domain or by reason of any public improvement or condemnation proceeding, or in any manner by exercise of the right of eminent domain including any transfer in avoidance of an exercise of the power of eminent domain, this Sublease shall terminate as to the entire Subleased Premises at Subtenant's or Sublandlord's election by written notice given within sixty (60) days after the taking has occurred. If neither party elects to terminate this Sublease as hereinabove provided, Sublandlord shall repair and restore the Subleased Premises as nearly as reasonably possible to the condition existing before the taking to the extent of condemnation proceeds received by Sublandlord. If neither party terminates this Sublease as hereinabove provided, this Sublease shall continue in full force and effect, except that rent and Subtenant's Share of Operating Expenses shall be apportioned according to the ratio that the square footage of the Subleased Premises remaining following such taking bears to the square footage of the Subleased Premises prior to the taking. Each party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either part to petition the Superior Court to terminate this Sublease in the event of a partial condemnation of the Subleased Premises.

11.3 Reservation of Compensation. Sublandlord reserves, and Subtenant waives and assigns to Sublandlord, all rights to any award or compensation for damage to the Subleased Premises, Premises and the leasehold estate created hereby, occurring by reason of any taking in any condemnation or eminent domain proceeding or anything lawfully done by public authority; however, Subtenant shall be entitled to any compensation or damages paid for (1) the taking of the Terminal Building, (2) Subtenant's moving expenses, trade fixtures and equipment and (3) the cost of any leasehold improvements in the Subleased Premises, but only to the extent of the then remaining unamortized cost of such improvements computed on a straight line basis over the term of this Sublease.

## 12. Default; Remedies.

12.1 Events of Default. The occurrence of any of the following shall constitute an event of default on the part of Subtenant:

(i) Intentionally deleted;

(ii) Nonpayment. Failure to pay any amount payable to Sublandlord hereunder when due and such failure continues for five (5) business days after receipt of written notice of such failure from Sublandlord;

(iii) Other Obligations. Failure to perform any obligation, agreement, or covenant under this Sublease, and such failure continuing for twenty (20) days after written notice of such failure. If it is not possible to cure such default within twenty (20) days, Subtenant shall commence cure within said twenty (20) day period and shall proceed diligently to complete cure. The twenty (20) day written notice described above shall be served in accordance with California Code of Civil Procedure Section 1162 and shall be the same notice and in lieu of any other required by California Code of Civil Procedure Section 1161;

(iv) General Assignment. A general assignment by Subtenant for the benefit of creditors;

(v) Bankruptcy. The filing of any voluntary petition in bankruptcy by Subtenant, or the filing of an involuntary petition by Subtenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days. If under applicable law the trustee in bankruptcy or Subtenant has the right to affirm this Sublease and continue to perform the obligations of Subtenant hereunder, such trustee or Subtenant shall (notwithstanding any time period as may be permitted by the bankruptcy court having jurisdiction) within thirty (30) days after the filing of the petition in bankruptcy, cure all defaults of Subtenant hereunder outstanding as of the date of the affirmance of this Sublease and provide to Sublandlord such adequate assurances as may be necessary to ensure Sublandlord of the continued performance of Subtenant's obligations under this Sublease. Specifically, but without limiting the generality of the foregoing, such adequate assurances must include assurances that the Subleased Premises continue to be operated only for the use permitted hereunder. The provisions hereof are to assure that the basic understandings between Sublandlord and Subtenant with respect to Subtenant's use of the Subleased Premises and the benefits to Sublandlord therefrom are preserved, consistent with the purpose and intent of applicable bankruptcy laws;

(vi) Receivership. The employment of a receiver appointed by court order to take possession of substantially all of Subtenant's assets or the Subleased Premises, if such receivership remains undissolved for a period of thirty (30) days;

(vii) Attachment. The attachment, execution or other judicial seizure of all or substantially all of Subtenant's assets at the Subleased Premises, if such attachment or other seizure remains undismissed or undischarged for a period of thirty (30) days after the levy thereof;

(viii) Insolvency. The admission by Subtenant in writing of its inability to pay its debts as they become due, the filing by Subtenant of a petition seeking any reorganization

arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the filing by Subtenant or an answer admitting or failing timely to contest a material allegation of a petition filed against Subtenant in any such proceeding or, if within thirty (30) days after the commencement of any proceeding against Subtenant seeking any reorganization or arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed; and

(ix) Intentionally deleted.

(x) Intentionally deleted.

12.2 Remedies. In the event of any such event of default by Subtenant, Sublandlord may at any time thereafter, with or without notice of demand and without limiting Sublandlord in the exercise of any right or remedy which Sublandlord may have by reason of such default, exercise any of the following remedies:

(i) Termination: Damages. Sublandlord may terminate Subtenant's right to possession of the Subleased Premises by any lawful means, in which case this Sublease shall terminate and Subtenant shall immediately surrender possession of the Subleased Premises to Sublandlord. In such event, Sublandlord shall be entitled to recover from Subtenant all damages incurred by Sublandlord by reason of Subtenant's default, including, but not limited to: (i) the cost of recovering possession of the Subleased Premises; (ii) expenses of reletting, including necessary renovation and alteration of the Subleased Premises, reasonable attorneys' fees, and any real estate commission actually paid; (iii) the worth at the time of award by the court of the unpaid rent which has been earned at the time of termination; (iv) the worth at the time of award (by the court) of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Subtenant proves could have been reasonably avoided; (v) the worth at the time of award of the amount by which the unpaid rent for the balance of the term of this Sublease after the time of awards exceeds the amount of such rental loss that Subtenant proves could be reasonably avoided; and (vi) any other amount necessary to compensate Sublandlord for all detriment proximately caused by Subtenant's failure to perform its obligations under this Sublease or which in the ordinary course of things would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in clauses (iii) and (iv) will be computed by allowing interest at the Interest Rate commencing on the first day a breach occurs. The "worth at the time of award" of the amount referred to in clause (v) is computed by multiplying such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(ii) Continuation of Sublease. Sublandlord may maintain Subtenant's right to possession in which case this Sublease shall continue in effect whether or not Subtenant shall have abandoned the Subleased Premises. In such event, Sublandlord shall be entitled to enforce all of Sublandlord's rights and remedies under this Sublease, including the right to recover the rent as it becomes due hereunder. Sublandlord has the remedy described in California Civil Code Section 1951.4 (Sublandlord may continue the Sublease in effect after Subtenant's breach and abandonment and recover rent as it becomes due, if Subtenant has the right to sublet or assign, subject only to reasonable limitations).

(iii) Sublandlord's Right to Perform. Except as specifically provided otherwise in this Sublease, all covenants and agreements by Subtenant under this Sublease shall be performed by Subtenant at Subtenant's sole cost and expense and without any abatement or offset of rent. If Subtenant shall fail to pay any sum of money (other than minimum rental) or perform any other act on its part to be paid or performed hereunder and such failure shall continue for three (3) days with respect to monetary obligations (or ten (10) days with respect to non-monetary obligations) after Subtenant's receipt of written notice thereof from Sublandlord, Sublandlord may, without waiving or releasing Subtenant from any of Subtenant's obligations, make such payment or perform such other act on behalf of Subtenant. All sums so paid by Sublandlord and all necessary incidental costs incurred by Sublandlord in performing such other acts shall be payable by Subtenant to Sublandlord within 5 days after demand therefor as Additional Rental.

(iv) Other Remedies. Pursue any other legal or equitable rights or remedies Sublandlord may have for Subtenant's breach of this Sublease; the remedies provided in this Section are not exclusive but supplemental to any such other legal or equitable rights and remedies.

12.3 Sublandlord Default. Sublandlord shall not be in default in the performance of any obligation required to be performed by Sublandlord under this Sublease unless Sublandlord has failed to perform such obligation within twenty (20) days after the written notice from Subtenant specifying in detail Sublandlord's failure to perform; provided however, that if the nature of Sublandlord's obligation is such that more than twenty (20) days are required for its performance, then Sublandlord shall not be deemed in default if it commences such performance within such twenty (20) day period and thereafter diligently pursues the same to completion. Upon any such uncured default by Sublandlord, Subtenant may exercise any of its rights provided in law or at equity; provided, however: (i) Subtenant shall have no right to offset or abate rent in the event of any default by Sublandlord under this Sublease, except to the extent offset rights are specifically provided to Subtenant in this Sublease; and (ii) Subtenant's rights and remedies hereunder shall be limited to the extent (a) Subtenant has expressly waived in this Sublease any of such rights or remedies and/or (b) this Sublease otherwise expressly limits Subtenant's rights or remedies. In the event of any default hereunder by Sublandlord, Subtenant shall (A) give notice thereof, in the manner set forth in Section 22 below, to Landlord, or to any mortgagee or assignee of Landlord whose address shall have been furnished to Subtenant, (B) shall offer Landlord or such mortgagee or assignee a reasonable opportunity to cure the default prior to commencing any remedies against Sublandlord, and (C) shall make all payments of rent due hereunder directly to Landlord until such time as Subtenant is notified by Landlord that Sublandlord has cured such default.

13. Hazardous Materials. The definition of Hazardous Materials shall be as set forth in Section 25.1 of the Master Lease. Subtenant shall take responsibility for keeping the Subleased Premises free from Hazardous Materials, except that Subtenant may bring onto the Subleased Premises any Hazardous Materials expressly permitted to be brought onto the Property under the Master Lease. Furthermore, Subtenant shall abide by all of the obligations of Sublandlord, as tenant under the Master Lease, as set forth in Section 25 of the Master Lease, with respect to Hazardous Materials insofar as such obligations pertain to the Subleased Premises. Sublandlord and Landlord have made no representation as to the presence or absence

of Hazardous Materials in or upon the Subleased Premises or the Property, except as expressly set forth in the Master Lease.

14. Master Lease. Except as otherwise expressly provided herein, Subtenant and this Sublease shall be subject in all respects to the terms of, and the rights of the Landlord under, the Master Lease and to the lien of any mortgages or trust deeds, now in force against the Airport, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages or trust deeds, or the lessors under such ground lease or underlying leases, require in writing that this Sublease be superior thereto. Except as otherwise expressly provided below, the covenants, agreements, terms, provisions and conditions of the Master Lease insofar as they relate to the Subleased Premises and insofar as they are not inconsistent with the terms of this Sublease are made a part of and incorporated into this Sublease as if recited herein in full. In the event of a conflict between the terms of the Master Lease and the terms of this Sublease (other than terms respecting payment of rent or respecting Sublandlord's obligations to Subtenant), the terms of the Master Lease shall control. Subtenant shall, within five (5) days of request by Sublandlord, execute such further instruments or assurances as Sublandlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Sublease to any such mortgages, trust deeds, ground leases or underlying leases. Subtenant waives the provisions of any current or future statute, rule or law which may give or purport to give Subtenant any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Subtenant hereunder in the event of any foreclosure proceeding or sale.

15. Intentionally deleted.

16. Indemnity. Subtenant hereby agrees to indemnify and hold Sublandlord harmless from and against any and all claims, losses and damages, including, without limitation, reasonable attorneys' fees and disbursements, which may at any time be asserted against Sublandlord by (a) the Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions or conditions contained in the Master Lease which, by reason of the provisions of this Sublease, Subtenant is obligated to perform, and/or (b) any person by reason of Subtenant's use and/or occupancy of the Subleased Premises, except to the extent any of the foregoing is caused or by the negligence of Sublandlord. The provisions of this Article 16 shall survive the expiration or earlier termination of the Master Lease and/or this Sublease.

17. Cancellation of Master Lease. In the event of the cancellation or termination of the Master Lease for any reason whatsoever or of the involuntary surrender of the Master Lease by operation of law prior to the expiration date of this Sublease, Subtenant agrees to make full and complete attornment to the Landlord under the Master Lease for the balance of the term of this Sublease and upon the then executory terms hereof at the option of the Landlord at any time during Subtenant's occupancy of the Subleased Premises, which attornment shall be evidenced by an agreement in form and substance reasonably satisfactory to the Landlord. Subtenant agrees to execute and deliver such an agreement at any time within ten (10) business days after request of the Landlord, and Subtenant waives the provisions of any law now or hereafter in effect which may give Subtenant any right of election to terminate this Sublease or to surrender

possession of the Subleased Premises in the event any proceeding is brought by the Landlord under the Master Lease to terminate the Master Lease.

18. Estoppel Certificates. Subtenant shall at any time and from time to time as requested by Sublandlord or Landlord, upon not less than ten (10) days prior written notice, execute, acknowledge and deliver to Sublandlord or Landlord, a statement in writing certifying (a) that this Sublease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications, if any), (b) the dates to which rent and any other charges have been paid, (c) whether or not, to the knowledge of the person signing the certificate, that the other party is not in default beyond any applicable grace period provided herein in performance of any of its obligations under this Sublease, and if so, specifying each such default of which the signer may have knowledge, and (d) such other matters as may reasonably be requested by Sublandlord or Landlord, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom Sublandlord or Landlord may be dealing.

19. Subordination. This Sublease is subject and subordinate to all present ground or underlying leases (including, without limitation the Master Lease) of the Property and to the lien of any mortgages or trust deeds, now in force against the Property, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages or trust deeds, or the lessors under such ground lease or underlying leases, require in writing that this Sublease be superior thereto. Subtenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage, or if any ground or underlying lease is terminated, to attorn, without any deductions or set-offs whatsoever, to the purchaser upon any such foreclosure sale, or to the lessor of such ground or underlying lease, as the case may be, if so requested to do so by such purchaser or lessor, and to recognize such purchaser or lessor as the lessor under this Sublease. Subtenant shall, within ten (10) days of request by Sublandlord, execute such further instruments or assurances as Sublandlord may reasonably deem necessary to evidence or confirm such attornment and/or the subordination or superiority of this Sublease to any such mortgages, trust deeds, ground leases or underlying leases.

20. Assignment or Subletting. Subject further to all of the rights of the Landlord under the Master Lease and the restrictions contained in the Master Lease, Subtenant shall not be entitled to assign this Sublease or to sublet all or any portion of the Subleased Premises without the prior written consent of Sublandlord, which consent shall not be unreasonably withheld or delayed. Notwithstanding anything contained in this Sublease to the contrary, Subtenant acknowledges and agrees that if Subtenant enters into a transaction with Space Exploration Technologies, Inc. ("**SpaceX**") or any affiliate thereof pursuant to which Subtenant sells, transfers, conveys, or otherwise disposes of its interest in the Subleased Premises and/or the Terminal Building to SpaceX at any time on or prior to the second (2<sup>nd</sup>) anniversary of the Effective Date, then Subtenant shall, concurrently upon the closing of such transaction, pay to Sublandlord in immediately-available funds an amount equal to fifty percent (50%) of the amount by which the net proceeds received by Subtenant in connection with such transaction exceeds Seven Hundred Twenty-Seven Thousand Dollars (\$727,000).

21. Notices. All notices, consents, waivers, payments or other communications which this Sublease requires or permits either party to give to the other shall be in writing and shall be deemed given (a) when actually received or refused by the party to whom sent if delivered personally or on the day of actual delivery or refusal as shown on the addressee's registered or certified mail receipt if forwarded by registered or certified mail, postage prepaid, to the parties at their respective addresses as follows or (b) by facsimile, provided that the sender's facsimile machine produces an accurate report of the date and time of transmission and a hard copy of the transmittal is also delivered to the addressee via one of the methods set forth in clause (a) above:

To Sublandlord: c/o Kearny Real Estate Company  
1900 Avenue of the Stars, Suite 320  
Los Angeles, CA 90067  
Attention: Mr. Hoonie Kang and Mr. Jeffrey A. Dritley

To Subtenant: Terminal Building, LLC  
Attn: David Wehrly  
319 Main Street  
El Segundo, California 90245

To Landlord: The City of Hawthorne  
4455 West 26<sup>th</sup> Street  
Hawthorne, California 90250  
Attention: City Manager and City Attorney

with a copy to: McDonough, Holland & Allen PC  
555 Capitol Mall, 9<sup>th</sup> Floor  
Sacramento, California 95814  
Attention: Brent Hawkins, Esq.

or to such other address as may be contained in a notice from either party to the other given pursuant to this Section 21. Rental payments and other sums required by this Sublease to be paid by Subtenant shall be delivered to Sublandlord at Sublandlord's address provided in this Section 21, or to such other address as Sublandlord may from time to time specify in writing to Subtenant.

22. Severability. If any term or provision of this Sublease or the application thereof to any person or circumstances shall, to any extent, be invalid and unenforceable, the remainder of this Sublease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

23. Entire Agreement; No Waiver. This Sublease, together with all exhibits thereto, contains the entire agreement between the parties hereto and shall be binding upon and inure to the benefit of their respective heirs, representatives, successors and permitted assigns. Any agreement hereinafter made shall be ineffective to change, modify, waive, release, discharge,

terminate or effect an abandonment hereof, in whole or in part, unless such agreement is in writing and signed by the parties hereto. The failure of Sublandlord to seek redress for violation, or to insist upon the strict performance of any covenant or condition of this Sublease shall not be deemed a waiver of such violation, or prevent a subsequent act which would originally have constituted a violation from having all the force and effect of an original violation. The receipt by Sublandlord of rent or any other payment from Subtenant with knowledge of the breach of any term, covenant, condition or other provision of this Sublease shall not be deemed to be a waiver of such breach.

24. Attorney's Fees. If either party commences litigation against the other for the specific performance of this Lease, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, then the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred, including any and all costs incurred in enforcing, perfecting and executing such judgment, including, without limitation, the right of Sublandlord to recover all attorneys' fees incurred in connection with any hearing or motion for assumption or rejection of this Sublease under Title 11 of United States Code.

25. Costs. In the event Subtenant shall request the consent of Sublandlord under any provision of this Sublease for any act that Subtenant proposes to do hereunder, including, without limitation, assignment or subletting of Subleased Premises, Subtenant shall, as a condition to doing any such act and the receipt of such consent, reimburse Sublandlord promptly for any and all reasonable costs and expenses incurred by Sublandlord in connection therewith, including, without limitation, reasonable attorneys' fees; provided, however, that the aggregate costs and expenses subject to such reimbursement shall not exceed \$1,500 with respect to any requested consent.

26. Force Majeure. If either party is delayed or hindered in or prevented from the performance of any act required hereunder because of strikes, lockouts, inability to procure labor or materials, failure of power, restrictive laws, riots, insurrection, war, acts of terrorism, fire, severe inclement weather such as snow or ice or other casualty or other reason of a similar or dissimilar nature beyond the reasonable control of the party delayed, financial inability excepted (any "**Force Majeure Event**"), performance of such act shall be excused for the period of the Force Majeure Event, and the period for the performance of such act shall be extended for an equivalent period. Delays or failures to perform resulting from lack of funds or which are monetary obligations under this Sublease shall not be Force Majeure Events.

27. Brokers. Each party (i) warrants to the other that the warranting party has incurred no brokerage or other commission, by reason of entering into this Sublease or otherwise, for which the other party would be responsible and (ii) agrees to indemnify and hold harmless the other party against any liability or cost (including attorneys' fees) arising out of any claim for brokerage commission in connection with prior negotiations or other dealings by such warranting party with any broker or broker's agent.

28. Joint and Several Liability. If more than one person or entity executes this Sublease as Subtenant: then (i) each of them is and shall be jointly and severally liable for the covenants, conditions, provisions and agreements of this Sublease to be kept, observed and

performed by Subtenant; and (ii) the act or signature of, or notice from or to, any one or more of them with respect to this Sublease shall be binding upon each and all of the persons and entities executing this Sublease as Subtenant with the same force and effect as if each and all of them had so acted or signed, or given or received such notice.

29. Authority. If Subtenant is a corporation, trust, limited liability company, or general or limited partnership, each individual executing this Sublease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Sublease on behalf of said entity. If Subtenant is a corporation, trust, limited liability company or partnership, Subtenant shall, concurrently with its execution of this Sublease, deliver to Sublandlord evidence of such authority satisfactory to Sublandlord.

30. Jury Trial Waiver. To the extent permitted by applicable law, Sublandlord and Subtenant hereby waive their respective right to trial by jury of any cause of action, claim, counter-claim or cross-complaint in any action, proceeding and/or hearing brought by either Sublandlord against Subtenant or Subtenant against Sublandlord on any matter whatsoever arising out of, or in any way connected with this Sublease, the relationship of Sublandlord and Subtenant, Subtenant's use or occupancy of the Subleased Premises or any claim of injury or damage or the enforcement of any remedy under law, statute or regulation, emergency or otherwise, now or hereafter in effect.

31. Sublandlord Exculpation. It is expressly understood and agreed that notwithstanding anything in this Sublease to the contrary, and notwithstanding any applicable law to the contrary, the liability of Sublandlord hereunder (including any successor Sublandlord) and any recourse by Subtenant against Sublandlord shall be limited solely and exclusively to an amount which is equal to the interest of Sublandlord in the Property, and neither Sublandlord, nor any of its constituent partners, members, shareholders, officers, directors or employees shall have any personal liability therefor, and Subtenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Subtenant.

32. Modification of Sublease. Should any current or prospective mortgagee or ground lessor for the Subleased Premises or the Property (including Landlord) require a modification of this Sublease, which modification will not materially and adversely change the rights and obligations of Subtenant hereunder, then and in such event, Subtenant agrees that this Sublease may be so modified and agrees to execute whatever documents are required therefor and deliver the same to Sublandlord within ten (10) days following the request therefor.

33. Captions and Definitions. Captions to the Sections in this Sublease are included for convenience only and are not intended and shall not be deemed to modify or explain any of the terms of this Sublease.

34. Further Assurances. The parties hereto agree that each of them, upon the request of the other party, shall execute and deliver, in recordable form if necessary, such further documents, instruments or agreements and shall take such further action that may be necessary or appropriate to effectuate the purposes of this Sublease.

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

36. Consent of Landlord. The validity of this Sublease shall be subject to Landlord's prior written consent hereto, if required pursuant to the terms of the Master Lease.

37. "As Is, Where Is".

37.1 As-Is, Where Is. Subtenant acknowledges and agrees that it is (i) subleasing the Subleased Premises based solely upon Subtenant's inspection and investigation of the Subleased Premises and all documents related thereto, or its opportunity to do so, and (ii) subleasing the Subleased Premises in an "AS IS, WHERE IS" condition, in each case without relying upon any representations or warranties, express, implied or statutory, of any kind. Without limiting the above, Subtenant acknowledges that neither Sublandlord nor any other party has made any representations or warranties, express or implied, on which Subtenant is relying as to any matters, directly or indirectly, concerning the Subleased Premises, including, but not limited to, the Airport, the square footage of the Subleased Premises, improvements and infrastructure, if any, development rights and exactions, expenses associated with the Subleased Premises, taxes, assessments, bonds, permissible uses, title exceptions, water or water rights, topography, utilities, zoning of the Subleased Premises, soil, subsoil, the purposes for which the Subleased Premises is to be used, drainage, environmental or building laws, rules or regulations, Hazardous Material or any other matters affecting or relating to the Subleased Premises. Subtenant's execution of this Sublease shall be conclusive evidence that (a) Subtenant has fully and completely inspected (or has caused to be fully and completely inspected) the Subleased Premises; and (b) Subtenant accepts the Subleased Premises as being in good and satisfactory condition and suitable for Subtenant's purposes., subject to the express representations and warranties of Sublandlord made herein.

37.2 Investigation by Subtenant. Subtenant has performed and relied solely upon its own investigation concerning its intended use of the Subleased Premises, the Subleased Premises' fitness therefor, and the availability of such intended use under applicable laws. Subtenant further acknowledges and agrees that Sublandlord's cooperation with Subtenant in connection with Subtenant's due diligence review of the Subleased Premises, whether by permitting inspection of the Subleased Premises or otherwise, shall not be construed as any warranty or representation, express or implied, of any kind with respect to the Subleased Premises, or with respect to the accuracy, completeness, or relevancy of any documents provided by Sublandlord.

37.3 Waiver and Release. Without limiting the generality of the foregoing, Subtenant, for itself, and, to the maximum extent permitted by applicable laws, on behalf of itself, its successors and assigns, with respect to all or a part of the Subleased Premises, hereby expressly waives, releases and relinquishes any and all claims, causes of action, rights and remedies Subtenant or such successor or assign may now or hereafter have against Sublandlord or any affiliates thereof, whether known or unknown, with respect to any past, present or future presence or existence of Hazardous Material on, under or about the Subleased Premises and/or the Airport or with respect to any past, present or future violations of any rules, regulations or laws, now or hereafter enacted, regulating or governing the use, handling, storage, release or

disposal of Hazardous Material, including, without limitation, (i) any and all rights Subtenant or such successor or assign may now or hereafter have to seek contribution from Sublandlord under Section 113(f)(i) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C.A. §9613), as the same may be further amended or replaced by any similar law, rule or regulation; (ii) any and all rights Subtenant or such successor or assign may now or hereafter have against Sublandlord under the Carpenter-Presley-Tanner Hazardous Substances Account Act (California Health and Safety Code, Section 25300 et seq.), as the same may be further amended or replaced by any similar law, rule or regulation; (iii) any and all claims, whether known or unknown, now or hereafter existing, with respect to the Subleased Premises and/or the Airport under Section 107 of CERCLA (42 U.S.C.A. §9607); and (iv) any and all claims, whether known or unknown, based on nuisance, trespass or any other common law or statutory provisions; provided, that the foregoing release shall not apply to any claims based on (A) fraud on the part of Sublandlord or an affiliate thereof, or (B) Sublandlord's or any affiliate's failure to comply with Environmental Laws.

SUBTENANT HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("**SECTION 1542**"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, TENANT HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION [**NOTE: DOES NOT REFER TO THE CORRECT SECTION**]

DRW

Subtenant's Initials

The waivers and releases by Subtenant herein contained shall survive the expiration of the Term or any earlier termination of this Lease.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year first above written.

"Sublandlord":

HAWTHORNE AIRPORT, LLC,  
a Delaware limited liability company

By: 

Printed Name: HOOENZE KANG

Its: VICE PRESIDENT

"Subtenant":

TERMINAL BUILDING, LLC,  
a California limited liability company

By: Wedgewood Enterprise Corporation,  
A California corporation as its Manager

By: 

Printed Name: David Wehrly

Its: J.P.

**EXHIBIT "A"**

**THE MASTER LEASE**

[Attached as the immediately following pages.]

**GROUND LEASE**

This GROUND LEASE ("Lease") is entered into as of January <sup>5</sup>~~2~~, 200~~8~~ (the "Effective Date"), by and between THE CITY OF HAWTHORNE, a municipal corporation ("Landlord"), and HAWTHORNE AIRPORT, LLC, a Delaware limited liability company ("Tenant"), with reference to the following facts:

**RECITALS:**

A. Landlord is the owner of that certain real property located in the City of Hawthorne, County of Los Angeles, State of California, depicted on Exhibit "A" attached hereto and made a part hereof (together with all easements and rights appurtenant thereto are sometimes collectively hereinafter referred to as the "Leased Premises"). The Leased Premises area portion of the municipal airport commonly known as the "Hawthorne Municipal Airport – Jack Northrop Field" (the "Hawthorne Airport").

B. As depicted on Exhibit "A" attached hereto, the Hawthorne Airport is currently subdivided into twelve (12) separate sections numbered "1" through "11" and Section "A" (each, a "Section"); Landlord and Tenant acknowledge that the Sections are not necessarily legally subdivided parcels but are merely used for descriptive and reference purposes. Initially the Leased Premises to be leased by Tenant from Landlord pursuant to this Lease shall include Sections 1, 2, 4, 5, 6, 7, 9 and 11; provided, however, Tenant may have the opportunity to elect to exercise an option to lease Sections 3, 8 and 10 (collectively, the "Option Premises") provided that the conditions precedent set forth in Paragraph 29 below have been satisfied.

C. Tenant desires to enter into this Lease of the Leased Premises with Landlord.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Leased Premises, subject to all the following terms, conditions and limitations (with all capitalized terms used herein being defined where indicated or in Paragraph 26 of this Lease):

1. **TERM**

1.1 Lease Term. The term of this Lease (the "Term") shall commence upon the full execution and delivery of this Lease (the "Lease Commencement Date"), and shall expire on that date which is thirty-five (35) years after the Lease Commencement Date (the "Lease Expiration Date"), unless sooner terminated pursuant to the terms of this Lease.

1.2 Tenant's Extension Rights. Tenant shall have two (2) separate options to extend the Term of this Lease, each for an additional period of five (5) years (each, a "Renewal Term"), pursuant to and in accordance with this Paragraph 1.2. If Tenant elects to exercise such option with respect to any Renewal Term, then Tenant shall provide written notice thereof to Landlord at least three (3) months prior to the expiration of the then current Term. If Tenant

does not deliver such notice to Landlord as provided herein the Tenant shall be deemed to have elected to not exercise the option with respect to such Renewal Term and the Lease shall expire on the then-scheduled Lease Expiration Date. Upon the giving of such notice the Term of the Lease and the Lease Expiration Date shall be automatically extended for five (5) years. Any such extension or renewal of the Term (also referred to as the "Term") shall be subject to all of the provisions of this Lease, and all such provisions shall continue in full force and effect, except that the Basic Rent for each Renewal Term shall be adjusted and determined in accordance with Paragraph 3.4 below. If Tenant does not timely give such notice of its election to exercise any such renewal option, then all options with regard to subsequent extensions or renewals of the Term shall expire and be null and void.

1.3 Extensions Based on New Construction. In addition to the Renewal Terms described in Paragraph 1.2 above, if (a) Tenant exercises the Option in accordance with the terms and provisions of Paragraph 29 below and (b) following the exercise of such Option Tenant elects to construct any new Improvement(s) which contain at least ten thousand (10,000) square feet of space (a "Major Improvement"), then the Term of the Lease shall also be automatically extended for a period of time equal to the number of days which shall have elapsed from the Lease Commencement Date until the date that the first Certificate of Occupancy is issued to Tenant by the applicable governmental authority with respect to any Major Improvement; provided, however, nothing contained herein shall be deemed to require that Tenant construct any Major Improvements or other Improvements.

1.4 Maximum Length of Term. Notwithstanding anything in this Lease to the contrary, in no event shall the Term of this Lease (including any extensions thereof) exceed fifty (50) years in the aggregate.

1.5 Landlord's Right to Terminate for Conversion to Non-Aviation Use. In the event that Landlord determines that it is in the best interest of Landlord to cease operations of the Hawthorne Airport (including the Leased Premises) as a municipal airport and convert same into a non-aviation use, then Landlord shall have the right to terminate this Lease subject to and upon the satisfaction of the terms and conditions set forth below:

1.5.1 Landlord shall deliver written notice to Tenant not less than one (1) year prior to the effective date of such termination;

1.5.2 Landlord shall pay directly to Tenant (and to any successor-in-interest to Tenant with respect to any portion of the Leased Premises which may have been acquired by such party) a termination fee (the "Termination Fee") equal to the greater of (i) the fair market value of Tenant's leasehold interest in the Leased Premises (as determined substantially in accordance with the terms and provisions of Paragraph 3.5.2 below) and (ii) the aggregate amount of (a) all of Tenant's outstanding capital and other amounts invested in the Leased Premises ("Tenant's Invested Capital"); plus (b) the amount of any outstanding principal, interest and other sums payable by Tenant under any Leasehold Mortgage or any other related financing obtained by Tenant (including, without limitation, any prepayment or similar fees).

1.5.3 In addition to paying the Termination Fee to Tenant, Landlord shall also reimburse Tenant for any and all out-of-pocket costs paid or incurred by Tenant as a result of such termination, including without limitation attorneys' fees, any pre-payment, defeasance or other similar fees or penalties required to be paid by Tenant under any Leasehold Mortgage and any fees, costs or other penalties associated with or relating to the termination of any sublease or other agreement at the Leased Premises to which Tenant is a party.

2. TITLE TO IMPROVEMENTS

All of the improvements (i) which are existing at the Leased Premises as of the Effective Date of this Lease and/or (ii) which may be constructed or installed by Tenant, if any, during the term of this Lease (collectively, the "Improvements") shall, at all times from the Lease Commencement Date until the expiration of the Term, be and remain real property, with title thereto being in the name of Tenant for all purposes. Upon the expiration or earlier termination of the Term, title to any such Improvements shall vest in Landlord; provided, however, upon Landlord's written request and at Tenant's sole cost and expense, Tenant shall demolish and remove any Improvements which were constructed by Tenant during the Term of this Lease and which are existing at the Leased Premises upon the expiration or earlier termination of this Lease.

3. RENT

3.1 Base Rent. Tenant covenants and agrees to pay to Landlord, subject to the terms and provisions of this Lease, beginning on the Lease Commencement Date without deduction, prior notice, or demand, net, annual rental ("Base Rent") equal to Four Hundred Six Thousand Seven Hundred Seventy-Six Dollars (\$406,776.00). Rent shall be payable by Tenant in twelve (12) equal monthly installments of Thirty-Three Thousand Eight Hundred Ninety-Eight Dollars (\$33,898.00) in advance on the first day of each calendar month during the Term.

3.1.1 Determination of Initial Base Rent. Landlord and Tenant acknowledge and agree that the monthly Base Rent payable by Tenant hereunder represents an amount equal to (a) the monthly gross income generated at the Leased Premises as of the Lease Commencement Date from (i) hangar operations, (ii) tie downs, (iii) rental income [excluding rental income relating to the Vought Lease and the FAA Tower Lease (as such terms are defined in Paragraphs 3.1.1 and 3.1.2, respectively, below)]; (iv) automobile parking and (v) landing fees, less (b) an amount equal to two percent (2%) of the total gross revenue described in clause (a) and less (c) Three Thousand Three Hundred Seven Dollars (\$3,307.00) which amount represents certain monthly operating expenses which will be incurred by Tenant on behalf of Landlord. Landlord and Tenant acknowledge and agree that the gross revenue derived from the items described in clauses (i) through (v) of clause (a) equals \$37,964.00 and that the 2% fee described in clause (b) equals \$759.00.

3.1.2 Adjustment to Base Rent Based on Vought Lease. Landlord and Tenant acknowledge that that certain Lease Agreement by and between Landlord and Vought Airport Industries, Inc. ("Vought") dated as of January 1, 1979 (as amended from

time to time, the "Vought Lease") pursuant to which Vought leases a portion of the Leased Premises (the "Vought Premises") is scheduled to expire on or December 31, 2005 (the "Scheduled Vought Expiration Date"). All rent and other amounts payable by Vought under the Vought Lease shall continue to be paid by Vought directly to Landlord and Tenant shall have no obligations or liabilities with respect to any matter relating to the Vought Lease and/or the Vought Premises.

(a) If, prior to the expiration of the Vought Lease, Vought notifies Landlord that Vought desires to extend the term of the Vought Lease, then Landlord shall notify Tenant in writing of such election by Vought. Upon receipt of such notice from Landlord, the Tenant shall have the right to propose to Landlord an alternate use (the "Alternate Use") for the Vought Premises; provided that such proposed Alternate Use is reasonably anticipated to generate net income to Landlord in an amount which is substantially the same or greater than that which is reasonably anticipated to be paid by Vought under the proposed extension of the Vought Lease, then (i) Landlord shall not permit the term of the Vought Lease to be extended and Landlord shall cause the Vought Lease to be terminated on the Scheduled Vought Expiration Date, (ii) from and after Scheduled Vought Expiration Date, Tenant shall have the right to pursue and undertake such proposed Alternate Use on the Vought Premises, (iii) Tenant shall have the right to retain all income derived from such Alternate Use on the Vought Premises and (iv) commencing upon the date following the Scheduled Vought Expiration Date, the Base Rent payable by Tenant to Landlord under this Lease shall be increased based on the greater of (A) the rent that would have been payable by Vought under Vought's proposed extension of the Vought Lease, or (B) Fair Market Rent of the Vought Premises (as determined in accordance with Paragraph 3.5 below).

(b) If Vought does not notify Landlord that Vought desires to extend the term of the Vought Lease beyond the Scheduled Vought Expiration Date, then (i) from and after Scheduled Vought Expiration Date, Tenant shall have the right to use the Vought Premises in any manner which is consistent with Tenant's right to use the Leased Premises under this Lease, (ii) Tenant shall have the right to retain all income derived from such use of the Vought Premises and (iii) commencing upon such time as Tenant begins to realize Gross Income from such use of the Vought Premises, the Base Rent payable by Tenant to Landlord under this Lease shall be increased based on the Fair Market Rent of the Vought Premises (as determined in accordance with Paragraph 3.5 below)

**3.1.3 Excluded Agreements; Direct Payment to Landlord.** In addition to the Vought Lease, Landlord and Tenant acknowledge and agree that all rent and other amounts payable by any third party under the following agreements (collectively, together with the Vought Lease, the "Excluded Agreements") shall continue to be paid directly by such third party to Landlord and Tenant shall have no obligations or liabilities with respect to any of the Excluded Agreements:

(a) FAA Tower Lease between Landlord and the Federal Aviation Administration dated July 1, 1982 which lease commenced on October 1, 2002 and shall expire on September 30, 2007.

(b) Northrop Inspection Fee License between Landlord and Northrop Grumman, the term of which commenced on July 1, 1991.

(c) Security Aviation Fuel Flowage Concession Agreement between Landlord and M&S Air Supply, the term of which commenced on February 1, 2003 and shall expire on January 31, 2013.

3.2 Additional Rent. In addition to Base Rent, Tenant shall pay to Landlord on an annual basis additional rent ("Additional Rent") as provided in this Paragraph 3.2; Base Rent, together with such Additional Rent, shall be collectively referred to in this Lease as "Rent".

3.2.1 Certain Definitions. The following defined terms shall have the meaning given to them in this Paragraph 3.2.1.

(a) Gross Revenues. As used in this Lease the term "Gross Revenues" shall mean all revenues and income of any nature derived from Tenant's ownership, use or operation of the Leased Premises, including rentals and sub-rentals of portions of the Leased Premises and any increases thereto pursuant to the terms of the applicable lease or sub-lease agreement; provided, however, in no event shall any of the following be included in "Gross Revenues": (i) any income or rent derived from any of the Excluded Agreements; (ii) Refinancing Proceeds; or (iii) any sales taxes, excise taxes, gross receipt taxes or similar charges.

(b) Operating Expenses. As used in this Lease the term "Operating Expenses" shall mean all reasonable and necessary operating and other costs incurred or expended by Tenant in connection with or in any manner relating to the Leased Premises, including without limitation the development, use, operation, repair and maintenance thereof. Without limiting the foregoing, "Operating Expenses" shall be deemed to include (but not be limited to) the following: (i) the Base Rent payable by Tenant under this Lease - [which for purposes of this Paragraph shall be deemed to include the 2% fee described in Paragraph 3.1.1(b)]; (ii) the cost of all operating equipment, operating supplies, inventories, wages, salaries and employee fringe benefits, advertising and promotional expenses, the cost of personnel training programs, utility and energy costs, operating licenses and permits, and grounds and landscaping maintenance costs; (iii) all expenditures made for maintenance and repairs to keep the Leased Premises in good condition and repair; (iv) premiums and charges on all insurance coverages specified in Paragraph 12 of this Lease; (v) all Impositions and other property taxes and assessments; (vi) audit, legal and other professional or special fees reasonably and necessarily incurred in the operation of the Leased Premises; and (vii) rentals payable under equipment leases of any FF&E. Operating

Expenses shall not include payments for services made to affiliates of Tenant which are not commercially reasonable, debt service or capital expenditures.

(c) Net Income. As used in this Lease the term "Net Income" shall mean, for any Lease Year during the Lease Term, the amount of Gross Revenues collected during such Lease Year minus the amount of Operating Expenses paid during such Lease Year.

3.2.2 Distribution of Net Income. The distribution of Net Income, if any, for each Lease Year, or part thereof, shall be determined by Tenant (subject to Landlord's right to conduct an audit at Landlord's sole cost and expense) and distributed by Tenant no later than ninety (90) days after the end of Tenant's Fiscal Year in the following order of priority:

- (a) First, five percent (5%) to Tenant as a management fee;
- (b) Second, to pay regularly scheduled debt service (interest and principal) on any Leasehold Mortgage(s);
- (c) Third, to fund any interest, maintenance and/or operating reserves required to be maintained under any Leasehold Mortgage;
- (d) Fourth, to Tenant until Tenant has received a ten percent (10%) return on any outstanding amount of Tenant's Invested Capital;
- (e) Fifth, to Tenant in an amount equal to such amount as is necessary to repay all of outstanding Tenant's Invested Capital based on a 20-year amortization schedule; and
- (f) Thereafter, (i) twenty-five percent (25%) to Landlord and (ii) seventy-five percent (75%) to the Tenant.

3.3 Existing Agreements. Landlord hereby represents and warrants that attached as Exhibit "D" hereto is a rent roll which sets forth each of the leases, licenses, contracts and other agreements affecting the Leased Premises as of the Lease Commencement Date (collectively, the "Existing Agreements"), including (i) the identity of each of the parties thereto, (ii) any and all amendments and modifications thereto, (iii) a description of the portion of the Leased Premises affected thereby, (iv) the date, commencement date, and expiration date (including option periods) of each such Existing Agreement, (v) the current monthly rental and other charges payable under each such Existing Agreement, (vi) the amount of all security deposits and prepaid amounts paid by each party thereto. Concurrently upon the execution of this Lease, Landlord shall assign all of its right, title and interest under each such Existing Agreement, including without limitation any security deposits, advance rents or other similar deposits held by Landlord thereunder, to Tenant and Landlord shall deliver a letter to each of the parties under the Existing Agreement ("Notification Letter") duly executed by Landlord and dated as of the Lease Commencement Date, notifying each such party that: (a) the Leased Premises has been leased to Tenant, (b) all of Landlord's right, title and interest in and to the Existing Agreement has been assigned to Tenant, and (c) commencing immediately, all rent and

other payments and any notices under the Existing Agreement are to be paid and sent directly to Tenant; provided, however, in no event shall any of the Excluded Agreements be assigned to or assumed by Tenant. Landlord hereby covenants and agrees to use commercially reasonable efforts to provide to Tenant on or before the Lease Commencement Date an executed estoppel certificate ("**Estoppel Certificate**") from each party to the Existing Agreements, which Estoppel Certificates shall be dated not more than thirty (30) days prior to the Lease Commencement Date and shall be substantially in the form of and upon the terms contained in Exhibit "F" attached hereto.

3.4 CPI Adjustment of Base Rent. Base Rent shall be adjusted pursuant to this Paragraph 3.4 (the "**CPI Adjustment**").

3.4.1 As used in this Paragraph 3.4, the following terms shall have the meaning set forth below:

(a) Adjustment Date. The fifth (5<sup>th</sup>) anniversary of the Lease Commencement Date and each five (5) year anniversary thereafter during the Term shall be referred to herein as an "**Adjustment Date**".

(b) Base Date. With respect to the first Adjustment Date, the Base Date shall mean and refer to the Lease Commencement Date. With respect to each Adjustment Date thereafter, the Base Date shall mean and refer to the immediately preceding Adjustment Date.

(c) Index. The Base Rent amount payable by Tenant shall be increased in accordance with the increase, if any, in the Consumer Price Index for all U.S. Department of Labor, Bureau of Labor Statistics, for Wage Earners and Clerical Workers for the Los Angeles-Long Beach-Anaheim Area (the "**Index**"), as published by the Bureau of Labor Statistics, United States Department of Labor (the "**Bureau**") or any successor agency.

3.4.2 Base Rent Adjustment Calculation. The increase in Base Rent effective on each Adjustment Date shall be calculated as follows: on each Adjustment Date, the Index published for the month which is three (3) months prior to the Adjustment Date in question (the "**Comparison Index**") shall be compared with the Index published for the month which is three (3) months prior to the applicable Base Date (the "**Base Index**"), and the annual Base Rent payable by Tenant from and after the Adjustment Date in question until the next Adjustment Date shall be equal to the annual Base Rent payable for the Lease Year immediately preceding such Adjustment Date, multiplied by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Base Index; provided, however, in no event shall the increase in the annual Base Rent on any Adjustment Date be less than fifteen percent (15%) or more than twenty-five percent (25%), of such Base Rent payable for the Lease Year immediately preceding such Adjustment Date. In the event the necessary Indices are not available to compute the new Base Rent as of any Adjustment Date, Tenant shall continue to pay one hundred fifteen percent (115%) of the Base Rent payable by Tenant prior to such Adjustment Date until such figures become available, at which time the

appropriate adjustment to Base Rent shall be determined, and within thirty (30) days of Tenant's receipt of written notice of such determination from Landlord, Tenant shall pay to Landlord, as additional rent hereunder, or Landlord shall reimburse Tenant, as the case may be, the difference between the amount of Base Rent actually paid by Tenant since such Adjustment Date and the Base Rent which would have been payable by Tenant from and after the Adjustment Date in question to the date of Tenant's payment of such amount had the required information been available at that time. In the event the Index is no longer published at any time during Term, Landlord and Tenant shall reasonably select another index of similar nature showing changes in the cost of living to be used to calculate the increase in the Base Rent.

3.4.3 Tenant shall determine any adjustments to be made to Base Rent pursuant to Paragraph 3.4.2 and shall provide Landlord with a written copy of such determination no less than thirty (30) days prior to the applicable Adjustment Date. Tenant shall be responsible for payment to Landlord of any increase in Base Rent retroactive to the applicable Adjustment Date, regardless of when the final CPI Adjustment is determined.

3.5 Fair Market Rent. When required pursuant to the express provisions of this Lease, Fair Market Rent shall be determined with respect to (i) the Vought Property (in accordance with the terms and provisions of Paragraph 3.1.2) or (ii) any Sublease (in accordance with the terms and provisions of Paragraph 16.2.3), in accordance with the provisions of this Paragraph 3.5:

3.5.1 Fair Market Rent. As used herein "Fair Market Rent" shall mean the most probable rental amount in terms of money which the property in question should bring in a competitive and open market under the conditions requisite to a fair transaction, each party acting prudently, knowledgeably and in an arms-length transaction and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a transaction as of the relevant date under conditions whereby: (i) both parties are typically motivated; (ii) both parties are well informed or well advised and each acting in what they consider their own best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; (v) financing, if any, is on terms generally available in the community at the specified date and typical for the subject of the transaction in its locale; and (vi) the consideration represents the normal consideration for a transaction unaffected by special or creative financing or sales concessions granted by anyone associated with the transaction.

3.5.2 Determination of Fair Market Rent. With respect to the establishment of Fair Market Rent for the Vought Property (in accordance with the terms and provisions of Paragraph 3.1.2) Landlord and Tenant shall, at Tenant's election, meet and attempt to agree upon the amount of such Fair Market Rent not less than three (3) months prior to the Scheduled Vought Expiration Date. With respect to the establishment of Fair Market Rent for any Sublease (in accordance with the terms and provisions of Paragraph 16.2.3), Landlord and Tenant shall meet prior to Tenant entering into the first Sublease and shall attempt to agree upon the amount of such Fair Market Rent.

Following the establishment of Fair Market Rent as provided in the preceding sentence (the date of such determination shall be deemed to be the "Determination Date"), such Fair Market Rent determination shall thereafter be deemed to be the Fair Market Rent with respect to each subsequent Sublease; provided, however, such Fair Market Rent shall be subject to the CPI Adjustment set forth in Paragraph 3.4 above except that such CPI Adjustments shall be made annually (i.e., on each anniversary of such Determination Date as opposed to every fifth (5<sup>th</sup>) anniversary thereof). If Landlord and Tenant reach agreement with respect to the Fair Market Rent within thirty (30) days (the "Outside Agreement Date"), then the parties shall execute and deliver an amendment to this Lease to reflect such agreed upon Fair Market Rent. In the event the parties are unable to agree as to the appropriate amount of the Fair Market Rent on or before the Outside Agreement Date, then each party shall submit to the other party a separate written determination of the Fair Market Rent within forty (40) business days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Paragraphs 3.5.2(a) through 3.5.2(g) below. Failure of Tenant or Landlord to submit a written determination of the Fair Market Rent within such forty (40) business day period shall conclusively be deemed to be the non-determining party's approval of the Fair Market Rent submitted within such forty (40) business day period by the other party.

(a) Landlord and Tenant shall each appoint one arbitrator who shall by profession be an independent real estate broker or appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the leasing or valuing of similar properties in the metro Hawthorne area of Los Angeles, California. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Fair Market Rent is the closest to the actual Fair Market Rent as determined by the arbitrators, taking into account the requirements of Paragraph 3.5.2(b) of this Lease. Each such arbitrator shall be appointed within thirty (30) days after the Outside Agreement Date.

(b) The two (2) arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

(c) The three (3) arbitrators shall within thirty (30) days after the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Fair Market Rent and shall notify Landlord and Tenant thereof.

(d) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(e) If either Landlord or Tenant fails to appoint an arbitrator within thirty (30) days after the Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(f) If the two (2) arbitrators fail to agree upon and appoint a third arbitrator within the time period provided in Paragraph 3.5.2(b) above, then Landlord and Tenant shall mutually select the third arbitrator. If Landlord and Tenant are unable to agree upon the third arbitrator within ten (10) days, then either party may, upon at least five (5) days prior written notice to the other party, request the Presiding Judge of and for the Los Angeles County Superior Court, acting in his private and nonjudicial capacity, to appoint the third arbitrator. Following the appointment of the third arbitrator, the panel of arbitrators shall within thirty (30) days thereafter reach a decision as to whether Landlord's or Tenant's submitted Fair Market Rent shall be used and shall notify Landlord and Tenant thereof.

(g) The cost of the arbitrators and the arbitration proceeding shall be paid by Landlord and Tenant equally, except that each party shall pay for the cost of its own witnesses and attorneys.

4. IMPOSITIONS

Subject to Paragraph 11 below, Tenant shall, during the Term, pay all Impositions (as defined in Paragraph 26.1 below), in installments if permitted by law and elected by Tenant, before any interest, penalty, fine or cost may be added for nonpayment thereof, and shall, at Landlord's request, furnish Landlord with reasonable proof of payment thereof. Any Imposition relating to a fiscal year or other period, part of which is within and part of which is precedent or subsequent to the Term, whether or not such Imposition shall become due and payable or become a lien upon the Leased Premises or any part thereof, or be assessed, levied, confirmed or imposed during the Term, shall be adjusted and apportioned between Tenant and Landlord so that Tenant shall pay only that portion of such Imposition relating to the Term of this Lease.

5. UTILITIES

During the Term, Tenant shall pay or cause to be paid all charges for water, gas, heat, light, power, sewer, telephone service and all other public or private utility services and all sprinkler systems and protective services at any time rendered to or in connection with the Leased Premises, the Improvements or any part thereof and shall comply with all contracts relating to such services.

6. IMPROVEMENTS/ALTERATIONS/PERSONAL PROPERTY/ SURRENDER

6.1 Construction. The terms and provisions of this Paragraph 6.1 shall apply with respect only to (i) any of the work required to be undertaken by Tenant pursuant to Paragraph 10.3.4 and (ii) if Tenant exercises the Option described in Paragraph 29, any new development of the Option Premises undertaken by Tenant which would be subject to the prior satisfaction of the conditions set forth in Paragraphs 29.1.1 through 29.1.4.

6.1.1 Generally. Landlord hereby grants to Tenant the right and power to construct Improvements relating to aviation and related amenities on the Leased Premises. Tenant agrees to construct Improvements in accordance with the terms of this

Paragraph 6.1 and, once commenced, to use reasonable efforts to cause the completion of Improvements.

6.1.2 Plans and Specifications. If Tenant is required by any governmental agencies, Tenant shall prepare working drawings and specifications ("Plans"), shall submit them to the appropriate governmental agencies for approval, and shall deliver to Landlord one complete set as approved by such governmental agencies.

6.1.3 Notice of Intent to Construct. Tenant shall notify Landlord of Tenant's intention to commence work on Improvements at least twenty (20) days before the commencement of any such work or delivery of any materials in order to provide Landlord with an opportunity to post appropriate notices of non-responsibility or take such other actions deemed necessary by Landlord.

6.1.4 Completion of Construction. Once any work on the Leased Premises is begun, Tenant shall with reasonable diligence prosecute to completion all construction of Improvements. All work shall substantially comply with all Legal Requirements, Permitted Uses and Insurance Requirements and be performed at Tenant's sole cost and expense. Any work performed by Tenant shall be deemed to have satisfied the foregoing if (i) as to the Improvements exclusive of interior tenant improvements, such portion of the Improvements have been approved in writing by the applicable governmental agencies with jurisdiction over same, and (ii) as to the interior tenant improvements, when a final Certificate of Occupancy entitling Tenant and/or Subtenants to occupy and use the Improvements has been duly issued by applicable governmental agencies. All work performed on the Leased Premises pursuant to this Lease, or authorized by this Lease, shall be done in a good and workmanlike manner and only with new materials of good quality and high standard. Tenant shall provide Landlord with a copy of "as-built" plans and lien releases with respect to any Improvements constructed by Tenant during the Term of this Lease.

6.1.5 Notice of Completion. On completion of Improvements, Tenant shall timely file, or cause to be filed, a notice of completion.

6.1.6 Ownership of Improvements. All Improvements shall remain the sole and separate property of Tenant until the expiration or earlier termination of this Lease pursuant to the provisions hereof, at which time the same shall become the property of Landlord.

6.1.7 Confirmation of Passage of Title. Tenant shall, upon Landlord's demand, deliver to Landlord such assignments, deeds, instruments and documents as Landlord shall reasonably request to confirm Landlord's ownership of Improvements pursuant to Paragraph 6.1.6 above.

6.2 Alterations. Tenant shall have the right, before or after any damage to or destruction of the Leased Premises, at any time and from time to time during the Term of this Lease, to make such changes and alterations, structural or otherwise, to Improvements as Tenant shall deem necessary or desirable, ("Alteration(s)"). Any such Alteration(s) shall be subject to

provisions, if Tenant shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such mechanic's lien by the lienor and to pay the amount of judgment in favor of the lienor with interest, costs and allowances. In such event Tenant shall, on or before the first (1<sup>st</sup>) day of the next calendar month following any such payment by Landlord, reimburse Landlord for the full amount paid by Landlord and all costs incurred by Landlord in connection therewith, including reasonable attorneys' fees, together with interest accruing from the date of such payment by Landlord until the date of such reimbursement by Tenant. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvements, alteration to or repair of the Leased Premises or Improvements or any part thereof, nor as giving Tenant a right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's liens against Landlord's interest in the Leased Premises.

#### 9. MAINTENANCE AND REPAIRS

The parties hereto acknowledge that it is their intent that this Lease be fully "triple net" and all taxes, insurance and maintenance costs and expenses of any kind or nature in connection with the Leased Premises or Improvements are entirely Tenant's obligation. Tenant shall keep or cause others to keep the Leased Premises, Improvements and the adjoining sidewalks and curbs in good and clean order and first-class condition, and will promptly make or cause others to make all necessary or appropriate repairs, replacements and renewals thereof, whether interior or exterior, or structural or non-structural, necessary to maintain the Leased Premises and Improvements in good and clean order and condition, reasonable wear and tear excepted. Tenant waives any rights created by any law now or hereafter in force to make repairs to the Leased Premises or Improvements at Landlord's expense. Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations to the Leased Premises or Improvements and Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Leased Premises, Improvements and the Personal Property.

#### 10. USE/LANDLORD SERVICES/TENANT SERVICES

10.1 Use. Prior to the Lease Commencement Date the Leased Premises has been operated by Landlord as a portion of the Hawthorne Airport. The Leased Premises, together with the portion of the Hawthorne Airport which is not being leased by Landlord to Tenant pursuant to this Lease, are operated on an integrated basis. Landlord and Tenant intend that the Leased Premises shall continue to be operated as a municipal airport during the Term of this Lease in substantially the same manner as the Leased Premises has been operated prior to the Lease Commencement Date, subject to the terms and provisions hereof

the same terms and conditions as set forth in Paragraph 6.1, in addition to the terms and conditions of this Paragraph 6.2. Notwithstanding that Landlord holds a reversionary fee title to Improvements, all salvage in the event of any such demolition, removal or relocation shall belong to Tenant. Notwithstanding anything contained in this Lease to the contrary, Landlord acknowledges that Tenant shall have the right, at any time, to construct, demolish, alter or reconstruct tenant improvements in the interior of Improvements without regard to Paragraph 6.1.2 of this Lease.

6.3 Personal Property. All Personal Property shall be and remain the property of Tenant, provided that Tenant shall be solely liable for and shall pay (when due) all costs, charges, payments or other sums due with regard to such Personal Property.

6.4 Holdover. Upon expiration or sooner termination of this Lease, Tenant shall surrender the Leased Premises and Improvements to Landlord in as good, safe, and clean condition as practicable, reasonable wear and tear and acts of God excepted. The Lease shall terminate without further notice at the expiration of the Term. Any holding over by Tenant after expiration shall not constitute a renewal or extension or give Tenant any rights in or to the Leased Premises except as expressly provided in the Lease.

## 7. FURTHER ASSURANCES

7.1 Good Faith Development Processing. Landlord agrees that it will in good faith accept for processing, review and action all completed applications for rezoning, special permits, development permits, subdivision maps or other entitlements for use of the Leased Premises in accordance with the General Plan, all applicable laws and this Lease; provided however, nothing herein is intended to predetermine, promise or guarantee any approval of such applications. Nothing in this Paragraph is intended to limit the City's police power discretion to require applications for development or entitlements or to impose conditions and modifications on any approval of proposed developments or entitlement.

7.2 General Cooperation. Landlord and Tenant each agree to reasonably cooperate with one another in order to carry out the intent of any term or provision of this Lease. Any future estoppels requested by either party will be provided and the requesting party will pay the other party's reasonable third party costs of preparing the estoppels.

## 8. MECHANIC'S LIENS

Tenant shall not suffer or permit any mechanic's liens to be filed against the Leased Premises or Improvements, nor against Tenant's leasehold interest in the Leased Premises by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding any interest in the Leased Premises and/or Improvements or any part thereof through or under Tenant. If any such mechanic's lien shall at any time be filed, Tenant shall within thirty (30) days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise; provided, however, that Tenant shall have the right to contest, with due diligence, the validity or amount of any such lien or claimed lien, if Tenant shall give to Landlord reasonable security therefor, for two hundred percent (200%) of the contested lien. Subject to the foregoing

10.2 Landlord Services. Notwithstanding anything contained in this Lease to the contrary, Landlord and Tenant acknowledge and agree that Landlord shall continue to maintain sole responsibility for the provision of certain services to and/or related to the operation of the Leased Premises and those portions of the Hawthorne Airport which are not being leased to Tenant pursuant to this Lease (such services to be provided by Landlord are collectively referred to herein as "Landlord Services"). Subject to the availability of funds from (i) ongoing airport operations and (ii) the collection of Rent under this Lease, Landlord shall be solely responsible for the provision of such Landlord Services throughout the Term of this Lease and Tenant shall have no liability or responsibility with respect to any matter relating to such Landlord Services. Subject to the continued operation of the Hawthorne Airport, the availability of operating income generated from the operation of the Hawthorne Airport (including, without limitation, any Rent collected by Landlord under this Lease) and FAA grant funds and other similar funds obtained by Landlord, Landlord covenants and agrees to continue to undertake the following Landlord Services during the Term of this Lease, all of which shall be undertaken by Landlord in a manner consistent with Landlord's operations prior to the Lease Commencement Date:

10.2.1 Landlord shall report to the City Council and staff of the City of Hawthorne from time to time as may be required with respect to all matters relating to the use and operation of the Hawthorne Airport;

10.2.2 Subject to Tenant's obligations in Paragraph 10.4 below, Landlord shall be solely responsible for complying with and insuring that the Hawthorne Airport (including the Leased Premises ) at all times complies with all regulations imposed by and all other matters relating to the Federal Aviation Administration ("FAA");

10.2.3 Landlord shall be responsible for all accounting matters relating to the operation of the Hawthorne Airport;

10.2.4 Landlord shall be responsible for the hiring, discharge, management, training and all other matters relating to airport personnel;

10.2.5 Landlord shall be solely responsible for AIP grant administration and payment of sponsor's share;

10.2.6 Landlord shall interface with the public regarding all noise issues and shall handle and address any matters relating thereto;

10.2.7 Landlord shall maintain, repair and keep in good working order all runways, tarmacs, taxiways, towers, lights and other areas of the Hawthorne Airport which are not leased to Tenant pursuant to this Lease in a manner consistent with that of similar, competitive airports in the metropolitan Los Angeles area;

10.2.8 Landlord shall maintain separate (a) general liability insurance, (b) property insurance and (c) general aviation insurance with respect to operations of the Hawthorne Airport in an amount and upon terms reasonably approved by Tenant and naming Tenant and Tenant's affiliates, as well as any Leasehold Mortgagee, as additional

insureds thereunder. Landlord may provide self-insurance in lieu of the insurance policies described in clauses (a) and (b) of the preceding sentence; provided, however, in no event shall Landlord have the right to provide self-insurance in lieu of the insurance policy described in clause (c) of the preceding sentence;

10.2.9 Landlord shall maintain responsibility for all matters relating to the Excluded Agreements, including without limitation the collection of any amounts payable by the parties thereunder; and

10.2.10 Landlord shall continue to provide all of the services described on Exhibit "B" attached hereto; provided, however, if Landlord shall fail to provide any of such services due to the fact that Landlord has insufficient funds to do so, then Tenant shall be entitled to provide such funds required to permit Landlord to provide such services and Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action (such funds contributed by Tenant shall be added to and deemed to be a part of Tenant's Invested Capital); provided, however, Tenant shall be entitled to deduct from Rent payable by Tenant to Landlord under this Lease, the amount described above to the extent Tenant has not received such reimbursement from Landlord..

10.3 Tenant Services. Tenant shall be solely responsible for providing the following services to and for the benefit of the Leased Premises during the Term of this Lease:

10.3.1 Leasing, management and retention of the existing tenants at the Leased Premises, including the collection of rent from such tenants (other than those tenants under any Excluded Agreements which will be the sole responsibility of Landlord);

10.3.2 Marketing the Leased Premises to prospective tenants and prospective subtenants;

10.3.3 The development of new Improvements at the Leased Premises (provided, however, in no event shall Tenant be deemed to have an affirmative obligation to develop any such Improvements);

10.3.4 Tenant shall, subject to the availability of utilities and any limitations imposed by the FAA, Landlord, the California Department of Transportation and any other applicable governmental agency, undertake those certain upgrades and other activities with respect to the Leased Premises described on Exhibit "C-1" attached hereto; if Tenant exercises the Option described in Paragraph 29 then Tenant shall subject to the availability of utilities and any limitations imposed by the FAA, Landlord, the California Department of Transportation and any other applicable governmental agency, also undertake those certain upgrades and other activities with respect to the Leased Premises described on Exhibit "C-2" attached hereto. Notwithstanding anything contained herein to the contrary, in no event shall Tenant be deemed to have any obligation with respect to the runways, tarmacs, taxiways, towers, lights and other

movement-related areas at the Hawthorne Airport, the responsibility for which has been allocated to Landlord pursuant to Paragraph 10.2.7 above);

10.3.5 To the extent FAA grant funds are not otherwise made available, Tenant shall be responsible for the cost of preparation of the airport master plan, including any required Environmental Impact Review, required in connection with the proposed development of the Leased Premises.

10.4 Tenant Obligation to Comply with Laws. Tenant shall at all times comply, and shall use commercially reasonable efforts to cause all subtenants and users of the Leased Premises to comply, with all applicable laws, all regulations imposed by and all other matters relating to the FAA that affect the Leased Premises, AIP grant assurances and other rules or regulations imposed governmental agencies with jurisdiction over the Hawthorne Airport. Landlord shall provide Tenant with written notice of all such applicable laws, rules and regulations.

10.5 Temporary Closure of Hawthorne Airport. Landlord and Tenant acknowledge and agree that Landlord shall have the right to temporarily suspend operations of the Hawthorne Airport only in the case of emergencies or as otherwise permitted or required by the FAA for up to five (5) calendar days each Lease Year; provided, however, Landlord shall, except in the case of emergencies, give Tenant written notice of any such suspension of operations not less than thirty (30) days prior to the date of such suspension. In no event shall Landlord have the right to suspend operations or close the Hawthorne Airport (i) more than two (2) times during any 30-day period or (ii) for more than five (5) days in any Lease Year, without the prior written consent of Tenant, which consent shall not be unreasonably withheld.

10.6 Operation of Hawthorne Airport: FAA Requirements. Landlord and Tenant hereby acknowledge and agree that the Hawthorne Airport shall at all times be operated in accordance with the terms and conditions set forth in any applicable FAA grant assurances and as set forth on Exhibit "G" attached hereto. Landlord and Tenant further acknowledge that Exhibit "G" to this Lease shall be attached to and made a part of any sublease which Tenant enters into in accordance with this Lease.

## 11. PERMITTED CONTESTS

Tenant, at its expense, may contest, after ten (10) days prior written notice to Landlord, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition or any Legal Requirement, provided, however, that the contest, opposition or objection must be filed before the Imposition at which it is directed becomes delinquent. Landlord shall, upon written request by Tenant and at no cost to Landlord, join in any such contests, oppositions or objections if Tenant determines such joinder is necessary or convenient for the proper prosecution of the proceedings; provided, however, Landlord shall not be liable for any costs or expenses incurred or awarded in such contest proceedings. Tenant shall not continue or maintain any such contest, opposition or objection beyond the date upon which such Imposition becomes delinquent unless Tenant shall first either (a) make all contested payments, under protest if it desires, unless such proceedings shall suspend the collection thereof from Landlord or by levy upon any Rent or

other sums payable under this Lease; or (b) obtain and maintain a stay of all proceedings for enforcement of or collection of such Legal Requirement or Imposition, as the case may be, or (c) deliver to Landlord within thirty (30) days of Tenant's final determination of such contest a bond in an amount reasonably determined by Landlord to represent the full amount of such contested Imposition. Nothing herein shall be deemed to permit Tenant to contest any FAA grant assurances or any other reasonable rules and regulations customarily imposed by the FAA.

## 12. INSURANCE/INDEMNIFICATION

12.1 Insurance. At all times during the Term, Tenant shall keep the Leased Premises and any Improvements insured for the mutual benefit of Landlord and Tenant, under policies naming Landlord as an additional insured, against the following:

12.1.1 Loss or damage by fire, and such other risks as may be included in the standard form of extended coverage insurance from time to time available, in an amount not less than one hundred percent (100%) of the then full insurable value of the Improvements ("Casualty Insurance");

12.1.2 A policy of commercial general liability insurance (occurrence form) ("Liability Insurance"), having a combined single limit of not less than Two Million Dollars (\$2,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) aggregate, providing coverage for, among other things, blanket contractual liability, premises, products/completed operations and personal and advertising injury coverage (provided, however, in no event shall Tenant be required to maintain Liability Insurance with respect to operations of the Hawthorne Airport, it being agreed and understood that Landlord shall be solely responsible for maintaining such liability insurance pursuant to the terms and provisions of Paragraph 10.2.8 above). Commencing on the fifth (5<sup>th</sup>) anniversary of the Lease Commencement Date and each five (5) years thereafter, the foregoing liability amounts shall be subject to CPI Adjustment in accordance with Paragraph 3.4 above; and

12.1.3 Before commencement of any demolition or construction work, Tenant shall procure a policy of builder's "all risk" insurance including vandalism and malicious mischief coverage, in form and with a company reasonably acceptable to Landlord, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees ("Builder's Risk Insurance"), said insurance to be maintained in force until completion and acceptance of the work.

The term "full insurable value" shall mean the actual replacement cost of the Improvements (excluding footings, foundation and excavation costs). Said "full insurable value" shall be determined by Tenant's insurer. The amount of the Liability Insurance which is to be maintained pursuant to this Paragraph 12.1 shall be reviewed by Landlord and Tenant every five (5) years to consider whether the amount of the coverage shall be increased.

## 12.2 Policy Provisions.

12.2.1 All insurance required under this Lease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and licensed to do business in the State of California. Such insurance shall be provided by a company (or companies) having a general policy holder's rating in Best's Rating Guide of A- or better (or as acceptable to any Leasehold Mortgagee). Certificates evidencing all such policies shall be delivered to Landlord. At least thirty (30) days prior to the expiration date of any such policy the original renewal policy for such insurance shall be delivered by Tenant to the holder of the expiring original policy, and certificates thereof shall be delivered to Landlord. All such policies shall contain a non-cancellation clause except upon thirty (30) days' prior written notice to each named insured and loss payee. All such policies shall contain language to the effect that (i) the insurer waives the right of subrogation against Landlord and (ii) the policies are primary and noncontributing with any insurance that may be carried by Landlord.

12.2.2 All policies of insurance required herein shall name Landlord and Tenant as the insureds as their respective interests may appear. Subject to the provisions and limitations herein set forth, all Casualty Insurance and Builder's Risk Insurance policies shall also provide, if required by either party hereto, for any loss thereunder to be payable to any Leasehold Mortgagees as their respective interests may appear, pursuant to a standard mortgagee clause or endorsement. The loss, if any, under said Casualty Insurance and Builder's Risk Insurance policies shall be adjusted by Tenant with the insurance companies.

12.2.3 Subject to any contrary provision contained in a Leasehold Mortgage permitted under the terms of this Lease, the loss, if any, under all Casualty Insurance and Builder's Risk Insurance policies shall be payable (i) to Tenant, or (ii) to a bank, trust company, or insurance trustee ("Depository"), to be designated by Tenant in a notice given to the insurance companies.

12.2.4 Any loss paid under Casualty Insurance or Builder's Risk Insurance to Tenant shall be held by Tenant in trust for application first to the Restoration of the Leased Premises to the extent required under Paragraph 13 below (with any balance remaining thereafter to become Tenant's sole property, subject, however, to the rights of any Leasehold Mortgagees). Any loss so paid to the Depository shall be disbursed by it in accordance with the provisions of Paragraph 13.3 below.

12.2.5 Nothing in this Paragraph 12.2 shall prevent Tenant from taking out any of the insurance required hereunder under a blanket policy or policies of insurance which covers other properties owned by Tenant or affiliates of Tenant as well as the Leased Premises, provided that no insurance required hereunder is limited, decreased or modified as a result thereof (whether as the result of any co-insurance, excess coverage or other term or provisions of such blanket policy).

12.3 Waiver of Subrogation. Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by Liability Insurance or Casualty Insurance policies existing for the benefit of the respective parties, to the extent of the insurance coverage is actually provided thereby.

12.4 Defense and Indemnification. Tenant hereby agrees to and shall hold Landlord, its elective and appointive boards, commissions, officers, agents and employees harmless from any liability for damage, or claims for damage for personal injury, including death, as well as claims for property damage which arise directly out of Tenant's or Tenant's contractors', subcontractors', agents', or employees' operations under this Lease. Tenant further agrees to indemnify, defend (with counsel selected by Tenant), save and hold Landlord, its elective and appointive boards, commissions, officers, agents and employees, all personally and in their official capacities, harmless from any liability for damages, costs and attorney's fees in the event of any litigation challenging the validity of this Lease, any actions taken by the parties under this Lease, or Landlord's approval of this Lease, including, without limitation, any challenge based upon the California Environmental Quality Act and the California Subdivision Map Act; provided, however, the foregoing indemnity shall not apply to claims based on or liability arising as a result of the sole negligence or the fraud or willful misconduct of Landlord or any other indemnitee described herein. This provision shall survive and continue after the termination of this Lease.

13. DAMAGES TO OR DESTRUCTION OF PROPERTY

13.1 Tenant to Give Notice. In case of any material damage to or destruction of the Leased Premises or any part thereof, Tenant shall promptly give written notice thereof to Landlord generally describing the nature, extent and cause of such damage or destruction.

13.2 Restoration. In case of any damage to or destruction of the Leased Premises or any part thereof, subject to the provisions of Paragraph 6.2 above and Paragraph 13.4 below, Tenant shall, at its expense, promptly commence and continue through to completion (subject to Unavoidable Delays) the restoration, replacement or rebuilding of the Leased Premises as nearly as possible to its value, condition and character, subject to the remedial limitation contained in Paragraph 6.1.6 above, immediately prior to such damage or destruction, with such Alterations as may be made at Tenant's election pursuant to and subject to the terms of Paragraph 6.2 ("Restoration").

13.3 Application of Insurance Proceeds.

13.3.1 Subject to the rights of any permitted Leasehold Mortgagee, insurance proceeds received by a Depository pursuant to Paragraph 12.2.3 above shall be paid to Tenant according to Depository's standard procedures for disbursing construction loan proceeds, from time to time, as Restoration progresses, to pay (or reimburse Tenant for) the cost of Restoration. Subject to the rights of any Leasehold Mortgagees, any excess (i.e. beyond all sums necessary for such Restoration) shall be paid to Tenant as its sole and separate property with respect to Alterations and Improvements.

13.3.2 Any such Casualty Insurance proceeds paid to Tenant shall be applied by Tenant first directly toward such Restoration.

13.4 Termination. In the event the Leased Premises shall be damaged as a result of (i) any casualty during the last seven (7) years of the Term to the extent the Leased Premises cannot be reasonably repaired or restored, or (ii) as a result of any earthquake or other

casualty not covered by any insurance that is required to be carried on the Leased Premises, Tenant may, subject to the satisfaction of those conditions set forth below, elect to terminate this Lease and all of its obligations hereunder effective as of the date which is the last calendar day of the second (2<sup>nd</sup>) month following such event of destruction, provided that such notice of termination must be delivered to Landlord within thirty (30) days after the occurrence of such damage or destruction. If Tenant so elects to terminate, Tenant shall raze any damaged Improvements on the Leased Premises and Tenant's indemnity obligations herein shall survive such termination of the Lease. Tenant's right to terminate this Lease as provided in this Paragraph 13.4 shall be subject to each of the following conditions:

13.4.1 Tenant shall give Landlord notice of the damage or destruction promptly but not later than fifteen (15) days after such event of destruction, detailing facts that qualify the casualty under this provision;

13.4.2 Tenant shall not be in default under any provision or condition of this Lease;

13.4.3 Tenant shall continue to make all payments when due as required by the provisions of the Lease (except that Landlord may, by notice given at any time after Tenant's notice of the damage or destruction, elect to terminate the Lease at a date stated in Landlord's notice and to forgive all rent for the period following that date);

13.4.4 Tenant pays in full, or has paid in full, any outstanding debt secured by an approved Leasehold Mortgage;

13.4.5 Tenant delivers possession of the Leased Premises and Improvements to Landlord and quitclaims all right, title, and interest in the Leased Premises and Improvements, if, and promptly after, ceasing to do business on the Leased Premises;

13.4.6 Tenant causes to be discharged all liens and encumbrances resulting from any act or omission of Tenant which are not consented to by Landlord in writing;

13.4.7 Tenant complies with the provisions of this Lease relating to the application of insurance proceeds; and

13.4.8 Tenant uses all available insurance proceeds to pay the costs or removing all debris and remains of the damaged Improvements from the Leased Premises.

#### 14. CONDEMNATION

14.1 Definitions. Whenever used in this Lease, the following words shall have the following respective meanings:

14.1.1 "Award" shall mean compensation paid for a Taking whether pursuant to a judgment or by agreement or otherwise.

14.1.2 **"Condemnation"** or **"condemnation proceedings"** shall mean any action or proceeding brought by a competent governmental authority for the purpose of any taking of the fee title of the Leased Premises or any part thereof as a result of the exercise of the power of eminent domain, including a voluntary sale to such authority either under threat of or in lieu of condemnation or while such action or proceeding is pending.

14.1.3 **"Notice of Intent of Taking"** shall mean any notice or notification on which a reasonably prudent person would rely and which such person would interpret as expressing an existing intention of a Taking as distinguished from a mere preliminary inquiry or proposal. It includes, but is not limited to, the service of a condemnation summons and complaint (or other legal process relating to condemnation of the Leased Premises) by any party to this Lease. Such notice is considered to have been received when a party to this lease receives from the condemning agency or entity a notice of intent to take, in writing, containing a description or map of the Taking reasonably defining the extent thereof.

14.1.4 **"Partial Taking"** shall mean any Taking affecting fee title to the Leased Premises, or a portion thereof, that is not either a Total or a Substantial Taking.

14.1.5 **"Substantial Taking"** shall mean a Taking of so much of Leased Premises, or the Improvements thereon, or both, such that the remaining portion not so Taken cannot be so repaired or reconstructed, taking into consideration the amount of the Award available for repair or restoration, as to constitute complete, rentable structures, capable of producing a proportionately fair and reasonable net annual income after payment of all operating expenses, the monthly Base Rent (as such may be reduced as the result of such Taking) and all other charges payable under this Lease, and after performance of all covenants required of Tenant by law and under this Lease.

14.1.6 **"Taking"** shall mean an event of vesting of title to the fee or any leasehold or other interest therein or right accruing thereto of the Leased Premises or any part thereof in a competent authority pursuant to, or as a result, in lieu or in anticipation, of the exercise of the right of condemnation or eminent domain.

14.1.7 **"Total Taking"** shall mean a Taking of the fee title to the entire Leased Premises and the Improvements thereon.

14.1.8 **"Vesting Date"** shall mean the date of a Taking, which date shall be considered to take place as of the earlier of the date (i) actual physical possession is taken by the condemnor, or (ii) title actually passes to the condemnor.

14.2 **Notice to Other Party.** A party receiving any notice of the kind specified below shall promptly give the other party notice of the receipt, contents, and date of the notice received:

14.2.1 Notice of Intended Taking;

14.2.2 Service of any legal process relating to condemnation of the Leased Premises;

14.2.3 Notice in connection with any proceedings or negotiations with respect to such a condemnation; or

14.2.4 Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

14.3 Total Taking. In case of a Total Taking, this Lease and Tenant's obligations hereunder shall terminate as of the Vesting Date; provided, however, that such termination shall not relieve or absolve Tenant of any obligations that shall have accrued or been in existence prior to the Vesting Date.

14.4 Substantial Taking. If the Taking is substantial under the definition appearing above, Tenant may, by notice to Landlord given within sixty (60) days after Tenant receives a Notice of Intended Taking, elect to treat the Taking as a Substantial Taking. If Tenant does not so notify Landlord, the Taking shall be deemed a Partial Taking. If Tenant gives such notice and Landlord gives Tenant notice disputing Tenant's contention within thirty (30) days following Tenant's notice, the dispute shall be promptly determined by binding arbitration through and pursuant to the rules of the American Arbitration Association. If Landlord gives no such notice, the Taking shall be considered a Substantial Taking. Tenant shall, thereafter, deliver up possession of the Leased Premises to Landlord by the later of (i) twenty (20) days after determination that the Taking was a Substantial Taking, or (ii) the Vesting Date, or the Taking shall, notwithstanding the foregoing, be treated as a Partial Taking. The delivery of possession of the Leased Premises to Landlord pursuant to this Paragraph 14.4 shall not be deemed to excuse or waive any obligations of Tenant under the Lease arising prior to the termination of the Lease. In case of a Substantial Taking, the Lease shall be deemed terminated as of the Vesting Date. Notwithstanding any of the foregoing, the terms and conditions of this Paragraph 14 shall be subject to the terms of any Leasehold Mortgage permitted hereunder.

14.5 Partial Taking. Upon any Partial Taking, this Lease shall remain in full force and effect, covering the portion of the Leased Premises not subject to the condemnation action, except that the Rent shall be reduced in the same ratio as the rentable area in the Improvements taken bears to the total rentable area of the Improvements on the Leased Premises (as existed prior to the condemnation).

14.6 Allocation of Award; Total or Substantial Taking. If this Lease shall terminate pursuant to the provisions of Paragraphs 14.3 or 14.4 by reason of a Total or Substantial Taking, the total Award in the condemnation proceedings shall be apportioned and paid, to the extent available, in the following order of priority:

14.6.1 The Leasehold Mortgagee on the Leased Premises, if any, shall first be entitled to have its mortgage loan satisfied.

14.6.2 Landlord, Tenant and Leasehold Mortgagee shall next be entitled to their expenses and charges, including, without limitation, attorneys' fees reasonably incurred in connection with the Taking.

14.6.3 To Tenant and Landlord in proportion to their respective interests in the Leased Premises;

14.6.4 The balance, if any, shall be treated as "Additional Rent" and divided between Landlord and Tenant pursuant to the terms of Paragraph 3.2.2(b) through 3.2.2(f).

14.7 Allocation of Award; Partial Taking. In the event of a Partial Taking, Tenant shall commence and proceed with reasonable diligence to repair or reconstruct the remaining Improvements to a complete architectural unit or units, including without limitation, temporary repairs, changes and installations required to accommodate subtenants and all other work incidental to and in connection with all of the foregoing, provided it has received its share of the Award adequate to do so at no additional expense to Tenant. All such repair, reconstruction and work shall hereinafter in this Paragraph be called "Rebuilding."

The total Award in the condemnation proceedings, in the event of such Partial Taking, shall be apportioned and paid, to the extent available, in the following order of priority:

14.7.1 Tenant shall first be entitled to an amount equal to the cost of Rebuilding. If Landlord and Tenant cannot agree upon such amount, it shall be determined by binding arbitration through and pursuant to the rules of the American Arbitration Association.

14.7.2 Landlord, Tenant and any Leasehold Mortgagee shall next be entitled to their expenses and charges, including, without limitation, reasonable attorneys' fees incurred in connection with the Taking.

14.7.3 To Tenant and Landlord in proportion to their respective interests in the Leased Premises;

14.7.4 The balance, if any, shall be treated as "Additional Rent" and divided between Landlord and Tenant pursuant to the terms of Paragraph 3.2.2(b) through 3.2.2(f).

14.8 Temporary Taking. In the event of a Taking of all or any portion of the Leased Premises for a temporary use, the foregoing provisions of this Paragraph 14 shall be inapplicable thereto, this Lease shall continue in full force and effect. If any portion of the Award for such temporary use is intended to cover the cost of Rebuilding of the Improvements to the condition they were in prior to such temporary use or to make repairs occasioned by or resulting from such temporary use, such portion shall be used by Tenant to cover the cost of such Rebuilding.

14.9 Settlement. Neither Landlord nor Tenant shall, without the consent of the other party (unless Tenant be in default of this Lease), or Leasehold Mortgagee, (i) make any settlement with the condemning authority, or (ii) convey any portion of the Leased Premises to such authority in lieu of condemnation or (iii) consent to any Taking.

15. FINANCING/HYPOTHECATION

15.1 Financing. Landlord agrees and acknowledges that Tenant shall have the right and power, but not the obligation, to:

15.1.1 At any time hereafter finance construction, alteration or removal of Improvements and all soft and hard costs and expenses related to such construction, start-up and operation of Improvements and other facilities comprising the Leased Premises (the "Interim and/or Construction Financing");

15.1.2 At any time hereafter, obtain interim, take-out or permanent financing for the purposes of acquiring the Leased Premises, repaying any Interim and/or Construction Financing, holding and operating Improvements (and other facilities comprising the Leased Premises) and other purposes related to the Leased Premises (the "Permanent Financing"); and

15.1.3 Obtain refinancing for the Leased Premises ("Refinancing"). Such Interim and/or Construction Financing, Permanent Financing and Refinancing are sometimes hereinafter collectively referred to as "Financing" or "Leasehold Financing". Any such Financing may be evidenced by one or more promissory notes and secured by one or more Leasehold Mortgages, subject to all of the terms and conditions set forth in this Paragraph 15.

15.2 Leasehold Mortgages. Tenant may, with notice to Landlord, mortgage the leasehold estate hereby created and Tenant's interest, if any, in Improvements. As used herein the term "Leasehold Mortgage" shall mean any mortgage, deed of trust or other security instrument which constitutes a lien on Tenant's leasehold interest in this Lease and the leasehold estate created hereby and "Leasehold Mortgagee" shall mean the holder of a Leasehold Mortgage. The execution and delivery of any Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease nor shall the holder of any Leasehold Mortgage, as such, be deemed an assignee or transferee of this Lease so as to require such holder to assume the performance of any of the terms, covenants or conditions on the part of Tenant to be performed hereunder. Landlord and Tenant agree to the following:

15.2.1 Notice. If Tenant or any Leasehold Mortgagee shall have delivered to Landlord prior written notice of the address of any Leasehold Mortgagee, Landlord shall mail to such Leasehold Mortgagee a copy of any notice or other communication from Landlord to Tenant under this Lease at the time of giving such notice or communication to Tenant, and shall give to such Leasehold Mortgagee notice of any rejection of this Lease by Tenant's trustee in bankruptcy or by Tenant as debtor in possession and no termination of this Lease or termination of Tenant's right of possession of the Leased Premises or reletting of the Leased Premises by Landlord predicated on the giving of any notice shall be effective unless Landlord gives to such Leasehold Mortgagee written notice or a copy of its notice to Tenant of such default or termination, as the case may be.

**15.2.2 Right to Cure.** In the event of any default by Tenant under the provisions of this Lease, any Leasehold Mortgagee shall have, after receipt of written notice from Landlord, the same periods as are given Tenant for remedying such default or causing it to be remedied. In addition, in those instances which reasonably require any Leasehold Mortgagee to be in possession of the Leased Premises to cure any default by Tenant, the time therein allowed any Tenant's Leasehold Mortgagee to cure any default by Tenant shall be deemed extended to include the reasonable period of time required by any Leasehold Mortgagee to obtain such possession with due diligence, and in those instances in which any Leasehold Mortgagee is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the time herein allowed any Leasehold Mortgagee to prosecute such foreclosure or other proceeding shall be extended for the period of such prohibition, provided such Leasehold Mortgagee makes payments of Rent and any other monetary payments to Landlord in accordance with the terms and within the time frames set forth in this Lease. In such event any Leasehold Mortgagee, without prejudice to its rights against Tenant, shall have the right, but not the obligation, to cure such default within the applicable grace periods provided for herein whether such default consists of the failure to pay Rent or any other monetary obligations to Landlord or the failure to perform any other matter or thing which Tenant is hereby required to do or perform, and Landlord shall accept such performance on the part of such Leasehold Mortgagee as though the same had been done or performed by Tenant, and for such purpose Landlord and Tenant hereby authorize such Leasehold Mortgagee to enter upon the Leased Premises and to exercise any of its rights and powers under this Lease and, subject to the provisions of this Lease, under the Leasehold Mortgage.

**15.2.3 No Termination During Foreclosure or Cure.** In the event of any default by Tenant, and if prior to the expiration of the applicable grace period specified in Paragraph 15.2.2 above, a Leasehold Mortgagee shall give Landlord written notice that it intends to undertake the curing of such default, or to cause the same to be cured, or to exercise its rights to acquire the leasehold interest of Tenant by foreclosure or otherwise, and shall immediately commence and then proceed with all due diligence to do so, whether by performance on behalf of Tenant of its obligations under this Lease, or by entry on the Leased Premises by foreclosure or otherwise, then Landlord shall not terminate or take any action to effect a termination of this Lease or reenter, take possession of or relet the Leased Premises or similarly enforce performance of this Lease in a mode provided by law so long as such Leasehold Mortgagee (i) is with all due diligence and in good faith engaged in the curing of such default and (ii) makes payment of Base Rent and other monetary payments required of Tenant in accordance with the terms and provisions of this Lease. The Leasehold Mortgagee shall not be required to continue such possession or foreclosure proceedings; provided further, however, that if the default is not susceptible to being cured by Leasehold Mortgagee, such default shall be deemed cured if Leasehold Mortgagee shall (i) proceed in a timely and diligent manner to accomplish the foreclosure of Tenant's interest and (ii) makes payment of Base Rent and other monetary payments required of Tenant in accordance with the terms and provisions of this Lease.

15.2.4 New Lease. In the event Tenant's interest under this Lease is terminated by Landlord for any reason including, without limitation, Tenant's default or rejection of the Lease by a trustee in bankruptcy or a debtor in possession (and provided an unsatisfied Leasehold Mortgage stands of record) or in the event Tenant's interest under this Lease shall be sold, assigned or transferred pursuant to the exercise of any remedy of any Leasehold Mortgagee, or pursuant to judicial or other proceedings, Landlord shall immediately execute and deliver a new lease of the Premises to such Leasehold Mortgagee or its nominee, purchaser, assignee or transferee, upon written request by such Leasehold Mortgagee or such nominee, purchaser, assignee or transferee given within sixty (60) days after such sale, assignment or transfer for the remainder of the term of the Lease with the same agreements, covenants and conditions (except for any requirements which have been fulfilled by Tenant prior to termination) as were contained herein and with priority equal to that hereof; provided, however, that such Leasehold Mortgagee shall promptly cure any default of Tenant susceptible to cure by such Leasehold Mortgagee (including, without limitation, any monetary default), and provided further that if more than one Leasehold Mortgagee requests such new lease, the Leasehold Mortgagee holding the most senior Leasehold Mortgage shall prevail. Upon execution and delivery of such new lease, Landlord shall cooperate with the new tenant, at the expense of the said new tenant, in taking such action as shall be necessary to cancel and discharge this Lease and to remove Tenant named herein from the Premises. In such event the ownership of Improvements to the extent owned by Tenant shall be deemed to have been transferred directly to such transferee of Tenant's interest in this Lease. Any costs incurred by Landlord in connection with such new lease (including reasonably attorneys' fees) shall be paid by Leasehold Mortgagee.

15.2.5 No Conflict. In the event of a default under a Leasehold Mortgage, such Leasehold Mortgagee may exercise with respect to the Leased Premises any right, power or remedy under the Leasehold Mortgage which is not in conflict with the provisions of this Lease.

15.2.6 Transfer After Foreclosure. This Lease may be assigned, without the consent of Landlord, to any Leasehold Mortgagee, pursuant to foreclosure or similar proceedings, or pursuant to an assignment or other transfer of this Lease to such Leasehold Mortgagee in lieu thereof, and may be thereafter assigned by such Leasehold Mortgagee, subject to the provisions of Paragraph 16 hereof, and any Leasehold Mortgagee shall be liable to perform the obligations herein imposed on Tenant only for and during the period it is in possession or ownership of the leasehold estate created hereby. Leasehold Mortgagee shall deliver written notice to Landlord of any such assignment, provided such notice shall be for informational purposes only.

15.2.7 No Surrender or Modification Binding. No surrender (except a surrender upon the expiration of the Term of this Lease or upon termination by Landlord pursuant and subject to the provisions of this Lease) by Tenant to Landlord of this Lease, or of the Leased Premises, or any part thereof, or of any interest therein, and no termination of this Lease by Tenant shall be valid or effective, and neither this Lease nor any of the terms hereof may be amended, modified, changed or canceled and no consent

of Tenant hereunder shall be valid or effective without the prior written consent of any Leasehold Mortgagee, which consent shall not be unreasonably withheld or delayed.

15.2.8 Assignment of Sublease. Provided that Leasehold Mortgagee continues to perform all of Tenant's monetary obligations hereunder, Landlord consents to a provision in any Leasehold Mortgages or otherwise for an assignment of rents from Subleases of the Leased Premises to the holder thereof, effective upon any default under such Leasehold Mortgage.

15.2.9 Multiple Leasehold Mortgages. If at any time there shall be more than one Leasehold Mortgage, the holder of the Leasehold Mortgage prior in lien shall be vested with the rights under Paragraph 15.2.2 hereof (other than the provisions for receipt of notices as provided herein) to the exclusion of the holder of any junior Leasehold Mortgage; provided, however, that if the holder of a first lien Leasehold Mortgage shall fail or refuse to exercise the rights set forth in said Paragraph 15.2.2, each holder of a Leasehold Mortgage in the order of the priority of their respective liens shall have the right to exercise such rights and provided further, however, that with respect to the right of the holder of Leasehold Mortgage under Paragraph 15.2.4 hereof to request a new lease, such right may, notwithstanding the limitation of time set forth in said Paragraph, be exercised by the holder of any junior Leasehold Mortgage, in the event the holder of a prior Leasehold Mortgage shall not have exercised such right within such sixty (60) day period after the receipt of Landlord's termination notice, provided that such junior Leasehold Mortgagee must exercise such right by no later than seventy-five (75) days after the giving of notice by Landlord of termination of this Lease as provided in said Paragraph.

15.2.10 Consent of Landlord Not Required. The foreclosure of a Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in any Leasehold Mortgage, or any conveyance of the leasehold estate created hereby from Tenant to any Leasehold Mortgagee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not breach any provision of or constitute a default under this Lease, and upon such foreclosure, sale or conveyance Landlord shall recognize any Leasehold Mortgagee, or any purchaser at such foreclosure sale, as Tenant hereunder, provided that such purchaser (i) can reasonably demonstrate that it has the financial ability to perform the obligation of Tenant under this Lease, (ii) has a level of experience in airport operations similar to the level of experience of Tenant as of the Lease Commencement Date and (iii) is of good character or reputation.

15.3 Fee Mortgage. Landlord shall have the right, from time to time and at anytime, to enter into a mortgage, deed of trust or other security instrument on the interests of Landlord in the Leased Premises and/or Landlord's reversionary interest in the balance of the Premises (a "Fee Mortgage"); provided, however, this Lease, as the same may be modified, amended or supplemented, and all rights of Tenant hereunder, and any Leasehold Mortgage by Tenant which satisfies the terms and conditions of this Lease and all rights of any Leasehold Mortgagee of Tenant hereunder are and shall have priority over, and shall be senior and superior to, the lien of any Fee Mortgage, security agreement or other lien or encumbrance now or

hereafter made by Landlord and affecting the Leased Premises, whether or not such Fee Mortgage, security agreement or other lien or encumbrance shall also cover other lands and/or buildings.

## 16. ASSIGNMENT/SUBLETTING

### 16.1 Assignment.

16.1.1 Permitted Assignments. Tenant shall not have the right to assign its interest in the Lease without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed; provided, however, Landlord and Tenant acknowledge and agree that it shall be considered unreasonable for Landlord to withhold such consent if the proposed Assignee (i) can reasonably demonstrate that it has the financial ability to perform the obligations of Tenant under this Lease, (ii) has a level of experience in airport operations similar to the level of experience of Tenant as of the Lease Commencement Date, and (iii) is of good character or reputation. Any assignment by Tenant without the prior written consent of Landlord as herein provided, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Landlord, terminate the Lease. In the event of an assignment of the Lease, Tenant shall not be responsible for and shall be deemed to be released from all obligations and liabilities arising under this Lease from and after the date of such assignment.

16.1.2 Permitted Assignments. Notwithstanding anything to the contrary contained in this Agreement, including without limitation Paragraph 16.1.1 above, the prior written consent of Landlord shall not be required in the event of a proposed assignment: (a) to an entity that is controlled by or is under the common control with Tenant (an "Affiliate"); (b) to an entity resulting from a consolidation or restructuring, or to the surviving entity in the case of a merger, to which Tenant or Affiliate shall be a party; (c) to any trustee named in a deed of trust, (d) any Leasehold Mortgagee named in a Leasehold Mortgage, (e) any person named in any other type of security instrument for the purpose of incurring an encumbrance on such interest and such leasehold estate pursuant to Paragraph 15 of this Lease, or (f) any purchaser in connection with its acquisition of Tenant's rights by foreclosure or deed in lieu of foreclosure so long as such purchaser satisfies the requirements of Paragraph 15.2.10 above.

16.1.3 Conditions to Assignment. The following are conditions precedent to Tenant's right of assignment pursuant to Paragraph 16.1.1: (i) Tenant shall give Landlord thirty (30) days notice of the proposed assignment with appropriate documentation as evidence that the proposed transferee qualifies under the terms hereof; (ii) except in the event of an assignment to a Leasehold Mortgagee in a Leasehold Mortgage, the proposed transferee shall expressly assume all of the covenants and conditions of this Lease by execution and recordation of an instrument in form and substance reasonably satisfactory to Landlord; (iii) upon any assignment by Tenant of less than its entire interest hereunder, Tenant and such transferee shall apportion and

allocate all sums due as are payable to Landlord by Tenant under the Lease prior to such assignment.

## 16.2 Subletting.

16.2.1 Permitted Subleases/Conditions. Except as otherwise expressly provided in the next sentence, Tenant shall not be required to obtain Landlord's prior consent with respect to any sublease (each, a "Sublease") at the Leased Premises. Notwithstanding the foregoing, Tenant shall be required to obtain the prior consent of Landlord, which consent shall not be unreasonably withheld, with respect to any Sublease which is for (A) a fixed base operation ("FBO") or (B) a jet fuel distribution facility; Tenant shall notify Landlord in writing of Tenant's intent to enter into any such Sublease described in clause (A) or (B) above, which notice shall set forth the material terms and conditions of the proposed Sublease and the relevant qualifications of the proposed Subtenant, and Landlord shall have ten (10) business days to either approve or disapprove in writing such proposed Sublease; Landlord's failure to approve or disapprove such proposed Sublease within such 10-business day period shall be deemed to be Landlord's affirmative approval thereof. Tenant further acknowledges that any proposed Sublease which provides for a use which is not related to aviation, aviation services or other amenities which serve aviation uses and/or the Hawthorne Airport, shall be subject to the prior approval of the FAA, which approval shall not be unreasonably withheld. Tenant agrees for the benefit of Landlord that each Sublease (i) shall state that it is subject to the terms and provisions of this Lease, (ii) shall require that the Subtenant thereunder attorn to and accept Landlord as the lessor thereunder in the event this Lease is terminated and Landlord requests such attornment, and (iii) shall provide that in the event Landlord delivers a notice to Subtenant stating that Tenant is in default under this Lease, then from and after receipt of such notice Subtenant shall pay the rental payments payable by Subtenant under its Sublease directly to Landlord until such time as Subtenant is notified by Landlord that Tenant has cured such default. Tenant shall, promptly after execution of each Sublease, notify Landlord of the name and mailing address of the Subtenant and shall, on demand, provide Landlord with a copy of the Sublease. Tenant shall not accept, directly or indirectly, more than two (2) months prepaid rent from any Subtenant. In the event of a sublease of this Lease, Tenant shall not be relieved of any of its obligations under this Lease.

16.2.2 Non-Disturbance Agreement. Subject to the provisions of Paragraph 16.2.1 above, Landlord hereby agrees for the benefit of any Subtenant that, if Landlord, for the purposes of this Paragraph 16.2.2, has approved such Sublease (which approval shall not be unreasonably withheld or delayed), then upon the termination of this Lease pursuant to any of the provisions of Paragraph 20 hereof or otherwise, Landlord shall recognize the Subtenant under such Sublease as the direct tenant of Landlord under all terms and conditions contained in such Sublease and for a term expiring on the earlier of the expiration of (i) this Lease or (ii) such Sublease; provided, however, that at the time of the termination of this Lease (i) not more than two (2) months' Rent shall have been prepaid thereunder, (ii) no default shall exist under the Subtenant's Sublease which at such time would then permit the landlord thereunder to terminate the same or to exercise any dispossession remedy provided for therein and (iii) the

Subtenant shall deliver to Landlord an instrument confirming the agreement of such Subtenant to attorn to Landlord and to recognize Landlord as the Subtenant's landlord under the Sublease. If requested by Tenant, Landlord agrees to execute a Non-Disturbance and Attornment Agreement with respect to any such Sublease satisfying the terms of Paragraph 16.2.1 above and this Paragraph 16.2.2 and containing the pertinent provisions hereof and any other customary terms and provisions not inconsistent herewith.

16.2.3 Sublease and "Sale" of Hangars. Notwithstanding anything in this Lease to the contrary, Tenant shall have the right to (i) sublease any portion of the Leased Premises to third-parties and (ii) in connection with entering into such Subleases, sell any Improvements located thereon (including, without limitation, any hangars and/or related facilities) to such sub-tenant, which Improvements will be owned and held by such sub-tenant until the expiration of this Lease. Landlord shall have the right to approve such proposed subtenant, which approval shall not be unreasonably withheld; provided, however, Landlord agrees that it shall not withhold such consent so long as Tenant can reasonably demonstrate that such proposed subtenant has experience in general aviation matters, has a reasonably sound financial condition and does not have a negative reputation. The net proceeds received by Tenant in connection with the "sale" of any such Improvements shall be treated as "Net Income" and divided between Tenant and Landlord and distributed in accordance with the provision of Paragraph 3.2.2. The sub-rent payable by any such subtenant shall be determined in accordance with Paragraph 3.5.1.

## 17. ESTOPPEL CERTIFICATE

Tenant agrees at any time and from time to time, upon not less than ten (10) business days' prior notice by Landlord to execute, acknowledge and deliver to Landlord a statement in writing certifying that (i) this Lease is unmodified and in full force and effect (or if there have been modifications that this Lease is in full force and effect as modified and stating the modifications), (ii) the dates to which the Rent has been paid, and (iii) whether or not to the best knowledge of the signer of such statement Landlord is then in default or may be in default with notice or the passage of time, or both, in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Lease, and, if in default, specifying each such default; it being intended that any such statement delivered pursuant to this Paragraph may be relied upon by Landlord, Landlord's lender or any prospective purchaser of the fee.

## 18. LIMITATION OF LANDLORD'S LIABILITY

18.1 Current Term. The term "Landlord" as used in this Lease so far as covenants or obligations on the part of Landlord are concerned shall be limited to mean and include only the owner or owners at the time in question of Landlord's interest in Improvements and the Leased Premises. In the event of any transfer or transfers of the title to such interest, the Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer or conveyance from all obligations on the part of Landlord contained in this Lease to be performed

after the date of such transfer (but not from any indemnity or other obligations incurred by Landlord prior to the date of said transfer), provided that any funds in the hands of such Landlord or the then grantor at the time of such transfer which are to be paid to Tenant or otherwise held for application pursuant to this Lease shall be transferred to such grantee and such grantee shall expressly assume, subject to the limitations of this Paragraph 18, all of the terms, covenants and conditions in this Lease contained on the part of Landlord thereafter to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord shall, subject as aforesaid, be binding on Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership.

18.2 Financial Limitations. Notwithstanding anything to the contrary contained in this Lease, if at any time Landlord shall fail to perform or pay any covenant or obligation on its part to be performed or paid hereunder, and as a consequence thereof, Tenant or its successors and assigns shall obtain a monetary judgment against Landlord, Tenant agrees to look solely to the interest of Landlord in the Leased Premises for the satisfaction of such judgment, and if such interest is insufficient to satisfy the judgment amount, Tenant shall have no right of action nor shall Landlord be liable for any such insufficiency.

18.3 Individuals Not Liable. In the event of any action or other dispute arising in connection with this Lease, Tenant hereby agrees that no action shall be taken against any individual official, City Council member, attorney, officer or employee, of Landlord or any Affiliate of Landlord, Tenant hereby expressly covenanting and agreeing that no such person shall have any personal liability under or in connection with this Lease or any matter connected therewith, and each party hereto hereby forever waives any right to bring any action against any such person.

## 19. DEFAULT/BANKRUPTCY

19.1 Tenant's Default. The occurrence of any one or more of the following events shall be deemed an "Event of Default" by Tenant hereunder:

19.1.1 Default in the payment of any Rent or other monetary obligation owed by Tenant to Landlord hereunder, if such default continues for a period of five (5) days after written notice thereof, specifying such default, is given to Tenant; or

19.1.2 Default in the performance of any other covenant or agreement on the part of Tenant to be performed hereunder, including without limitation but subject to Unavoidable Delays, the failure of Tenant to use commercially reasonable efforts to achieve those certain milestones outlined on Exhibit "C-1" (and, to the extent Tenant shall have exercised the Option in accordance with Paragraph 29, Exhibit "C-2") attached hereto within the time periods specified therein, if such default continues for a period of thirty (30) days after written notice thereof, specifying such default, is given to Tenant; provided, however, in the case of a default which cannot with due diligence be remedied by Tenant within such period of thirty (30) days, if Tenant proceeds as promptly as may reasonably be possible after the service of such notice and with all due diligence to remedy such default and thereafter prosecutes the remedying of such default with all due diligence, the period of time after the giving of such notice within which Tenant may

remedy such default shall be extended for such period as may be necessary to remedy the same with all due diligence (including any period of Unavoidable Delays); or

19.1.3 The making by Tenant of any assignment for the benefit of creditors, the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or if a petition for reorganization or arrangement under any law relating to bankruptcy or insolvency (unless in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days), the appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets or of Tenant's interest under this Lease where possession is not restored to Tenant within sixty (60) days, or the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or of Tenant's interest under this Lease, where such seizure is not discharged within sixty (60) days (and the occurrence of any of the acts or events referred to in this Paragraph with respect to the guarantor of this Lease shall also constitute a default hereunder); or

19.1.4 Tenant's abandonment or surrender of the Leased Premises or any portion thereof.

19.2 Landlord Default. Landlord shall be deemed to be in default under this Lease if, subject to the availability of sufficient funds from (i) airport operations and (ii) collection of Rent payable under this Lease to provide the Landlord Services, Landlord shall be in default in the performance of any covenant or agreement on the part of Landlord to be performed hereunder, including without limitation the failure of Landlord to provide the Landlord Services at all times throughout the Term of this Lease, if such default continues for a period of thirty (30) days after written notice thereof, specifying such default, is given to Landlord; provided, however, in the case of a default which cannot with due diligence be remedied by Landlord within such period of thirty (30) days, if Landlord proceeds as promptly as may reasonably be possible after the service of such notice and with all due diligence to remedy such default and thereafter prosecutes the remedying of such default with all due diligence, the period of time after the giving of such notice within which Tenant may remedy such default shall be extended for such period as may be necessary to remedy the same with all due diligence (including any period of Unavoidable Delays).

## 20. REMEDIES

20.1 Landlord's Remedies. Upon the occurrence of any Event of Default by Tenant pursuant to Paragraph 19.1.1 or Paragraph 19.1.3, Landlord may exercise any one or more of the following remedies, or any other remedy provided in this Lease or by law or equity, to which Landlord may resort cumulatively or in the alternative:

20.1.1 Termination/Recovery by Landlord. Landlord may, at its option, terminate this Lease and any and all right, title and interest of Tenant hereunder in and to the Leased Premises shall expire and Tenant will then quit and surrender the Leased Premises to Landlord. Upon any such termination of this Lease, and in addition to all other rights or remedies it may have, Landlord may recover from Tenant:

(a) the worth at the time of award of the unpaid Rent and additional rent which is due, owing and unpaid by Tenant to Landlord at the time of termination; and

(b) the worth at the time of award of the unpaid Rent and additional rent which would have come due after termination until the time of award, reduced by the amount, if any, of such rent loss which Tenant proves could have been reasonably avoided; and

(c) the worth at the time of award of the unpaid Rent and additional rent for the balance of the Term after the time of award, reduced by the amount, if any, of such Rent loss which Tenant proves could have been reasonably avoided; and

(d) all other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things are likely to result therefrom, which shall specifically include all costs, including attorneys' fees, of repossession, removing persons or property from the Leased Premises, repairs, reletting and reasonable alterations of the Leased Premises in connection with reletting, if any.

All computations of the worth at the time of award of amounts recoverable by Landlord under clauses (a) and (b) above shall be computed by allowing interest at the rate set forth in Paragraph 28.1 below.

All computations of the worth at the time of award of the amounts recoverable by Landlord under clause (c) above shall be computed by discounting such sum at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

20.1.2 Re-entry. If and to the extent permitted by law, Landlord shall have the immediate right to re-enter the Leased Premises and terminate the Tenant's right to possession of the Leased Premises and may, but shall have no obligation to, remove all persons and property therefrom. Such property may be removed and stored in a warehouse or elsewhere at the expense and risk of and for the account of Tenant. Should Landlord elect to re-enter as herein provided, or should Landlord terminate Tenant's right to possession pursuant to legal proceedings or to any notice provided by law, this Lease shall not terminate unless Landlord gives Tenant written notice of termination. In the event of any such re-entry, Landlord shall at its election have the right to use all or any portion of Tenant's Personal Property and trade fixtures without compensation and without liability for use or damage.

20.1.3 Suit for Rent. Landlord may, at its option, elect to recover all Rent and additional rent as it becomes due hereunder whether under California Civil Code Section 1951.4, or any similar, related or unknown provision of law. Additionally, Landlord shall be entitled to recover from Tenant all costs of maintenance and preservation of the Leased Premises, and all costs, including attorneys' and receiver's

fees, incurred in connection with the appointment of and performance by a receiver to protect the Leased Premises.

**20.1.4 Landlord's Right to Perform Tenant's Covenants/Additional Rent.**

In the event of the occurrence of an Event of Default by Tenant with respect to its obligation to (a) procure and maintain the insurance policies provided in Paragraph 12 hereof, (b) pay any Imposition in accordance with the provisions of Paragraph 4, (c) cause any lien of the character in Paragraph 8 referred to be discharged in and when required thereunder or (d) perform any other act on Tenant's part to be performed, then Landlord may, but shall not be obligated so to do and without further notice or demand upon Tenant and without waiving or releasing Tenant from any obligations of Tenant contained in this Lease, (i) pay any such Imposition, (ii) procure, pay for and maintain any such insurance policies, (iii) discharge any such lien, or (iv) perform any other act on Tenant's part to be performed as provided in this Lease. All sums so paid by Landlord and all necessary incidental costs and expenses paid or incurred by Landlord in connection with the performance of any such act by Landlord, together with interest thereon as provided in Paragraph 28.1 below, shall be payable to Landlord as "additional rent" on demand or at the option of Landlord may be added to any Rent then due or thereafter becoming due under this Lease, and Tenant covenants to pay any such sum or sums with interest as aforesaid.

**20.1.5 Assignment of Rents Under Sublease.** Subject to the terms and provisions of Paragraph 15.2.8 above, in the event of the occurrence of an Event of Default by Tenant, Tenant shall assign to Landlord all rents payable under any existing Sublease (collectively, "Subrents") and other sums falling due from Subtenants during any period in which Landlord has the right under this Lease, whether exercised or not, to reenter the Leased Premises as a result of Tenant's default, and Tenant shall not have any right to such sums during that period. This assignment is subject and subordinate to any and all assignments of the same Subrents and other sums made, before the default in question, to a Leasehold Mortgagee under a Leasehold Mortgage. Landlord may at its election reenter the Leased Premises and Improvements, with or without process of law, without terminating the Lease, and either or both collect such Subrents or bring action for the recovery of the sums directly from such Subtenants. Landlord shall receive and collect all Subrents from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of Landlord recovering possession, placing the Leased Premises and Improvements, in good condition, and preparing or altering the Leased Premises or Improvements, as reasonably required for reletting; second, to the reasonable expense of securing new tenants; third, to the fulfillment of Tenant's covenants to the end of the term; and further, to the persons legally entitled to same. Tenant shall nevertheless pay to Landlord on the due dates specified in the Lease the equivalent of all sums required of Tenant under the Lease, plus Landlord's expenses, and interest from the date due, less the proceeds of the sums assigned and actually collected under this provision. Landlord may proceed to collect either the assigned sums or Tenant's balances or both, or any installment or installments of them, either before or after expiration of the term, but the period of limitations shall not begin to run on Tenant's payments until the due date of the final installment to which Landlord is entitled nor shall it begin to run on the payments of

the assigned sums until the due date of the final installment due from the respective obligors.

20.2 Landlord's Remedy for Event of Default Under Paragraph 19.1.2. Notwithstanding anything in this Lease to the contrary, upon the occurrence of any Event of Default by Tenant pursuant to Paragraph 19.1.2, Landlord may, as its sole and exclusive remedy under this Lease or otherwise, terminate this Lease with respect to those Section(s) for which Tenant failed to perform the specified actions set forth with respect to such Section and with respect to any other Section, per Paragraph 10.3.4, on which Tenant has not commenced the actions required pursuant in Exhibit "C-1" and, to the extent the Option has been exercised in accordance with Paragraph 29, Exhibit "C-2"; in the event of any such termination this Lease shall remain in effect with respect to the other Sections leased by Tenant hereunder for which Tenant has performed the specified actions set forth with respect to such Sections pursuant to Paragraph 10.3.4. If Landlord exercises such termination right as provided in this Paragraph 20.2, then the Base Rent payable under this Lease from and after the effective date of such termination shall be decreased by the portion of Base Rent reasonably allocated by Tenant to such terminated Section(s).

### 20.3 Limitation of Tenant's Liability.

20.3.1 Non-Recourse Ground Lease. Notwithstanding anything to the contrary contained in this Lease, including without limitation the remedies of Landlord contained in this Paragraph 20, except as otherwise provided in Paragraph 20.3.2 below, if at any time Tenant shall fail to perform or pay any covenant or obligation on its part to be performed or paid hereunder, and as a consequence thereof, Landlord or its successors and assigns shall obtain a money judgment against Tenant, Landlord agrees to look solely to the interest of Tenant in the Leased Premises and/or Improvements for the satisfaction of such judgment, and if such interest is insufficient to satisfy the judgment amount, Landlord shall have no right of action nor shall Tenant be liable for any such insufficiency.

20.3.2 In the event of any action or other dispute arising in connection with this Lease, Landlord hereby agrees that no action shall be taken against any individual director, officer, employee, member, shareholder, or partner of Tenant or any Affiliate of Tenant, Landlord hereby expressly covenanting and agreeing that no such person shall have any personal liability under or in connection with this Lease or any matter connected therewith, and each party hereto hereby forever waives any right to bring any action against any such person.

20.4 Remedies Cumulative. Nothing herein shall be deemed to affect any rights of indemnification which Landlord has under this Lease; nor shall anything herein be deemed to affect the right of Landlord to equitable relief where such relief is appropriate. Each right, power and remedy of Landlord provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights, powers or remedies provided for in this

Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord of any or all such other rights, powers or remedies not waived by Landlord herein.

20.5 No Waiver. No failure by Landlord or Tenant to insist upon the strict performance of any provision hereof or to exercise any right, power or remedy consequent upon a default hereunder shall constitute a waiver of any such default or of any other than existing or subsequent default of the same type or any other type nor shall such failure preclude either party's right to at any time thereafter insist upon the other party's strict performance under any term or provision of this Lease and no waiver of any default shall affect or alter this Lease, which shall continue in full force and effect.

20.6 Tenant's Remedies. In the event of a default by Landlord under this Lease, Tenant shall have any and all rights and remedies available to it, whether at law or in equity, including the right to terminate this Lease and the right to recover damages, and/or the right seek to specific performance of Landlord's obligations hereunder. If Tenant provides notice to Landlord of an event or circumstance which requires the action of Landlord, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event not later than thirty (30) days after receipt of such notice (or such longer period as reasonably necessary if more than thirty (30) days are reasonably required to complete such action and Landlord commences such repairs within such 30-day period and thereafter diligently attempts to complete same), then Tenant may proceed to take the required action upon delivery of an additional ten (10) business days' notice to Landlord specifying that Tenant is taking such required action (provided, however, that such additional ten (10) business days' notice provided shall be reduced to two (2) business days' notice in the event of an emergency), and if such action was required under the terms of this Lease to be taken by Landlord and was not taken by Landlord within such ten (10) business day period (or two (2) business day period, as the case may be), then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action plus interest thereon at an annual rate of ten percent (10%) compounded monthly; provided, however, Tenant shall be entitled to deduct from Rent payable by Tenant to Landlord under this Lease, the amount described above to the extent Tenant has not received such reimbursement from Landlord.

## 21. WARRANTIES

21.1 Landlord's Covenants, Representations and Warranties. Landlord hereby represents, warrants, and covenants to Tenant as follows:

21.1.1 Landlord has full power and authority to execute this Lease and neither this Lease nor anything provided to be done under this Lease violates or shall violate any agreement to which Landlord is a party or by which it may be bound or any agreement affecting the Leased Premises of which Landlord has actual knowledge.

21.1.2 Subject to the terms of this Lease, upon paying the Rent and performing the other terms, covenants and conditions of this Lease on Tenant's part to be performed, Tenant shall and may peaceably and quietly have, hold, occupy, possess and enjoy the Leased Premises during the Term.

21.1.3 Landlord covenants, warrants and represents that: except as provided under the Existing Agreements, (a) the Leased Premises is now unoccupied and tenant-free, (b) absolute, tenant-free possession of the Leased Premises will be delivered to Tenant on the Leases Commencement Date, and (c) Tenant shall and may (subject, however, only to the exceptions, reservations, terms and conditions of this Lease and applicable FAA regulations and requirements) peaceably and quietly have, hold and enjoy the Leased Premises for the term hereby granted without molestation or disturbance by or from Landlord or any Person claiming through Landlord and free of any encumbrance created or suffered by Landlord, except only those encumbrances, liens or defects of title, created or suffered by Tenant.

21.2 Tenant's Warranties. Tenant hereby represents and warrants to Landlord that Tenant is a limited liability company, validly in existence and in good standing pursuant to the laws of the State of Delaware. Tenant has the right and power to enter into this Lease and to perform its obligations hereunder.

## 22. NOTICES

All written notices or demands of any kind which either party may be required or may desire to serve on the other in connection with this Lease must be served (as an alternative to personal service) by registered or certified mail, shall be deposited in the United States mail with postage thereon fully prepaid and addressed to the party to be served as follows:

If the party so to be served be Landlord, address Landlord at:

The City of Hawthorne  
4455 West 26<sup>th</sup> Street  
Hawthorne, California 90250  
Attention: City Manager and City Attorney  
Facsimile: (310) 970-7058

With a copy to:

McDonough, Holland & Allen PC  
555 Capitol Mall, 9<sup>th</sup> Floor  
Sacramento, California 95814  
Attention: Brent Hawkins, Esq.  
Facsimile: (916) 444-3826

If the party so to be served be Tenant, address Tenant at:

Hawthorne Airport, LLC  
c/o Kearny Real Estate Company  
1900 Avenue of the Stars, Suite 320  
Los Angeles, CA 90067  
Attention: Mr. Jeffrey A. Dritley  
Facsimile: (310) 203-1850

and

Hawthorne Airport, LLC  
c/o Wedgewood Enterprises  
319 Main Street  
El Segundo, CA 90245  
Attention: Mr. David Wehrly  
Facsimile: (310) 640-3090

With a copy to:

Allen Matkins Leck Gamble & Mallory LLP  
515 South Figueroa Street, 7th Floor  
Los Angeles, California 90071  
Attention: Kevin M. Ehrhart, Esq.  
Facsimile: (213) 620-8816

Each service of any such notice or demand so made by mail shall be deemed complete on the day of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the fourth day after the date of mailing, whichever is earlier in time. If requested in writing any Leasehold Mortgagee (which request shall be made in the manner hereinabove provided as between the parties hereto and shall specify an address to which notices or demands shall be given or made) any such notice or demand shall also be given or made in the manner herein specified and contemporaneously to such holder. Either party, and any Leasehold Mortgagee who shall have made the request hereinabove referred to, may designate by notice in writing given in the manner hereinabove specified a new or other address to which such notice or demand shall thereafter be so given or made.

23. INVALIDITY OF PARTICULAR PROVISIONS

If any term or provision of this Lease or the application thereof to any Person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

24. NO MERGER OF TITLE

There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Leased Premises by reason of the fact that the same person may own or hold (a) the leasehold estate created by this Lease or any interest in such leasehold estate, and (b) any interest in such fee estate; and no such merger shall occur unless and until all persons having any interest in (i) the leasehold estate created by this Lease, and (ii) the fee estate in the Leased Premises, shall join in a written instrument effecting such merger and shall duly record the same.

## 25. HAZARDOUS MATERIALS

25.1 Hazardous Materials. As used herein the term "**Hazardous Materials**" shall mean any material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," "pollutant" or other words of similar import within the meaning of any Environmental Statute, or any other hazardous or toxic wastes or substances or other substances or materials which are now or in the future included under or regulated by any Environmental Statute or adopted by the United States Environmental Protection Agency, including petroleum and petroleum products and all hazardous or toxic substances or wastes, any substances which because of their quantitative concentration, chemical, radioactive, flammable, explosive, infectious or other characteristics, constitute or may reasonably be expected to constitute or contribute to a danger or hazard to public health, safety or welfare or to the environment, including any asbestos (whether or not friable) and any ACM, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), toxic metals, etchants and plating wastes, explosives, reactive metals and compounds, pesticides, herbicides, radon gas, urea formaldehyde foam insulation and chemical, biological and radioactive wastes; provided, however, except as provided otherwise in immediately following sentence, the term "**Hazardous Materials**" shall not include reasonable quantities of the foregoing substances used or stored at the Leased Premises in compliance with all Environmental Statutes and in the ordinary course of operating and maintaining a general aviation airport (including common cleaning supplies located at the Leased Premises).

25.2 Environmental Statutes. As used herein the term "**Environmental Statutes**" shall mean and include any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct (in each case having the force of law), concerning any (a) Hazardous Materials, (b) environmental regulations, (c) contamination or pollution by Hazardous Materials or other substances, (d) clean-up of Hazardous Materials or other substances or disclosures relating to Hazardous Materials or other substances, (e) wetlands or other protected land or wildlife species, (f) solid, gaseous or liquid waste generation, handling, discharge, release, threatened release, treatment, storage, disposal or transportation, including underground storage tanks, (g) the implementation of spill prevention and/or disaster plans relating to Hazardous Materials or other substances, (h) community right-to-know and other disclosure laws, together with any judicial or administrative interpretation of the items described in the foregoing clauses (a) through (h), inclusive, including any judicial or administrative orders, judgments, advisories or guidance documents now or hereafter in effect of any federal, state or local court or executive, legislative, judicial, regulatory or administrative agency, board or authority (or any judicial or administrative decision with regard thereto). "**Environmental Statutes**" shall include, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq. ("**CERCLA**"); (ii) Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq. as amended by and including the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. ("**RCRA**"); (iii) Superfund Amendments and Reauthorization Act of 1986, Public Law No. 99-499 ("**SARA**"); (iv) Toxic Substances Control Act, 15 U.S.C. § 2601 et seq. ("**TSCA**"); (v) the Clean Water Act, 33 U.S.C. § 1251 et seq., as amended; (vi) the Safe Drinking Water Act, 42 U.S.C. § 300f-300j; (vii) the Clean Air Act, 42 U.S.C. § 7401 et seq.; (viii) the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., as amended; (ix) the Federal Water Pollution Control Act, the Rivers and Harbors Act of 1899, 33 U.S.C. § 401 et

seq.; (x) the National Environmental Policy Act, 42 U.S.C. §4321 et seq.; (xi) the Refuse Act, 33 U.S.C. §407 et seq.; (xii) The Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §1101 et seq.; (xiii) the Occupational Safety and Health Act, 29 U.S.C. §651 et seq.; (xiv) the California Hazardous Waste Control Law, Cal. Health & Safety Code Section 25100 et seq., (xv) the Safe Drinking Water and Toxic Enforcement Act of 1986, Cal. Health & Safety Code Section 25249.5 et seq., (xvi) the Porter-Cologne Water Quality Control Act, Cal. Wat. Code Section 13020, et seq., and (xvii) the Hazardous Substances Account Act, California Health and Safety Code § 25100 et seq.

### 25.3 Removal and Indemnity by Landlord.

25.3.1 To the extent required by any Environmental Statute or other applicable law, Landlord shall, as soon as reasonably practical following the Effective Date of this Lease, remove any Hazardous Materials that are existing on the Leased Premises as of the Lease Commencement Date and/or that were brought onto or released at the Leased Premises prior to the Lease Commencement Date. In addition to Landlord's obligation to remove any Hazardous Materials as set forth in the preceding sentence, Landlord hereby covenants and agrees to remove any Hazardous Materials which migrate onto or are otherwise discovered on, under or about the Leased Premises by Tenant in connection with or as a result of Tenant's use and operation of the Leased Premises (including Tenant's development of any Improvements on the Leased Premises) regardless of the original source of such Hazardous Material (unless caused by Tenant or Tenant Affiliates). If and to the extent that any Hazardous Materials are discovered on, under or about the Leased Premises and the presence thereof is attributable to the actions or omissions of any third-party, then Landlord shall diligently pursue and use its best efforts to cause such third-party to remove such Hazardous Materials in accordance with all applicable laws (including all applicable Environmental Statutes).

25.3.2 At any time during the Term of this Lease if (i) Landlord does not remove any Hazardous Materials from the Leased Premises which are required to be removed by Landlord in accordance with this Lease or (ii) Landlord does not diligently pursue and use its best efforts to cause any responsible third-party to remove any Hazardous Materials located on the Leased Premises which are attributable to such third party in accordance with this Lease, then notwithstanding anything contained in Paragraph 20.6 above to the contrary, Tenant's sole and exclusive remedy shall be to exercise either or both of the remedies set forth in Paragraph 25.3.2(a) or 25.3.2(b) below:

(a) Tenant shall have the right and authority (acting on behalf of Landlord), but not the obligation, to undertake Landlord's obligations pursuant to Paragraph 25.3.1 above on behalf of Landlord ("Self-Help"), including to remove any such Hazardous Materials from the Leased Premises and/or to pursue any potentially responsible third party with respect to any Hazardous Materials located on, under or about the Leased Premises, in which case Landlord shall assign to Tenant any and all claims and rights Landlord may have against any such third party. All costs and expenses incurred by Tenant in connection with the performance of such actions (including, without limitation, attorneys' fees,

costs and other litigation expenses) shall be collectively referred to herein as "Self-Help Costs". Tenant shall be entitled to reimbursement from Landlord of up to a maximum of One Hundred Thousand Dollars (\$100,000) of Self-Help Costs each Lease Year, which reimbursement shall be made to Tenant in the following manner: (i) fifty percent (50%) of such Self-Help Costs incurred by Tenant shall be credited toward and applied against the next installments of Rent payable by Tenant to Landlord pursuant to this Lease and (ii) the remaining fifty percent (50%) of such Self-Help Costs incurred by Tenant shall be deemed to be added to and constitute a part of Tenant's Invested Capital.; and/or

(b) If, in Tenant's reasonable judgment, Tenant is unable to use any portion of the Leased Premises as a result of the presence or suspected presence of Hazardous Materials (regardless of the original source thereof (unless caused by Tenant or Tenant Affiliates), then Rent payable by Tenant hereunder shall be abated in proportion to the portion of the Leased Premises rendered unusable as a result of the presence or suspected presence of Hazardous Materials thereon. In the event that Rent is abated for more than six (6) Sections as a result of the presence of such Hazardous Materials, then Tenant shall have the right, but not the obligation, to terminate this Lease in its entirety or to the applicable Sections for which Rent has been abated.

25.3.3 Landlord shall and hereby does agree to defend, indemnify and hold Tenant, its officers, directors, shareholders, partners and employees harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities (including liabilities arising under a claim of strict liability), including, but not limited to, attorneys' fees and costs of litigation, arising out of or in any matter connected with (i) the violation of any Environmental Statute or other applicable federal, state or local environmental Law with respect to any Hazardous Materials other than Tenant-Caused Hazardous Materials (as defined in Paragraph 25.4 below); or (ii) the presence, "release" or "threatened release" of or failure to remove by Landlord of Hazardous Materials (other than Tenant-Caused Hazardous Materials) on, under or about the Leased Premises.

25.4 Removal and Indemnity by Tenant. To the extent required by any Environmental Statute or other applicable law, Tenant shall remove any Hazardous Materials that are brought onto or released at the Leased Premises during the Term of this Lease by Tenant, Tenant's employees, direct tenants or subtenants (it being expressly acknowledged and agreed that Tenant shall have no liability with respect to any Hazardous Materials brought onto or released on, under or about the Leased Premises by any party under any of the Excluded Agreements), contractors, licensees or invitees (collectively, "Tenant Affiliates") during the Term of this Lease (collectively, "Tenant-Caused Hazardous Materials"). Tenant shall and hereby does agree to defend, indemnify and hold Landlord harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities, including, but not limited to, attorneys' fees and costs of litigation, arising out of or in any matter connected with (i) the violation by Tenant or any Tenant Affiliates of any Environmental Statute

or other applicable federal, state or local environmental Law with respect to any Tenant-Caused Hazardous Materials brought onto or released at the Leased Premises during the Term of this Lease; or (ii) the presence, "release" or "threatened release" of or failure to remove, if required by this Paragraph 25, by Tenant or any Tenant Affiliates during the Term of this Lease, any Tenant-Caused Hazardous Materials.

## 26. DEFINITIONS

For all purposes of this Lease, unless the context otherwise requires, the following words and phrases shall have the following meanings when used in this Lease (provided that various other terms are defined in other sections of this Lease):

**26.1 Impositions:** All taxes, assessments (including without limitation all assessments for public improvements or benefits) and all taxes, fees, or excises, however described, as a direct substitution in whole or in part for, in lieu of or in addition to, any real property taxes, imposed by the State of California or any political subdivision thereof (including without limitation any county, city, public corporation or district), any possessory interest taxes, water, sewer, or similar charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges in each case, whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including all interest and penalties thereon), which at any time during or in respect of the Term hereof may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon (i) the Leased Premises or any part thereof or any estate, right or interest therein, (ii) any occupancy, use or possession of or activity conducted on the Leased Premises or any part thereof, (iii) any Personal Property installed or located in or on the Leased Premises. Notwithstanding the foregoing, Tenant shall not be liable for any franchise, corporate, estate, inheritance, succession, capital levy, stamp tax or transfer tax of Landlord, or any income, value added, excess profits or revenue tax or any other tax, assessment, charge or levy upon the Rent or additional rent payable by Tenant under this Lease or any penalty or interest thereon.

**26.2 Improvements:** Any structures, buildings or other improvements now or hereafter erected or situated on the Leased Premises, including without limitation, the foundations and footings thereof and any and all fixtures, equipment and machinery of every kind and nature whatsoever now or hereafter affixed or attached thereto, or now or hereafter used or procured for use in connection with the operation, use or occupancy thereof, and all appurtenances thereto, provided same are real property.

**26.3 Insurance Requirements:** All terms of any insurance policy required to be maintained by Tenant under this Lease, all requirements of the issuer of any such policy or policies, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Leased Premises or any part thereof or any use or condition of the Leased Premises or any part thereof.

**26.4 Lease Year:** The First Lease Year shall be the period beginning with the Lease Commencement Date and ending twelve (12) consecutive months thereafter. The Second

and each subsequent Lease Year will be consecutive twelve (12) month periods following the end of the First Lease Year.

26.5 Legal Requirements: All laws, statutes, codes, acts, ordinance, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all local, state, federal or other governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Leased Premises or any part thereof or any of the adjoining sidewalks, curbs, streets or ways, or any use or condition of the Leased Premises or any part thereof.

26.6 Person: An individual, corporation, association, partnership, joint venture, trust, estate or other business entity, or a governmental or political unit or agency.

26.7 Personal Property: Any and all fixtures (unless a part of Improvements), furniture, equipment, apparatus and other similar personal property and any and all renewals, replacements or, additions to and substitutions therefor owned by Tenant and located in, attached or affixed to and used in connection with Improvements and/or other Improvements or the operation thereof; excluding, however, any such items belonging to present or future Subtenants.

26.8 Recordation of Lease: Landlord shall record the Memorandum of Lease in the Office of the County Recorder of Los Angeles County.

26.9 Sublease: Any sublease, concession, license or occupancy agreement between Tenant and any third Person covering any portion of the Leased Premises.

26.10 Subtenant: Any subtenant, concessionaire or licensee under a Sublease.

26.11 Unavoidable Delays: Delays due to strikes, lockouts, acts of God, inability to obtain labor or materials, governmental acts or restrictions, enemy action, civil commotion, fire, unavoidable casualties or any other causes beyond the reasonable control of Tenant.

## 27. LANDLORD'S RIGHT TO OCCUPY A PORTION OF THE PROPERTY

27.1 Landlord's Right to Continue to Use Management Office and Storage Space. Subject to the terms and provisions hereof, during the Term of this Lease Landlord shall have the right to continue to use (i) the management office (the "Management Office"), (ii) the airport operations storage area (the "Storage Area") and (iii) the hangar which is presently used for the police helicopter operated by the City of Hawthorne Police Department for (the "Police Helicopter Hangar"), all which have been used by Landlord prior to entering into this Lease; the Management Office, Storage Area and the Police Helicopter Hangar are in the locations depicted on Exhibit "A". Landlord's shall not be required to pay any rent to Tenant in connection with Landlord's use of the Management Office, Storage Area or the Police Helicopter Hangar ; provided, however, Landlord shall be solely responsible for any and all costs and expenses relating to Landlord's use and occupancy of the Management Office, Storage Area and the Police Helicopter Hangar, including without limitation utility costs (if and to the extent separately metered), insurance, use and occupancy taxes (if any) and other similar operating expenses.

Landlord shall at all times and in a manner consistent with the terms and provisions of Paragraph 10.2.8 above maintain such insurance as may be reasonably required by Tenant and/or any Leasehold Mortgagee with respect to the Management Office, Storage Area and the Police Helicopter Hangar, and Tenant and each Leasehold Mortgagee shall be named as additional insureds under such policies.

27.2 Tenant's Right to Relocate. Tenant shall have the right, exercisable from time to time during the Term of this Lease, to relocate the Management Office, the Storage Area and/or the Police Helicopter Hangar provided that (i) the portion of the Leased Premises to which such space is relocated is substantially similar in all material respects to the original space, (ii) Tenant shall deliver written notice of such relocation to Landlord not less than thirty (30) days prior to the effective date of such relocation and (iii) Tenant shall be responsible for the costs of relocation.

## 28. MISCELLANEOUS

28.1 Late Charges; Interest on Past Due Obligations. If Tenant fails to make any payment of Rent or other sum which, from time to time, becomes due and payable by Tenant to Landlord hereunder, within five (5) days after such payment becomes due, Tenant shall be required to pay Landlord a late charge equal to three percent (3%) of the delinquent payment. Further, except as expressly herein provided, any amount which is payable by Tenant to Landlord which is not paid when due shall bear interest from the date due at a rate equal to ten percent (10%) per annum. Payment of such interest shall not excuse or cure any default by Tenant under this Lease; provided, however, that interest shall not be payable on late charges incurred by Tenant, nor on any amounts upon which late charges are paid by Tenant.

28.2 Interpretation. In all cases the language in all parts of this Lease shall be construed simply, according to its fair meaning and not strictly for or against the drafter of this Lease or for or against Landlord or Tenant. The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, and the neuter shall include the masculine and the feminine genders.

28.3 Headings. The Paragraph designations or headings contained herein are inserted solely for convenience of reference and do not in any way govern the intent or construction of this Lease. Any reference to a Paragraph shall be deemed to include a reference to all subsections thereof.

28.4 Successors and Assigns. Subject to the provisions of Paragraph 16 of this Lease, this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and wherever a reference in this Lease is made to either of the parties hereto such reference shall be deemed to include, wherever applicable, also a reference to the successors and assigns of such party, as if in every case so expressed.

28.5 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California.

28.6 Entire Agreement. This Lease together with any written modifications or amendments hereto hereafter entered into shall constitute the entire agreement between the

parties relative to the subject matter hereof, and shall supersede any prior agreement or understanding, if any, whether written or oral, which Tenant may have had relating to the subject matter hereof with Landlord.

28.7 No Oral Modification. This Lease may be changed, waived or discharged only by an instrument in writing signed by the party against which enforcement of such change, waiver or discharge is sought.

28.8 Counterparts. This instrument may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute and be construed as one and the same instrument.

28.9 Consent. Unless otherwise specifically provided in this Lease, whenever in this Lease the consent or approval of Landlord or Tenant is required, it is agreed by Landlord and Tenant that such consent or approval will not be unreasonably withheld and will be promptly considered.

28.10 Attorneys' Fees. In any action or proceeding which either party brings against the other to enforce its rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees, which amounts shall be a part of the judgment in said action or proceeding.

28.11 Time of Essence. Time is of the essence with respect to each and every provision of this Lease.

28.12 No Partnership. Nothing contained in this Lease shall be deemed or construed to create the relationship of principal or agent or of partnership or of joint venture or of any association between Landlord and Tenant, and neither the method of computation of Rent nor any other provisions contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant, other than the relationship of landlord/tenant.

## 29. TENANT'S OPTION TO LEASE ADDITION SECTIONS

29.1 Grant of Option. Landlord hereby grants to Tenant the option ("Option") to lease all (but not less than all) of Sections 3, 8 and 10 as depicted on Exhibit "A" (the "Option Premises") solely for the purpose of developing and operating hangars and offices related to general aviation and general aviation services. The Option may be exercised by Tenant giving Landlord written notice thereof ("Option Notice") during the period commencing on the date that each of the following conditions precedent (collectively, the "Entitlements") has been satisfied and expiring on that date which is ninety (90) days thereafter:

29.1.1 Tenant has submitted to the City of Hawthorne an application for development of the Option Premises and (ii) such information as may be reasonably necessary for the preparation of an Environmental Impact Report, which Environmental Impact Report shall (a) be prepared by an environmental consultant selected by Landlord and reasonably approved by Tenant and (b) be paid for by Tenant;

29.1.2 The City Council of the City of Hawthorne has (i) exercised its discretion to certify the Environmental Impact Report for the proposed development, (ii) determined that the application is consistent with the City's general plan, zoning code, subdivision regulations and airport master plan after holding the necessary public hearings and (iii) approved such application or application(s);

29.1.3 Tenant has submitted to FAA or any other responsible federal agency (i) an updated airport layout plan, if necessary, (ii) an updated airport master plan, if necessary, and (iii) any other plans or applications required to develop the Option Premises as contemplated in Tenant's development application for the Option Premises and the FAA has approved any such plans and applications; and

29.1.4 Any and all applicable appeal or challenge periods relating to any of the foregoing shall have expired or lapsed.

29.2 No Effect on City. Nothing in this Option is intended to predetermine, promise, or guarantee any approval of the Entitlements or any proposed development application. Nothing in this Option is intended to limit the City's police power discretion; to approve or to deny the Entitlements or the proposed development of the Option Premises; or to limit the City's discretion to impose conditions and modifications on any approval of the entitlements and proposed development. Notwithstanding the foregoing to the contrary, Tenant shall have no obligation to exercise the Option herein contemplated unless and until all of the Entitlements have been issued with conditions of approval satisfactory to Tenant, with all applicable appeal periods having expired without any appeals having been filed.

29.3 Exercise Of Option. Provided that the Entitlements have been granted, the Option Notice shall indicate that Tenant has exercised the Option and shall set forth the date upon which the Option Premises are to be delivered to Tenant by Landlord ("Option Premises Delivery Date"), which date shall not be later than 30 days after the date of the Option Notice.

29.4 Option Premises. Provided that the Entitlements have been granted, if Tenant timely and properly exercises the Option, the Option Premises shall be leased by Tenant upon the terms and conditions set forth in this Lease, as amended hereby, with the following modifications: (i) the lease term for the Option Premises (the "Option Premises Term") shall commence upon the Option Premises Delivery Date and shall expire co-terminously with the Term of this Lease for the Leased Premises, as may be extended from time to time; (ii) there shall be no adjustment in the Base Rent payable by Tenant as a result of the inclusion of the Option Premises within the Leased Premises; and (iii) Tenant shall lease the Option Premises in the same condition as the Option Premises existed as of the day the Tenant delivered the Option Notice to Landlord.

### 30. REFINANCING PROCEEDS

30.1 Refinancing Proceeds. As used herein the term "Refinancing Proceeds" shall mean (a) all cash proceeds actually received by Tenant from a Refinancing of all or a portion of the Leased Premises less (b) the sum of (i) any debts and liabilities then encumbering the Leased Premises (or a portion thereof in the case of a partial refinance) which are paid from

the proceeds of such Refinancing, (ii) any unrecovered Tenant's Invested Capital and (iii) any fees and costs incurred by Tenant in connection with such Refinancing, including without limitation attorneys' fees, appraisal costs, lender fees and other similar out-of-pocket costs and expenses.

30.2 Distribution of Refinancing Proceeds. Following any Refinancing, Tenant shall pay to Landlord an amount equal to twenty-five percent (25%) of the Refinancing Proceeds realized by Tenant with respect to such Refinancing. Within thirty (30) days following the close of any Refinancing, Tenant shall provide Landlord with a statement indicating the amount of the Refinancing and all calculations for purposes of determining if any proceeds are to be payable to Landlord. Any such amounts shall be paid upon submittal of such statement.

31. MEMORANDUM OF LEASE. Following completion by Tenant of a metes and bounds legal description of the Leased Premises, a Memorandum of Lease, in the form attached to this Lease as Exhibit "E", shall be executed by the Landlord and Tenant and shall be recorded in the Official Records of the County of Los Angeles.

32. Subdivision of Leased Premises. Landlord and Tenant acknowledge that (i) as of the Effective Date of this Lease the Leased Premises may not constitute separate legal parcels pursuant to the California Subdivision Map Act (as set forth in California Government Code §§ 66410-66499.58) (the "California Map Act") and (ii) it will be beneficial to both Landlord and Tenant if the Leased Premises are subdivided so as to constitute separate legal parcels pursuant to the California Map Act (the creation of such legal parcels pursuant to the California Map Act shall be referred to herein as the "Subdivision"). In connection with the foregoing Subdivision, Landlord in good faith, accept for processing, review and action all completed applications for subdivision in accordance with Article 7 of this Lease and all applicable laws.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

"LANDLORD":

THE CITY OF HAWTHORNE,  
a municipal corporation

By: Richard Puentes  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

"TENANT":

HAWTHORNE AIRPORT, LLC,  
a Delaware limited liability company.

By: Jeff Dittley  
Name: Jeff Dittley  
Title: Co-President

By: David Wehrly  
Name: David Wehrly  
Title: manager



## GROUND SUBLEASE OPTION AGREEMENT

This Ground Sublease Option Agreement ("**Agreement**") is made effective as of July 1, 2011 by and between HAWTHORNE AIRPORT, LLC, a Delaware limited liability company ("**Optionor**") and TERMINAL BUILDING, LLC, a California limited liability company ("**Optionee**").

### RECITALS:

A. Optionor and The City of Hawthorne, a municipal corporation (the "**Landlord**") are parties to (i) that certain Ground Lease dated as of January 3, 2005, (ii) that certain First Amendment to Ground Lease dated as of November 22, 2005, (iii) that certain Second Amendment to Ground Lease dated as of June 13, 2006 and (iv) that certain letter dated as of October 25, 2007 from Optionor to Landlord exercising Optionor's election with respect to a portion of the Property containing the Subleased Premises (hereinafter defined) (collectively, the "**Master Lease**") concerning certain real property located in the City of Hawthorne (the "**City**"), Los Angeles County, California and more particularly described on Exhibit "A" attached hereto and incorporated herein by reference (the "**Property**") located at the municipal airport commonly known as "Hawthorne Municipal Airport – Jack Northrop Field" (the "**Airport**").

B. Optionor desires to grant to Optionee, and Optionee desires to acquire from Optionor, the exclusive right to lease from Optionor a portion of the Property consisting of (i) the approximate 14,550 square foot "Terminal Building" having an address of 12101 Crenshaw Boulevard, Hawthorne, California 90250 and (ii) the north and west ramp areas located adjacent to the Terminal Building as more particularly described on Exhibit "B" attached hereto and incorporated herein by reference (the "**Subleased Premises**"), under the specific terms set forth in that certain Ground Sublease (the "**Ground Sublease**"), four (4) originals of which have been executed by Optionor and are attached hereto as Exhibit "C" and incorporated herein by reference.

NOW, THEREFORE for good a valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. Option to Sublease. Optionor hereby grants to Optionee an option (the "**Option**") to sublease the Premises in accordance with this Agreement and upon the terms and conditions set forth in the Ground Sublease.

2. Consideration for Ground Sublease. In the event Optionee elects to exercise the Option as provided in Section 4 below, then Optionee shall pay to Optionor, in consideration for the Ground Sublease, the sum of Seven Hundred Twenty-Seven Thousand Dollars (\$727,000) (the "**Option Consideration**"), which amount shall be paid directly to Optionor by Optionee as provided in Section 4 below.

3. Term. The Option shall be exercised by Optionor, if at all, during the period (the "**Option Term**") commencing on the date hereof and expiring at 5:00 p.m. (PDT) on the tenth

(10<sup>th</sup>) business day following the delivery by Optionor to Optionee of the written approval of the City of the subletting of the Subleased Premises to Optionee pursuant to the Ground Sublease (the "**Outside Date**").

4. Exercise of Option. The Option may only be exercised by Optionee's delivery to Optionor before the expiration of the Option Term of (i) two (2) originals of the Ground Sublease executed by Optionee and (ii) a wire transfer or cashier's check made payable to Optionor in the amount of the Option Consideration.

5. Effectiveness of the Ground Sublease. Upon the full execution and delivery of the Ground Sublease and payment of the Option Consideration as provided in Section 4 above, the Ground Sublease shall become immediately effective and binding on both Optionor and Optionee without further execution by the parties.

6. Access Rights During Option Term. During the Option Term, Optionee and its employees, agents, representatives and contractors may enter upon the Premises at reasonable times and in a reasonable manner and after prior notice to Optionor (which notice may be given telephonically) for purposes of making or performing, at Optionee's expense, any and all feasibility studies, environmental studies and reports, soils tests, engineering studies and such other surveys, investigations, tests and studies (collectively, "**Tests**") as Optionee deems necessary and/or advisable with respect to the Premises and its physical condition and other characteristics, and its suitability for Optionee's proposed development, improvement, use and occupancy thereof; provided, however, that (a) all such Tests conducted on the Premises shall be undertaken in a safe, workmanlike and reasonable manner, (b) Optionee shall substantially restore any area which may be disturbed to its condition prior to such Tests, (c) all Tests shall be subject to the prior approval of Optionor, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be performed in a manner consistent with the terms and provisions of the Master Lease, and (d) Optionee shall indemnify, defend, protect and hold Optionor, Landlord and each of their affiliates, successors and assigns harmless from and against any and all damages caused to the Premises arising out of any such entry and Tests conducted by Optionee or its employees, agents, representatives and contractors. To the extent Optionee has the right to do so, copies of any Tests shall be delivered by Optionee to Optionor after Optionee's receipt thereof without representation or warranty by Optionee or the party preparing such Tests. Notwithstanding the foregoing, Optionee shall not be required to expend any funds to obtain permission to deliver Tests to Optionor.

7. Time of the Essence. Time is of the essence for this Ground Sublease Option Agreement. If the Option is not exercised in the manner provided in Section 4 before the expiration of the Option Term, Optionee shall have no interest in, nor right to lease, the Premises.

8. Notices. All notices, consents, waivers, payments or other communications which this Agreement requires or permits either party to give to the other shall be in writing and shall be deemed given when actually received or refused by the party to whom sent if delivered personally or on the day of actual delivery or refusal as shown on the addressee's registered or certified mail receipt if forwarded by registered or certified mail, postage prepaid, or upon

confirmation of receipt if given by facsimile, to the parties at their respective addresses as follows:

To Optionor: c/o Kearny Real Estate Company  
1900 Avenue of the Stars, Suite 320  
Los Angeles, CA 90067  
Attention: Mr. Hoonie Kang  
Facsimile No: (310) 203-1850  
Telephone No.: (310) 203-1847

with a copy to: Allen Matkins Leck Gamble Mallory & Natsis LLP  
515 South Figueroa Street, 7th Floor  
Los Angeles, CA 90071-3398  
Attention: Kevin M. Ehrhart, Esq.  
Facsimile No: (213) 620-8816  
Telephone No.: (213) 955-5599

To Optionee: c/o Wedgewood Enterprise Corporation  
319 Main Street  
El Segundo, California 90245  
Attention: David Wehrly  
Facsimile No: (310) 640-4090  
Telephone No.: (310) 640-3070

or to such other address as may be contained in a notice from either party to the other given pursuant to this Section 8. Any payments and other sums required to be paid by Optionee shall be delivered to Optionor at Optionor's address provided in this Section 8, or to such other address as Optionor may from time to time specify in writing to Optionee.

9. Litigation Costs. If any legal action or other proceeding, including arbitration or action for declaratory relief, is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default, or misrepresentation in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs, in addition to any other relief which the party may be entitled. ("**Prevailing Party**") shall include without limitation: (a) a party who dismisses an action in exchange for a sum allegedly due; (b) the party who receives a performance from the other party of an alleged breach of covenant or a desired remedy without a substantially equal to the relief sought in an action; or (c) the party is determined to be the prevailing party by a court of law.

10. Successors. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assignees of the parties to this Agreement.

11. Waivers. No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving party.

12. Construction. Section headings are solely for the convenience of the parties and are not a part of and shall not be used to interpret this Agreement. The singular form shall

include the plural and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this Agreement.

13. Further Assurances. Whenever requested by the other party, each party shall execute, acknowledge, and deliver all further conveyances, agreements, confirmations, satisfactions, releases, powers of attorney, instruments of further assurance, approvals, consents, and all further instruments and documents as may be necessary, expedient, or proper to complete any conveyances, transfers, sales, and agreements covered by this Agreement, and to do all other acts and to execute, acknowledge, and deliver all requested documents to carry out the intent and purpose of this Agreement.

14. Integration. This Agreement contains the entire agreement between the parties, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting the Option to lease the Premises.

15. Counterparts. This Agreement may be executed in one or more counterparts by facsimile or by electronic mail (.pdf format), each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

16. Amendment. This Agreement may not be amended or altered except by a written instrument executed by Optionor and Optionee.

17. Partial Invalidity. Any provision of this Agreement that is unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforceability of this Agreement shall be of no effect, but all the remaining provisions of this Agreement shall remain in full force.

18. Exhibits. All attached exhibits are incorporated in this Agreement by this reference.

19. Authority of Parties. All persons executing this Agreement on behalf of any party to this Agreement warrant that they have the authority to execute this Agreement on behalf of that party.

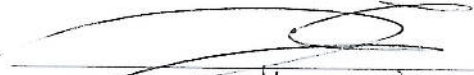
20. Governing Law. The validity, meaning, and effect of this Agreement shall be determined in accordance with California laws.

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The parties have executed this Agreement as of the date first above written.

OPTIONOR:

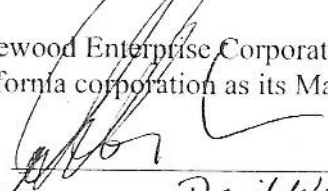
HAWTHORNE AIRPORT, LLC,  
a Delaware limited liability company

By:   
Name: Hoonie Kang  
Title: VICE PRESIDENT

OPTIONEE:

TERMINAL BUILDING, LLC,  
a California limited liability company

By: Wedgewood Enterprise Corporation,  
a California corporation as its Manager

By:   
Name: David Wehrly  
Title: V.P.

## FIRST AMENDMENT TO GROUND SUBLEASE

THIS FIRST AMENDMENT TO GROUND SUBLEASE ("this Amendment") is entered into as of September \_\_, 2011, by and between HAWTHORNE AIRPORT, LLC, a Delaware limited liability company (hereafter referred to as "Sublandlord") and TERMINAL BUILDING, LLC, a California limited liability company, and WEST RIDGE RENTALS, LLC, a California limited liability company (hereafter referred to as "Subtenants") with regard to the following facts.

### RECITALS:

A. Sublandlord and Subtenant are parties to that certain Ground Sublease dated effective as of July 1, 2011 (the "**Original Ground Sublease**"), pursuant to which Sublandlord leased to Subtenant and Subtenant leased from Sublandlord certain real property located in the City of Hawthorne, County of Los Angeles, State of California and more particularly described herein (the "**Property**") located at the municipal airport commonly known as the "Hawthorne Municipal Airport – Jack Northrop Field" (the "**Airport**"). Subtenant leased from Sublandlord a portion of that Property consisting of (i) the approximate 14,550 square foot "Terminal Building" having an address of 12101 Crenshaw Boulevard, Hawthorne, California 90250 and (ii) the north and west ramp areas (such areas being referred to collectively as the "Ramp Areas") located adjacent to the Terminal Building (the Terminal Building and the Ramp Areas being referred to collectively as the "**Subleased Premises**").

B. Sublandlord and Subtenant desire to enter into this Amendment in order to reflect the parties acknowledgement and agreement to the inclusion of the following Subtenant: WEST RIDGE RENTALS, LLC, a California limited liability company to the Original Ground Sublease.

NOW, THEREFORE, the parties hereby agree as follows:

### AGREEMENT:

1. **Recitals.** The Recitals above are incorporated herein as if fully set forth herein.
2. **Addition of Subtenant.** WEST RIDGE RENTALS LLC, a California limited liability company is hereby added as Subtenant to the Original Ground Sublease for the Subleased Premises.
3. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Amendment attached thereto.

[SIGNATURES FOLLOW ON NEXT SUCCEEDING PAGE]

Except as expressly set forth herein, all the terms and conditions of the Original Ground Sublease shall remain in full force and effect.

**SUBLANDLORD:**

Hawthorne Airport, LLC, a Delaware limited liability company

By: \_\_\_\_\_

Hoonie S. Kang  
Vice President

**SUBTENANTS:**

TERMINAL BUILDING, LLC, a California limited liability company

By: \_\_\_\_\_

Name: David R. Wehrly  
Title: Vice-President  
of Wedgewood Enterprise Corporation,  
Manager

WEST RIDGE RENTALS, LLC a California limited liability company

By: \_\_\_\_\_

Name: David R. Wehrly  
Title: Vice-President  
of Wedgewood Enterprise Corporation,  
Manager

## SECOND AMENDMENT TO GROUND SUBLEASE

This SECOND AMENDMENT TO GROUND SUBLEASE (this "Amendment"), dated as of January 1, 2018 (the "Effective Date"), is made by and among HAWTHORNE AIRPORT, LLC, a Delaware limited liability company (hereafter referred to as "Sublandlord"), TERMINAL BUILDING, LLC, a California limited liability company ("Terminal Building") and WEST RIDGE RENTALS, LLC, a California limited liability company ("West Ridge"; and together with Terminal Building (each hereafter referred to as "Original Subtenant" and collectively the "Original Subtenants") and WILLOW VISTA RENTALS, LLC, a California limited liability company ("Willow Vista"). Sublandlord, Terminal Building, West Ridge and Willow Vista are sometimes hereinafter referred to, collectively, as the "Parties" or, individually, as a "Party".

### RECITALS:

A. Sublandlord and Original Subtenants are parties to that certain Ground Sublease, dated July 1, 2011 (said sublease, as heretofore amended by a First Amendment to Ground Sublease, dated as of September 1, 2011 whereby West Ridge was joined as Subtenant, the "Sublease"), covering certain premises located at the municipal airport commonly known as "Hawthorne Municipal Airport – Jack Northrop Field (the "Airport"), having an address of 12101 Crenshaw Boulevard, Hawthorne, California 90250 and as more particularly described in the Sublease (the "Subleased Premises").

B. The Parties now wish to amend certain terms and conditions of the Sublease and to make certain other agreements, as provided in this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as set forth below.

### AGREEMENT:

1. Defined Terms; Effective Date. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment shall have their respective meanings as set forth or provided for in the Sublease. On the Effective Date, references in the Sublease to "this Sublease" and similar references shall mean the Sublease, as amended and modified hereby.

2. Withdrawal of West Ridge as a Subtenant. As of the Effective Date, West Ridge is hereby removed and released as a Subtenant to the Sublease and all of its obligations as a "Subtenant" are hereby terminated.

3. Addition of Willow Vista as a Subtenant. As of the Effective Date, the Sublease is hereby amended to add Willow Vista as a party thereto as a "Subtenant" in place and instead of West Ridge and thereafter, all references to "Subtenant" in the Sublease shall include Willow Vista and Terminal Building as co-Subtenants as the context shall require.

4. Consent to Transaction. Sublandlord consents to the withdrawal of West Ridge as a Subtenant and the addition of Willow Vista as a Subtenant subject to receipt by Sublandlord of this Amendment as fully executed and acknowledged by Terminal Building, West Ridge and Willow Vista.

5. Notice Addresses; Rent Payment Address. On the Effective Date, Section 21 of the Sublease is hereby amended to replace Sublandlord's and Subtenant's notice information with the following:

<p>Subtenant:</p>	<p>Willow Vista Rentals, LLC,                  2015 Manhattan Beach Blvd., Suite 100                  Redondo Beach, CA 90278                  Attention: Wade Brandenberger                  Telephone: (310)640-3070                  Email: wade@wedgewood-inc.com</p> <p>Terminal Building, LLC,                  2015 Manhattan Beach Blvd., Suite 101                  Redondo Beach, CA 90250                  Attention: Levi Stockton                  Email: lstockton@jetcenterla.com                  Telephone: (310) 664-3344</p>
<p>Sublandlord:</p>	<p>Hawthorne Airport, LLC                  12101 Crenshaw Blvd., Suite 100                  Hawthorne, CA 90250.                  Attention: Levi Stockton                  Email: lstockton@jetcenterla.com                  Telephone: (310) 664-3344</p>

6. Continuing Effect. Except as specifically provided in this Amendment, the provisions of the Sublease shall remain unchanged and in full force and effect. In the event of a conflict between the Sublease and this Amendment, this Amendment shall control.

7. Authority. Each person executing this Amendment on behalf of a Party represents, warrants and agrees that it has the full power, authority and legal right to execute and deliver this Amendment on behalf of such Party, that the Sublease remains in full force and effect and that each of this Amendment and the Sublease, as amended hereby, constitutes the legal, valid and binding obligations of such Party, its heirs, representatives, successors and assigns, enforceable against such Party or Parties in accordance with its terms. Each Party acknowledges and agrees that the information contained in the Recitals of this Amendment is true and complete in all material respects.

8. Counterparts – Severability. This Amendment may be executed in one or more counterparts, all of which taken together shall constitute but one and the same instrument. If any one or more of the provisions contained in this Amendment shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9. Further Assurances. Willow Vista, Terminal Building and West Ridge each agree to cooperate with Sublandlord and prepare, execute and deliver any additional documents, writings or records, and to take any other actions, as Sublandlord may from time to time reasonably request (such as the filing and recordation of a memorandum of lease or the correction of typographical, factual or computational errors contained in this Amendment or the Sublease, as amended and modified and in effect from time to time, or other documents relating thereto) to evidence or effect Willow Vista, Terminal Building and West Ridge’s agreements and obligations under this Amendment and the

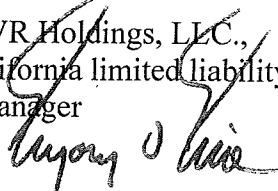
Sublease, as amended and modified and in effect from time to time, and to protect Sublandlord's rights and interest under this Amendment and the Sublease, as amended and modified and in effect from time to time.

10. No Construction Against Drafter. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any provision of this Amendment or that such provisions have been drafted on behalf of said Party.

IN WITNESS WHEREOF, the Parties have duly executed this Amendment as of the Effective Date set forth above.

SUBLANDLORD:

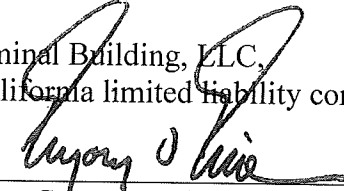
Hawthorne Airport, LLC,  
a Delaware limited liability company

By:   
a California limited liability company,  
its Manager

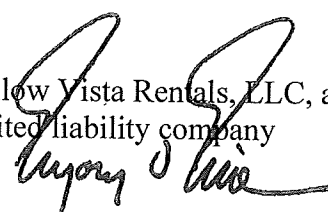
By: Gregory Geiser  
Name: Gregory Geiser  
Its: Manager

SUBTENANTS:

Terminal Building, LLC,  
a California limited liability company

By:   
Name: Gregory Geiser  
Title: President of Wedgewood, Manager

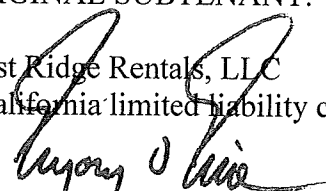
Willow Vista Rentals, LLC, a California  
limited liability company

By:   
Name: Gregory Geiser  
Title: President of Wedgewood, Manager

Sublandlord hereby acknowledges and agrees that, as of the Effective Date of this Amendment, West Ridge Rentals, LLC is released as a Subtenant from all obligations under the Sublease

ORIGINAL SUBTENANT:

West Ridge Rentals, LLC  
a California limited liability company

By:   
Name: Gregory Geiser  
Title: President of Wedgewood, Manager

# EXHIBIT “C”

## **Sublease Non-Disturbance and Attornment Agreement**