Alex Vargas, Mayor
Alex Monteiro, Mayor Pro Tem
Angie Reyes English, Councilmember
Katrina Manning,Councilmember
Faye Johnson, Councilmember

Dayna S. Williams-Hunter, City Clerk
Marie Poindexter-Hornback, City Treasurer

CITY OF HAWTHORNE
CITY COUNCIL REGULAR MEETING
AGENDA FOR MAY 27, 2025 6:00 PM
COUNCIL CHAMBER AT CITY HALL
4455 W. 126th STREET, HAWTHORNE, CALIFORNIA

MEETING INFORMATION

IF YOU ARE AN INDIVIDUAL WITH A DISABILITY AND NEED REASONABLE ACCOMMODATION OR MODIFICATION PURSUANT TO THE AMERICANS WITH DISABILITIES ACT (ADA) PLEASE CONTACT THE CITY CLERK DEPARTMENT AT CITYCLERK@CITYOFHAWTHORNE.ORG OR CALL (310) 349-2915 PRIOR TO THE MEETING FOR ASSISTANCE.

THE MEETING IS SHOWN LIVE ON CABLE CHANNEL 22, AND WILL BE REBROADCAST AS PART OF THE REGULAR CITY COUNCIL, SUCCESSOR AGENCY, AND RELATED MEETINGS ACCORDING TO THE PUBLISHED CABLE SCHEDULE OF PROGRAMS. IT SHALL ALSO BE BROADCAST LIVE AND BE MADE AVAILABLE THEREAFTER ON THE CITY OF HAWTHORNE'S WEBSITE:

MEETING VIDEO

Or online on YouTube by searching for Hawthorne Community Television

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THE AGENDA, STAFF REPORTS AND ATTACHMENTS ARE AVAILABLE ONLINE AT AGENDA, STAFF REPORTS, ATTACHMENTS AND THEN SELECTING THE DESIRED MEETING. MEMBERS OF THE PUBLIC MAY INSPECT (AT NO COST) AND/OR OBTAIN COPIES (UPON PAYMENT OF THE CITY'S CURRENT COPYING FEE) OF ANY REGULAR SESSION ITEM BY CONTACTING THE CITY CLERK DEPARTMENT AT CITY HALL VIA TELEPHONE (310) 349-2915 OR EMAIL CITYCLERK@CITYOFHAWTHORNE.ORG

CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE

ROLL CALL

PROCLAMATIONS/CERTIFICATES/PRESENTATIONS

1. Los Angeles Dodgers Foundation Dodgers Dreamfields 64 and 65 - A. Monterio
2. Hawthorne Police Captain Eric Lane will provide a brief overview of the services offerred by Sharp Performance, Inc.
3. City Clerk Record Organization and Retention

ORAL COMMUNICATIONS

ORAL COMMUNICATION INSTRUCTIONS

ANY PERSON DESIRING TO ADDRESS THE CITY COUNCIL AND PARKING AUTHORITY SHOULD COMPLETE A SPEAKER REQUEST CARD AND SUBMIT THE CARD TO THE CITY CLERK/SECRETARY PRIOR TO THE COMMENCEMENT OF THE CITY COUNCIL, PARKING AUTHORITY AND HOUSING AUTHORITY MEETING. AFTER OBTAINING PERMISSION TO PROCEED BY THE PRESIDING OFFICER SPEAKERS SHOULD FIRST STATE THEIR FULL NAME AND ADDRESS FOR THE RECORD. THEY THEN SHALL STATE THEIR BUSINESS FOR ALL GOVERNING BODIES BRIEFLY AND COMPLETELY AND UNLESS GRANTED FURTHER TIME BY A GOVERNING BODY SHALL LIMIT THEIR ADDRESS TO THREE MINUTES. THE THREE-MINUTE LIMIT SHALL INCLUDE GOVERNING BODY OR STAFF RESPONSES, IF ANY, TO QUERIES POSED BY SPEAKERS. HOWEVER, THE STATE OPEN MEETINGS LAW (GOVERNMENT CODE SECTION 54950 ET SEQ.) PROHIBITS THE CITY COUNCIL FROM PROVIDING A DETAILED RESPONSE OR ACTING UPON ANY ITEM NOT CONTAINED ON THE AGENDA POSTED 72 HOURS BEFORE A REGULAR MEETING AND 24 HOURS BEFORE A SPECIAL MEETING. ALL REMARKS SHALL BE ADDRESSED TO THE GOVERNING BODIES AS A BODY AND NOT TO ANY PARTICULAR MEMBER THEREOF. THE GOVERNING BODY MAY EITHER DISPOSE OF THE COMMUNICATION AT THE CLOSE THEREOF OR MAY REFER IT TO AN APPROPRIATE ADMINISTRATIVE OFFICER FOR STUDY, INVESTIGATION, REPORT, AND/OR RECOMMENDATION. DISCUSSION, IF

ANY, SHALL BE BY MEMBERS OF A GOVERNING BODY ONLY. (H.M.C. 2.06.180, RESO. NO. 6443)

CITY CLERK'S CONSENT CALENDAR

4. Approval of the City Council meeting minutes for the regular meetings of October 22, 2024 and November 12, 2024, and for the special meeting of November 19, 2024.

RECOMMENDED MOTION:
Staff recommends that City Council approve of the City Council meeting minutes for the regular meetings of October 22, 2024 and November 12, 2024, and for the special meeting of November 19, 2024.

5. Approval of the City Council meeting minutes for the regular meeting of January 28, 2025.

RECOMMENDED MOTION:
Staff recommends that the City Council approve the regular City Council meeting minutes of January 28, 2025.

6. City Treasurer requests approval of the warrants. Motion to approve the warrants.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve the warrants issued for the period of 05/14/2025 to 05/27/2025 for a total of $6,182,240.27.

7. Approval of waiver of full readings of resolutions and ordinances on Tuesday, May 27, 2025's agenda. Motion to waive full readings.

RESOLUTIONS

8. RESOLUTION NO. 8530 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, ESTABLISHING A FOUR-WAY STOP AT THE INTERSECTION OF CEDAR AVENUE AND 116TH STREET.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve Resolution No. 8530

9. RESOLUTION NO. 8531 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, ESTABLISHING A FOUR-WAY STOP AT THE INTERSECTION OF OXFORD AVENUE AND 116TH STREET.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve Resolution No. 8531

10. RESOLUTION NO 8532 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AUTHORIZING, APPROVING, AND RATIFYING ACCEPTANCE OF THE BUREAU OF JUSTICE ASSISTANCE FY 24 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM, AWARD NUMBER 15PBJA-24-GG-05048-JAGX, TOTALING $43,507.00, TO BE APPLIED TOWARDS THE PRIOR PURCHASE OF AUTOMATED LICENSE PLATE READER (ALPR) EQUIPMENT, LICENSING, AND STORAGE.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve Resolution No. 8532

SUCCESOR AGENCY

11. RESOLUTION NO. 2025-03 OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE APPROVING AN OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING CERTAIN RELATED ACTIONS IN CONNECTION WITH THE SUCCESSOR AGENCY'S TAX ALLOCATION REFUNDING BONDS, SERIES 2025.

RECOMMENDED MOTION:

Staff Recommends That The Board Of Directors Of The Successor Agency To The Community Redevelopment Agency Of The City Of Hawthorne Adopt Resolution No. 2025-03 Approving An Official Statement, Bond Purchase Agreement, Continuing Disclosure Certificate, And Authorizing Certain Related Actions In Connection With The Successor Agency's Tax Allocation Refunding Bonds, Series 2025.

12. RESOLUTION NO. 2025-04
A RESOLUTION OF THE SUCCESSOR AGENCY TO THE HAWTHORNE REDEVELOPMENT AGENCY, APPROVING AN AMENDMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND HARRIS & ASSOCIATES TO PROVIDE THE SUCCESSOR AGENCY WITH VARIOUS SERVICES ASSOCIATED WITH SUCCESSOR AGENCY REPORTING REQUIREMENTS.

RECOMMENDED MOTION:
Staff recommends the Adoption of Resolution No. 2025-04, approving an Amendment Agreement between the Successor Agency and Harris & Associates to provide the Successor Agency with various services associated with Successor Agency reporting requirements.

ORDINANCES

13. ORDINANCE NO. 2257 (2nd READING). AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AMENDING CHAPTER 17.76 (SALE OF ALCOHOLIC BEVERAGES), AND ADDING SECTION 17.76.030 (OPERATIONAL STANDARDS), OF CHAPTER 17.76 (SALE OF ALCOHOLIC BEVERAGES), OF TITLE 17 (ZONING) OF THE HAWTHORNE MUNICIPAL CODE, AND MAKING A FINDING OF EXEMPTION IN COMPLIANCE WITH CEQA IN CONNECTION THEREWITH.

RECOMMENDED MOTION:
Staff Recommends that City Council adopt Ordinance No. 2257

CITY MANAGER'S CONSENT CALENDAR

14. Resurfacing of Runway 7-25 and Resurfacing of Taxiways and Trench Drain Extension for Hawthorne Municipal Airport (Project # 25-06) - Reject and Out to Bid

RECOMMENDED MOTION:
Staff recommends that the City Council reject the bid received on the May 13, 2025 bid opening date and authorize the Director of Public Works to re-advertise for construction bids with a return date of June 24, 2025.

15. Sublease Non-Disturbance & Attornment Agreements Re. Terminal Building and T-Hangars Assignments from Willow Vista Rentals, LLC to 395 Park Place, LLC.

RECOMMENDED MOTION:
Staff recommends that the city council approve the Sublease Non-Disturbance & Attornment Agreements for the Assignments of T-Hangars and Terminal Building from Willow Vista Rentals, LLC to 395 Park Place, LLC and authorize the City Manager to execute the Agreements and make minor amendments thereto.

16. Progress Payment #5 in the amount of $188,100.00 due to Pardess Air Inc of Los Angeles, CA for Hawthorne Memorial Center HVAC System Upgrade (Project #23-08).

RECOMMENDED MOTION:
Staff recommends that the City Council approve this Progress Payment #5 to Pardess Air Inc of Los Angeles, CA

17. Agreement between the City of Hawthorne and Sharp Performance, Inc., for professional coaching

services.

RECOMMENDED MOTION:
Staff recommends that the City Council approve the agreement with Sharp Performance, Inc. for professional coaching services in the amount of $224,996.25, and authorize the City Manager to execute the agreement and make minor amendments thereto.

18. Telehealth Agreement -- Fiscal Year 2025--2026 Funding Allocation

RECOMMENDED MOTION:
Staff recommends that the City Council direct staff to bring back an agreement for Telehealth Services for Fiscal Year 2025--2026, with a budget not to exceed $100,000. Funding will be allocated from the Cannabis Community Outreach line item -- Mental Health and Wellness Account.

19. Amendment No. One to the License Agreement Between the City of Hawthorne, Hawthorne Airport, LLC. and Northrop Grumman Systems Corporation for Monitoring of Wells

RECOMMENDED MOTION:
Staff Recommends that the City Council Approve the First Amendment to the License Agreement Between the City of Hawthorne, Hawthorne Airport, LLC. and Northrop Grumman Systems Corporation for the Monitoring of Wells at the Airport and Authorize the City Manager to Execute the Agreement and Minor Changes Thereto.

DISCUSSION/ACTION ITEMS

20. Sister Cities - K. Manning

21. Prioritizing of City Events in Accordance with City Resources- A. Vargas

ELECTED OFFICIALS REPORTS/RECOMMENDATIONS

ADJOURNMENT

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF HAWTHORNE)

I, **DIANA CUCALON**, Deputy City Clerk for the City of Hawthorne, certify that a true and correct copy of the foregoing City Council Meeting Agenda was posted not less than 72 hours before the City Council Meeting to be held on Tuesday, May 27, 2025.



_____
DIANA CUCALON
HAWTHORNE DEPUTY CITY CLERK

AGENDA ITEM NO. 1.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Manager

SUBJECT:
Los Angeles Dodgers Foundation Dodgers Dreamfields 64 and 65 - A. Monterio

AGENDA ITEM NO. 2.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Police Department

SUBJECT:
Hawthorne Police Captain Eric Lane will provide a brief overview of the services offerred by Sharp Performance, Inc.

AGENDA ITEM NO. 3.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Clerk

SUBJECT:
City Clerk Record Organization and Retention

AGENDA ITEM NO. 4.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Clerk

City Manager: **Department Head:**

SUBJECT:
Approval of the City Council meeting minutes for the regular meetings of October 22, 2024 and November 12, 2024, and for the special meeting of November 19, 2024.

RECOMMENDED MOTION:
Staff recommends that City Council approve of the City Council meeting minutes for the regular meetings of October 22, 2024 and November 12, 2024, and for the special meeting of November 19, 2024.

DISCUSSION:
The purpose of the minutes are to historically preserve the event of the City Council meetings. The minutes typically describe the event of the meeting and may include a list of attendees, a statement of the issues considered by the participants and related responses or decisions for the issues. It is not a requirement that the minutes be a transcript but instead a historical preservation/ record of the actions, guidance, and directives provided in conducting the wishes and the business of the City of Hawthorne by the said policy making body.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
None.

FISCAL IMPACT:
None.

NOTICING PROCEDURE:
72 Hours posted notice pursuant to the Ralph M. Brown Act.

ATTACHMENTS
M 10.22.24
M 11.12.24
SM 11.19.24

MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA HELD OCTOBER 22, 2024

CALL TO ORDER

Mayor Alex Vargas called the City Council meeting to order at 6:02 p.m. in the City Council Chambers of City Hall, 4455 W. 126th Street, Hawthorne, California.

INVOCATION

Patricia Donaldson gave the evening's invocation.

PLEDGE OF ALLEGIANCE

City Treasurer Marie Poindexter-Hornback led the Pledge of Allegiance.

ROLL CALL

ROLL CALL-Present: Councilmembers Alex Monteiro, Angie Reyes English, L. David Patterson, Mayor Pro Tem Katrina Manning, and Mayor Alex Vargas.

Also Present: City Manager Von Norris, City Attorney Robert Kim, City Clerk Dayna Williams-Hunter, City Treasurer Marie Poindexter-Hornback.

PROCLAMATIONS/CERTIFICATES/PRESENTATIONS

1. THTR TRUK- Presentation - A. Reyes English

2. Domestic Violence Awareness Month – A. Reyes English

3. Good Neighbor Award Presentation

4. CVUHSD Investing in Excellence: District Developments and Vision

5. Recognizing Sociedad Jose Marti Cuban Festival and Mario Cartaya- Award-winning architect and author of "Journey Back in to the Vault"

ORAL COMMUNICATIONS

Daniel Granados, Hawthorne Library provided an update on the various events and programs happening and available at the library.

Pat Donaldson, announced Trunk of Treat as well as announced and introduced owner of Artist Tree, Phillip. **Phillip** provided general information regarding Artist Tree.

Cheryl Riekenberg, expressed concerns regarding the debris and appearance of the Planet Fitness parking lot.

Luciano Aguilar, expressed thanks to Chief Tomatani and police department,

James Raddick, inquired about the status of the charter city program

Gordon Michael Mego, gave a speech on climate change and its alleged effects.

Rob Williams, encourages the public to go out and vote.

Ronnie Manson, provided the public with a health update and expressed enjoyment of the senior fair and community dinner he attended.

Richard Harrison, asked for an update on the status of an urgent care coming to the City as well as shared his ideas on improvements within Hawthorne.

Eve Long, expressed concerns regarding crime, homelessness, and personal experiences.

Rueben Sanchez, congratulated City Manager Von Norris on the success of the Senior Fair. Sanchez also shared ideas regarding the homeless.

Leithelle Williams, requests the City logo to be in blue writing, shared thoughts regarding bringing restaurants to the City.

CITY CLERK'S CONSENT CALENDAR

6. Approval of waiver of full readings of resolutions and ordinances on Tuesday, October 22, 2024's agenda.

7. City Treasurer requests approval of the warrants.

Warrant Nos.: 29763-30075; 487941-488135; 75141-75142; 10992-10996; 196343-196354;

Totals: $950,367.33; $2,888,225.86; $607.65; $32,461.60;

8. Approval of City Council meeting minutes for the regular meeting of September 24, 2024 and the Successor Agency meeting minutes for the special meeting of September 10, 2024.

RESOLUTIONS

9. Resolution No. 8493- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA ACCEPTING A SAFE STREETS AND ROADS FOR ALL GRANT (SS4A) FROM THE UNITED STATES DEPARTMENT OF TRANSPORTATIONS'S FEDERAL HIGHWAY ADMINSTRATION IN AN AMOUNT NOT TO EXCEED $200,000 TO COMPLETE A COMPREHENSIVE SAFETY ACTION PLAN AND AUTHORIZING AND RATIFYING THE DIRECTOR OF PUBLIC WORKS'S EXECUTION OF GRANT DOCUMENTS.

10. Resolution 8494- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, URGING THE GOVERNOR TO DECLARE A STATE OF EMERGENCY OVER THE SOARING INSURANCE PREMIUM RATES AND ABANDONMENT OF HOMEOWNERS INSURANCE COVERAGE BY THE INSURANCE COMPANIES AND THE INSURANCE COMMISSIONER AND THE LEGISLATUES TO BRING A SOLUTION TO ASSIST THE HOMEOWNERS.

11. Resolution 8495- A RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, PROCLAIMING OCTOBER 2024 AS "DOMESTIC VIOLENCE AWARENESS MONTH".

Councilmember Reyes English moved, seconded by Councilmember Monteiro to approve the City Clerk's consent calendar (Items 6-11).

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

BIDS: OPENINGS & RESULTS

12. Bid Opening for Project #24-03: Hawthorne Senior Center

Six bids received, all accompanied by Bidders Bond, the prices are as follows:

Keystone Builders Inc. of Anaheim, Ca in the amount of $15,899,000.00

Newman Midland Corp. of Long Beach, Ca in the amount of $18,477,496.00

Arc Construction Inc. of Glendale, Ca in the amount of $19,200,00.00

New Dynasty Construction Co. of Tustin, Ca in the amount of $15,218,506.00

Woodcliff Corporation of Los Angeles, Ca in the amount of $15,652,000.00

PNC3, Inc. of Los Alamitos, Ca in the amount of $14,445,000.00

Mayor Vargas motioned, seconded by Councilmember Reyes English to refer bids to staff for study and recommendation.

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

PUBLIC HEARING (FIRST READING AND ADOPTIONS)

13. Public Hearing to gather public comments on community needs and priorities for incorporation into 2025-2029 Consolidated Plan and 2025-2026 Action Plan.

RECOMMENDED MOTION:
The staff recommend that the City Council:

1. Conduct the public hearing to receive comments from members of the public concerning housing and community development needs, program performances, and strategies for affirmatively furthering fair housing.
2. Close the public hearing.

Mayor Vargas opened the public hearing and called for public comments.

No members of the public provided public comments.

Mayor Vargas closed the public hearing.

ORDINANCES

14. ORDINANCE NO. 2254 (2nd Reading) AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, ADDING AND ENACTING CHAPTER 9.62 (UNLAWFUL CONDUCT – POLITICAL OR CAMPAIGN SIGNS, BANNERS AND THE LIKE) TO TITLE 9 (PUBLIC PEACE, MORALS, AND WELFARE), DIVISION V (OFFENSES AGAINST PROPERTY) OF THE HAWTHORNE MUNICIPAL CODE AND MAKING A FINDING OF EXEMPTION IN COMPLIANCE WITH CEQA IN CONNECTION THEREWITH. Motion to Adopt

Councilmember Reyes English motioned, seconded by Councilmember Monteiro to adopt Ordinance 2254.

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

CITY MANAGER'S CONSENT CALENDAR

15. Progress Payment #3 in the amount of $459,420.00 due to Pardess Air Inc of Los Angeles, Ca for Hawthorne Memorial Center HVAC System Upgrade (Project #23-08)

RECOMMENDED MOTION: Staff recommends that the City Council approve this Progress Payment #3 to Pardess Air Inc, of Los Angeles, Ca

16. Agreement between the City of Hawthorne and the City of Inglewood for Supplemental Law Enforcement (Medical Director) Services.

RECOMMENDED MOTION: Staff recommends that the City Council approve and ratify this City Manager's execution of the Agreement between the City of Hawthorne and the City of Inglewood for supplemental law enforcement (Medical Director) Services.

17. Hawthorne Public Housing Agency Implementation of Small Area Fair Market Rent (SAFMR) Payment Standards

RECOMMENDED MOTION: The staff recommend that the City Council:

1. Approve the implementation of the SAFMR for the Hawthorne Housing Authority.
2. Approve the language amended in the Housing Choice Voucher (HCV) Administrative Plan to reflect Hold Harmless Policies.
3. Authorize the City Manager or designee to report compliance to the U.S. Department of Housing and Urban Development (HUD) before January 1, 2025.

Mayor Vargas moved, seconded by Councilmember Monteiro to approve the City Manager's consent calendar (Items 15-17).

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

CITY ATTORNEY'S CONSENT CALENDAR

18. Claim for property damage and bodily injury by Maria Del Rosario Cendon

RECOMMENDED MOTION: Staff recommends that the City Council deny the claim by Maria Del Rosario Cendon.

19. Claim for property damage and bodily injury by Emmanuel Ezumah.

RECOMMENDED MOTION: Staff recommends that the City Council deny the claim by Emmanuel Ezumah.

20. Funding Request for Administration Receivership Account in the Amount of $100,000 for the Current Fiscal Year.

RECOMMENDED MOTION: Staff recommends that the City Council approve the additional funding in the amount of $100,000 to Administration Receivership account (Receivership Account No. 100-1501-000-40744), encumber for the same and approve the change in the blanker purchase orders for Civica Law Group to reflect the increase.

Councilmember Reyes English moved, seconded by Mayor Vargas to approve the City Attorney's consent calendar (Items 18-20).

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

DISCUSSION / ACTION ITEMS

21. Inglewood Transit Connector – A. Monteiro

Mayor Vargas moved, seconded by Councilmember Monteiro to proceed with a yes vote for October 24, 2024 night in supporting the City of Inglewood for a loan from the South Bay Council of Governments.

22. Baldwin Hills & Urban Watersheds Conservancy Proposition 40 Grant – K. Manning

Mayor Pro Tem Manning gave direction to the City Manager to apply for the grant in order to remodel park bathrooms. The grant would cover 75% and the City would pay 25%. Council concurred.

ELECTED OFFICIALS REPORTS / RECOMMENDATIONS

City Treasurer **Marie Poindexter-Hornback** thanked the public for coming out and participating, congratulated nominees for the Good Neighbor Award, sent kudos to Kywanna and the Community Services Department for the production and success of the Senior Resource Fair. Three CDs matured and were reinvested.

Deputy City Clerk **Joy Post,** congratulated the Good Neighbor Award nominees as well as the proclamation recipients Sociedad Jose Marti Cuban Festival and Mario Cartaya.

Councilmember **Alex Monteiro** congratulated the Good Neighbor Award nominees, thanked all the staff involved with the success of the Senior Resource Fair including City Manager Von Norris, Community Development Department, and the Senior Service Commission. Monteiro also thanked all of the participants of the Hawthorne Presidents Council Community dinner. Councilmember Monteiro also thanked the Sociedad Jose Marti Cuban Club and encourages the public to vote.

Councilmember **L. David Patterson** thanked the community for their involvement in council meetings and events, thanks City staff for their continued dedication and hard work, and the Hawthorne Police Department. Patterson expressed excitement of attendance from staff at the League of California's Annual conference and learning experience. Councilmember Patterson also congratulated the Good Neighbor Award nominees and encouraged the public to vote.

Recommendations:

- Speed Study on 145th St between Doty and Kornblum
- Residents of Bodger park inquiry for guest permits or parking accommodation

Councilmember **Angie Reyes English** gave kudos to the Senior commissioners for the Senior Resources fair, congratulated the awardees of the Good Neighbor Award. Councilmember Reyes English also congratulated City Clerk, Dayna Williams-Hunter on her Certified Municipal Clerk (CMC) certification. Councilmember Reyes English thanked Centinela School district and Sociedad Jose Marti for their presentations and expressed appreciation for the Hawthorne Library coming out and providing the public with updates on events. Councilmember Reyes English also provided the public with information regarding the upcoming events throughout the City.

Recommendations:

- Birch Ave routine clean up, graffiti removal, and fence repair
- Update on the status of Urgent Care
- Coordinate and collaborate with the owners of businesses near Planet Fitness to address the debris, appearance, and concerns in the community

Mayor Pro Tem **Katrina Manning** thanked the public for their attendance, congratulations to all of the Good Neighbor awardees, thanked all of the presenters that spoke during the evening's presentations. Manning inquired about the incompletion of Van Ness between 120th St. and El Segundo Blvd, City Manager Von Norris provided clarification and progression the construction status of Van Ness. She expressed the desire to address the parking lot near the Planet Fitness. Mayor Pro Tem Manning also provided an update on inquiries of bringing an urgent care to the City of Hawthorne and urged the public to vote.

Mayor **Alex Vargas** gave kudos to City Clerk, Dayna Williams-Hunter on completing h**er** CMC certification. Vargas spoke regarding the density per acre allowed in high density locations. Mayor Vargas also encouraged the public to vote.

Recommendations:

- Requests Discussion/ Actions Item for Gas Blowers and any laws pertaining

ADJOURNMENT

Mayor Vargas adjourned the regular City Council meeting at 9:11 p.m.

CERTIFICATION

Passed and approved this 27th day of May 2025 .

_____

Dayna Williams-Hunter
City Clerk

MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA HELD NOVEMBER 12, 2024

CALL TO ORDER

Mayor Alex Vargas called the City Council meeting to order at 6:00 p.m. in the City Council Chambers of City Hall, 4455 W. 126th Street, Hawthorne, California.

INVOCATION

Pastor Greg Greich gave the evening's invocation.

PLEDGE OF ALLEGIANCE

Police Chief Gary Tomatani led the Pledge of Allegiance.

ROLL CALL

ROLL CALL-Present: Councilmembers Alex Monteiro, L. David Patterson, Angie Reyes English, Mayor Pro Tem Katrina Manning, and Mayor Alex Vargas.

Also Present: City Manager Von Norris, City Attorney Robert Kim, City Clerk Dayna Williams-Hunter, City Treasurer Marie Poindexter-Hornback.

PROCLAMATIONS/CERTIFICATES/PRESENTATIONS

1. Hawthorne Hero's - A. Reyes English

2. Hawthorne Business Connect 2024 Quarterly Report

ORAL COMMUNICATIONS

Pat Donaldson, announced the Chamber of Commerce thanksgiving giveaway and Christmas mixer.

Margaret Allen, Hawthorne Library provided an update on the various events and programs happening and available at the library.

Adriana passed along information to the Council members.

Raymond Mikel, expressed concerns regarding the t-lines for parking and associated ticketing.

Gordon Michael Migo, thanked all of those involved in the election process and wished everyone a happy holiday.

Leithelle Williams, spoke to the public and expressed desire for more restaurant businesses.

CITY CLERK'S CONSENT CALENDAR

3. Approval of wavier of full reading of resolutions and ordinances on Tuesday, November 12, 2024's agenda.

4. City Treasurer requests approval of the warrants.

Warrant Nos.: 30076-30382; 488136-488321; 75143-75462; 10997-10998; 196355-196366;

Totals: $995,662.90; $3,687,862.19; $956,458.08; $3,206.06;

RESOLUTIONS

5. Resolution No. 8496- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA APPROVING THE APPLICATION FOR GRANT FUNDS FROM THE BALDWIN HILLS & URBAN WATERSHEDS CONSERVANCY FOR PROPOSITION 40 FUINDING THE HOLLY PARK AND JIM THORPE PARK BATHROOM REMODELING PROJECT.

6. Resolution 8497- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AUTHORIZING THE DESTRUCTION OF VARIOUS FINANCE DEPARTMENT RECORDS PURSUANT TO RESOLUTION NO. 7170 AND GOVERNMENT CODE § 34090.

7. Resolution 8500- ADOPTION OF A RESOLUTION ACKNOWLEDGING THE HAWTHORNE POLICE CIVILIAN ASSOCIATION AS AN EMPLOYEE ORGANIZATION WITHIN THE CITY AND DESIGNATING THE HUMAN RESOURCES DIRECTOR AS THE CITY'S PRINCIPAL MANAGEMENT REPRESENTATIVE.

Mayor Vargas moved, seconded by Councilmember Monteiro to approve the City Clerk's consent calendar (Items 3-7).

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

CITY MANAGER'S CONSENT CALENDAR

8. Approval of Invoice for Payment to KSI for the removal and discard of existing competition and Activity Pool BEC System.

RECOMMENDED MOTION: Staff recommends that the City Council authorize payment to KSI an Aquafinity Company.

9. Construction of Speed Humps on 116th Street from Casimir Ave to Spinning Ave

RECOMMENDED MOTION: Staff recommends that the City Council approve installation of speed humps on 116th Street from Casimir Ave to Spinning Av

10. City of Hawthorne's Investment Report for the quarter ended September 30, 2024

RECOMMENDED MOTION: Staff recommends that the City Council receive, approve, and file the City of Hawthorne's Investment Report for the quarter ended September 30, 2024 of FY 24-25.

11. Progress Payment #2 in the amount of $183,373.51 due to Sequel Contractors, Inc. of Santa Fe Springs, Ca for 120th St Improvements- Crenshaw Blvd to Felton Ave, Phase II (Project #21-03)

RECOMMENDED MOTION: Staff recommends that the City Council approve this progress payment #2 to Sequel Contractors, Inc. of Santa Fe Springs, Ca.

12. Approval of Purchase Order for the Amount of $77,018.98 for the purchase of two 2024 Ford Ranger XL from Southbay Ford.

RECOMMENDED MOTION: Staff recommends that the City Council authorize the Public Works Director to Proceed with the purchase order and purchase of two 2024 Ford Rangers XL for Planning Department.

13. Progress Payment #4 and #5 in the amount of $929,286.20 due to Doja, Inc. of Ontario, Ca for Zela Davis Park Renovation (Project #24-04)

RECOMMENDED MOTION: Staff recommends that the City Council approve this Progress Payment #4 and #5 and approve Change Order #1 to DOJA, Inc. of Ontario, Ca.

14. Approval of "Spark Good" grant in the amount of $3,000.00 funded by Walmart and an appropriation of $3,000.00 for Hawthorne Police Department Community Affairs Programs.

RECOMMENDED MOTION: Staff recommends that the City Council approve the "Spark Good" grant, funded by Walmart, in the amount of $3,000.00 to revenue account 100-110-51657; and

Appropriation of $3,000.00 from revenue account 100-110-51657 to expense account 100 -2101-206-0-0-44934 for the Hawthorne Police Department's Community Affairs Program.

15. Approve an appropriation of $66,495.38 from the "OT Reimbursement- Special Events-Inglewood" account, number 100-109-51956, for the purchase of Supplemental Law Enforcement Liability Insurance; and

Approval of a Purchase Order in the "Not to Exceed" Amount of $66,495.38 for payment to Arthur J Gallagher Risk Management Services, LLC for Supplemental Law Enforcement Liability Insurance.

RECOMMENDED MOTION: Staff recommends that the City Council approve an appropriation of $66,495.38 from the "OT Reimbursement - Special Events – Inglewood" account, number 100-109-51956, and approve a purchase order in the "Not to Exceed" Amount of $66,495.38 payable to Arthur J Gallagher Risk Management Services, LLC for Supplemental Law Enforcement Liability Insurance.

16. Professional Services Agreement between the City of Hawthorne ("City") and PetData, Inc.

RECOMMENDED MOTION: Staff recommends that the City Council approve the Professional Services Agreement with PetData, Inc. and authorize the City Manager to execute the Agreement and make minor changes thereto.

17. Hanger 8 Ground Sublease and Purchase and Sale Agreement

RECOMMENDED MOTION: Staff recommends that the City Council approve the Ground Sublease Agreement and the Purchase and Sale Agreement for Hangar 8 at the Hawthorne Municipal Airport.

18. Progress Payment #1 in the amount of $938,879.63 due to Martinez Landscape Company, Inc of Sylmar, Ca for General Maintenance (Project #22-05)

RECOMMENDED MOTION: Staff recommends that the City Council approve this Progress Payment #1 and Change orders 1 through 5 to Martinez Landscape Company, Inc of Sylmar, Ca.

Councilmember Angie Reyes English moved, seconded by Mayor Vargas to approve the City Manager's consent calendar (Items 8-18). Item 16 was pulled.

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

Discussion on item 16 with recommendations from Councilmember Angie Reyes English. Councilmember Angie Reyes English moved, seconded by Councilmember Alex Monteiro to approve Item 16 on the City Manager's consent calendar.

CITY ATTORNEY'S CONSENT CALENDAR

18. Claim for property damage and bodily injury by Maria Del Rosario Cendon

RECOMMENDED MOTION: Staff recommends that the City Council dent the claim by Maria Del Rosario Cendon.

19. Claim for property damage and bodily injury by Emmanuel Ezumah.

RECOMMENDED MOTION: Staff recommends that the City Council deny the claim by Emmanuel Ezumah.

20. Funding Request for Administration Receivership Account in the Amount of $100,000 for the Current Fiscal Year.

RECOMMENDED MOTION: Staff recommends that the City Council approve the additional funding in the amount of $100,000 to Administration Receivership account (Receivership Account No. 100-1501-000-40744), encumber for the same and approve the change in the blanker purchase orders for Civica Law Group to reflect the increase.

Councilmember Reyes English moved, seconded by Mayor Vargas to approve the City Attorney's consent calendar (Items 18-20).

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning and Mayor Vargas.

NOES: None.

DISCUSSION / ACTION ITEMS

21. Inglewood Transit Connector – A. Monteiro

22. Baldwin Hills & Urban Watersheds Conservancy Proposition 40 Grant – K. Manning

ELECTED OFFICIALS REPORTS / RECOMMENDATIONS

City Treasurer **Marie Poindexter-Hornback** thanked the public for coming out and participating, congratulated nominees for the Good Neighbor Award, sent kudos to Kywanna and the Community Services Department for the production and success of the Senior Resource Fair. Three CDs matured and were reinvested.

Deputy City Clerk **Joy Post,** congratulated the Good Neighbor Award nominees as well as the proclamation recipients Sociedad Jose Marti Cuban Festival and Mario Cartaya.

Councilmember **Alex Monteiro** congratulated the Good Neighbor Award nominees, thanked all the staff involved with the success of the Senior Resource Fair including City Manager Von Norris, Community Development Department, and the Senior Service

Commission. Monteiro also thanked all of the participants of the Hawthorne Presidents Council Community dinner. Councilmember Monteiro also thanked the Sociedad Jose Marti Cuban Club and encourages the public to vote.

Councilmember **L. David Patterson** thanked the community for their involvement in council meetings and events, thanks City staff for their continued dedication and hard work, and the Hawthorne Police Department. Patterson expressed excitement of attendance from staff at the League of California's Annual conference and learning experience. Councilmember Patterson also congratulated the Good Neighbor Award nominees and encouraged the public to vote.

Recommendations:

- Speed Study on 145th St between Doty and Kornblum
- Residents of Bodger park inquiry for guest permits or parking accommodation

Councilmember **Angie Reyes English** gave kudos to the Senior commissioners for the Senior Resources fair, congratulated the awardees of the Good Neighbor Award. Councilmember Reyes English also congratulated City Clerk, Dayna Williams-Hunter on Certified Municipal Clerk (CMC) certification. Councilmember Reyes English thanked Centinela School district and Sociedad Jose Marti for their presentations and expressed appreciated for the Hawthorne Library coming out and providing the public with updates on events. Councilmember Reyes English also provided the public with information regarding the upcoming events throughout the City.

Recommendations:

- Birch Ave routine clean up, graffiti removal, and fence repair
- Update on the status of Urgent Care
- Coordinate and collaborate with the owners of businesses near Planet Fitness to address the debris, appearance, and concerns in the community

Mayor Pro Tem **Katrina Manning** thanked the public for their attendance, congratulations to all of the Good Neighbor awardees, thanked all of the presenters that spoke during the evening's presentations. Manning inquired about the incompletion of Van Ness between 120th St. and El Segundo Blvd, City Manager Von Norris provided clarification and progression the construction status of Van Ness. She expressed the desire to address the parking lot near the Planet Fitness. Mayor Pro Tem Manning also provided an update on inquiries of bringing an urgent care to the City of Hawthorne and urged the public to vote.

Mayor **Alex Vargas** gave kudos to City Clerk, Dayna Williams-Hunter on completing h**er** CMC certification. Vargas spoke regarding the density per acre allowed in high density locations. Mayor Vargas also encouraged the public to vote.

Recommendations:

- Requests Discussion/ Actions Item for Gas Blowers and any laws pertaining

ADJOURNMENT

Mayor Vargas adjourned the regular City Council meeting at 9:11 p.m.

CERTIFICATION

Passed and approved this 27th day of May 2025.

_____
Dayna Williams-Hunter
City Clerk

MINUTES OF A SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA HELD NOVEMBER 19, 2024

CALL TO ORDER

Chairman Alex Vargas called the City Council meeting to order at 6:03 p.m. in the City Council Chambers of City Hall, 4455 W. 126th Street, Hawthorne, California.

ROLL CALL

ROLL CALL-Present: Councilmembers Alex Monteiro, L. David Patterson, Angie Reyes English, Mayor Pro Tem Katrina Manning and Mayor Alex Vargas.

Absent: None.

Also Present: City Manager Von Norris, City Attorney Robert Kim, Deputy City Clerk Joy Post

PROCLAIMATIONS / CERTIFICATES / PRESENTATIONS

1. Youth Homelessness Outreach Prevention and Education (HOPE) Month- Angie Reyes English

ORAL COMMUNICATIONS

No one expressed the desire to speak during oral communications.

RESOLUTION

2. Resolution No. 8499-A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, APPROVING A PURCHASE AND SALE AGREEMENT WITH HANLEY FAMILY TRUST AS SELLERS FOR THE REAL PROPERTIES AT 3136, 3138, 3152, & 3208 ROSECRANS AVENUE & 14312-14314 CHADRON AVENUE AND MAKING A FINDING OF EXEMPTION IN COMPLIANCE WITH CEQA IN CONNECTION THEREWITH.

Councilmember Monteiro Moved, seconded by Councilmember Reyes English to approve Item 2

ROLL CALL AYES: Councilmembers Monteiro, Patterson, Reyes English, Mayor Pro Tem Manning, and Mayor Vargas

NOES: None.

CLOSED SESSION

3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code section 54957 (b)

Concerning City Manager, Vontray Norris

4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code section 54957 (b)

Concerning Robert M. Kim, City Attorney

5. CONFERENCE WITH LABOR NEGOTIATORS
Subdivision (a) of Section 54957.6 of the California Government Code

Name of Labor Negotiators(s): Vontray Norris and Erika Lampkin
Regarding: Hawthorne Police Civilian Association (HPCA)

ADJOURNMENT

Mayor Vargas adjourned the special City Council meeting at 7:31 p.m.

CERTIFICATION

Passed and approved this 27th day of May 2025.

_____
Dayna Williams-Hunter
Secretary

AGENDA ITEM NO. 5.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Clerk

City Manager: **Department Head:**

SUBJECT:
Approval of the City Council meeting minutes for the regular meeting of January 28, 2025.

RECOMMENDED MOTION:
Staff recommends that the City Council approve the regular City Council meeting minutes of January 28, 2025.

DISCUSSION:
The purpose of the minutes are to historically preserve the event of the City Council meetings. The minutes typically describe the event of the meeting and may include a list of attendees, a statement of the issues considered by the participants and related responses or decisions for the issues. It is not a requirement that the minutes be a transcript but instead a historical preservation/ record of the actions, guidance, and directives provided in conducting the wishes and the business of the City of Hawthorne by the said policy making body.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
None.

FISCAL IMPACT:
None.

NOTICING PROCEDURE:
72 Hours posted notice pursuant to the Ralph M. Brown Act.

ATTACHMENTS
M 01.28.25

MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA HELD JANUARY 28, 2025

CALL TO ORDER

This meeting was called to order by Mayor Vargas at 6:08 pm.

INVOCATION

City Manager Vontray Norris gave the evening's invocation.

PLEDGE OF ALLEGIANCE

Former Councilmember Olivia Valentine led the Pledge of Allegiance.

ROLL CALL

Present: Councilmembers Johnson, Monteiro, Mayor Pro Tem Manning, Mayor Vargas.
Absent: Councilmember Reyes English

Also Present: City Manager Von Norris, City Attorney Robert Kim, City Clerk Dayna Williams-Hunter, City Treasurer Marie Poindexter-Hornback

PROCLAMATIONS/CERTIFICATES/PRESENTATIONS

1. Proclamation for Peggy Holt (Retirement - ITS Department)

2. Recognition of Hawthorne Police Department Response to Regional Wildfires

ORAL COMMUNICATIONS

Olivia Valentine encouraged web accessibility regarding disaster preparedness resources given the recent fires and inquired about evacuation shelters.
Gordon Mego spoke regarding a new mall and hospital and suggested that the City be involved in the Rose Parade. Thanked everyone involved in fighting and responding to the recent California wildfires.
Delbra Sturdivant from Love Beyond Autism requested support from Council for a second Autism Awareness Walk in the City of Hawthorne.
Dion Rambo gave an update on the TeleHealth Van program.
Frank Di Pasquale thanked Staff for their efforts in trying to address safety concerns related to the McDonald's project and looks forward to working with McDonald's to address any future issues.
Ruben Sanchez of the North Hawthorne Community Association thanked the Code Enforcement Department for their efforts in resolving trash issues in the North Hawthorne community. Inquired on the cost of maintaining the TeleHealth program. Provided comments regarding the recently unhoused fire victims.

CITY CLERK'S CONSENT CALENDAR

3. City Treasurer requests approval of the warrants.

   RECOMMENDED MOTION:
   Staff Recommends that the City Council approve the warrants issued for the period of 12/11/2024 to 01/28/2025 in the total of $12,770,151.01.

4. Approval of waiver of full readings of Resolutions and Ordinances on Tuesday, January 28, 2025's agenda.

RESOLUTIONS

5. RESOLUTION NO. 8507

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, UPHOLDING THE PLANNING COMMISSION APPROVAL OF A CONDITIONAL USE PERMIT TO OPERATE A DRIVE-THRU AT 13324 S. INGLEWOOD AVENUE, SUBJECT TO CONDITIONS AND MAKING FINDINGS IN SUPPORT THEREOF

RECOMMENDED MOTION:
Staff recommends that the City Council approve Resolution No. 8507.

6. RESOLUTION NO. 8509
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AMENDING THE MEMBERSHIP COMPOSITION OF THE KHHR COMMUNITIES NETWORK COMMITTEE AND CLARIFYING THE ELECTIONS AND TERMS OF THE CHAIR AND VICE-CHAIR

RECOMMENDED MOTION:
Staff Recommends that the City Council adopt Resolution No. 8509

Mayor Vargas moved, seconded by Councilmember Monteiro to approve the City Clerk's consent calendar (Items 3-6).

ROLL CALL AYES: Councilmembers Johnson, Manning, Mayor Pro Tem Monteiro and Mayor Vargas.
ABSENT: Councilmember Reyes English

CITY MANAGER'S CONSENT CALENDAR

7. Progress Payment #3 in the amount of $131,021.08 due to Sequel Contractors, Inc. of Santa Fe Springs, CA for 120th St Improvements - Crenshaw Blvd to Felton Ave, Phase II (Project #21-03)

RECOMMENDED MOTION:
Staff recommends that the City Council approve this Progres Payment #3 to Sequel Contractors, Inc. of Santa Fe Springs, CA

8. Retiree Healthcare Plan June 30, 2024 GASBS 75 Actuarial Report

RECOMMENDED MOTION:
Staff recommends that the City Council accept and file the OPEB Valuation Report for Fiscal Year ending June 30, 2024, and approve contribution to OPEB Trust.

9. Publicly receive, open, declare sealed request for bids and award of Section 3 Contract for the Community Development Block Grant (CDBG) funded Hawthorne Crenshaw Village Commercial Rehabilitation Project #CRP-2401.

RECOMMENDED MOTION:
Staff recommends that the City Council publicly receive, open, declare sealed request for bids and award the Section 3 Contract to the lowest responsive and responsible bidder, Dan Contractor of Riverside, CA.

10. American Rescue Plan Act (ARPA) Update and request for approval of recommendation

RECOMMENDED MOTION:
Staff recommends that the City Council provide approval of the reallocation recommendation and receive and file the ARPA Economic Development Plan Programs update.

11. Annual Comprehensive Financial Report of the City of Hawthorne for the Fiscal Year Ended June 30, 2024.

RECOMMENDED MOTION:
Staff recommends that the City Council receive and file the Annual Comprehensive Financial Report of the City of Hawthorne for the Fiscal Year ended June 30, 2024.

12. Progress Payment #6 in the amount of $171,000 due to DOJA, Inc. of Ontario, CA for Zela Davis Park Renovation (Project #24-04)

RECOMMENDED MOTION:
Staff recommends that the City Council approve this Progress Payment #6 to DOJA, Inc. of Ontario, CA

13. Approval of the sale of a crane, platform, and tugs that were purchased and utilized by the Police Department's Air Unit to assist with the maintenance, movement, and housing of related equipment.

RECOMMENDED MOTION:
Staff recommends that the City Council approve as follows:

- The Sale of the crane and two tugs in the amount of $6,000.00 and $1,000.00 respectively and the proceeds of the sale to be deposited into the expense account 100-2102-215-00-40514 for the Hawthorne Police Department (Detective Bureau Contract Services)
- The sale of the platform in the amount of $3,000.00 and the proceeds of the sale be deposited in the expense account 230-2102-244-4740 for Hawthorne Police Department (Asset Forfeiture Machinery & Equipment).

14. Aerodome change order for drone dock and radar system for Drone First Responder (DFR) in the amount of $175,550.00, and $67,600.00 for services provided by NASTEC International, Inc.

RECOMMENDED MOTION:
Staff recommends that the City Council approve the Aerodome Change Order in the amount of $175,550.00; and

Approval and also appropriation of a BPO not to exceed $67,600.00 for Nastec International, Inc from the specified asset forfeiture account for the Police Department's Drone as a First Responder program.

15. An agreement between the Hawthorne Police Department and Action Target for maintenance and necessary upgrade of the Hawthorne Police Department range in the amount of $155,000.00

RECOMMENDED MOTION:
Staff recommends that City Council approve the agreement with Action Target for maintenance and necessary upgrades to the Hawthorne Police Department Range in the amount of $155,000.00 and authorize the Chief of the Police Department to execute the agreement and make minor amendments thereto.

16. Agreement with Hawthorne Airport LLC Regarding Taxiway Rehabilitation at the Hawthorne Municipal Airport

RECOMMENDED MOTION:
Staff Recommends that the City Council Approve the Agreement with Hawthorne Airport LLC Regarding Taxiway Rehabilitation at the Airport.

17. Master Equity Lease Agreement between the Hawthorne Police Department and Enterprise.

RECOMMENDED MOTION:

Staff recommends that the City Council approve the Master Equity Lease Agreement and a purchase Order in the Not to exceed amount of $224,364.00 to Enterprise for the lease of police vehicles from the Police Department Asset Forfeiture Fund (230-2100-2102-000-4740).

18. Progress Payment #4 in the amount of $1,320,396.12 due to Pardess Air Inc of Los Angeles, CA for Hawthorne Memorial Center HVAC System Upgrade (Project #23-08)

RECOMMENDED MOTION:
Staff recommends that the City Council approve this Progress Payment #4 and Change Orders #5 through #18 to Pardess Air Inc of Los Angeles, CA

Mayor Vargas moved, seconded by Councilmember Monteiro to approve the City Manager's consent calendar (Items 7-15 and 17-18).

ROLL CALL AYES: Councilmembers Johnson, Monteiro, Mayor Pro Tem Manning and Mayor Vargas.
ABSENT: Councilmember Reyes English.

Mayor Vargas moved, seconded by Councilmember Monteiro to approve the City Manager's consent calendar (Item 16). This item was pulled for discussion by Mayor Pro Tem Manning.

ROLL CALL AYES: Councilmembers Johnson, Monteiro, Mayor Pro Tem Manning and Mayor Vargas.
ABSENT: Councilmember Reyes English.

CITY ATTORNEY'S CONSENT CALENDAR

19. Claim for bodiliy injury by Dionte McCall.

RECOMMENDED MOTION:
Staff recommends that the City Council deny the Claim by Dionte McCall.

Councilmember Monteiro moved, seconded by Mayor Vargas to approve the City Attorney's consent calendar (Item 19).

ROLL CALL AYES: Councilmembers Johnson, Monteiro, Mayor Pro Tem Manning and Mayor Vargas.
ABSENT: Councilmember Reyes English.

DISCUSSION/ACTION ITEMS

20. Baldwin Hills & Urban Watersheds Conservancy Authorizing Proposition 40 Funds in the amount of $750,000 for the Holly Park Bathroom Project - K. Manning

21. Decorum - Code of Conduct During Council Meetings - K. Manning

22. Black History Month 2025 - A. Monteiro

23. Should the City Adopt an Ordinance Prohibiting the Use of Gas Powered Leaf Blower? - A. Vargas

24. Telehealth Scheduling and Locations - A. Vargas

25. Community Usage of the Hawthorne Aquatic Center - A. Vargas

ELECTED OFFICIALS REPORTS/RECOMMENDATIONS

City Treasurer **Marie Poindexter- Hornback,** wished Peggy Holt the best of luck on her retirement and thanked her for her many years of service. Thank you to Hawthorne Police Department for providing their assistance during the Eaton fires. Three CDs have been rolled over, all over 4.5%. Thankful to City Staff, Poindexter-Hornback donated canned goods to the food drive and books to the book drive. Issued thanks to the City Manager and all department heads. Asked if there is anything stating she can't be apart of the Telehealth committee as an elected official?

City Clerk **Dayna WIlliams-Hunter** congratulated Peggy Holt on her retirement, provided an overview of the clerk's responsibilities, and thanked the Hawthorne Police Department.

Councilmember **Faye Johnson** thanked Peggy Holt, thanked the Hawthorne Police Department, shoutout to Von and Public Works for making it possible for the rescue workers to park their vehicles while staying at the hotel, and requested to close the meeting in honor of Guy Hocker.

Councilmember **Alex Monteiro**, wishes Peggy Holt goodluck in all her new adventures. Thank you to Hawthorne Police Department and Chief Tomatani for the frequent updates while assisting first responders during the Eaton fires, Thank you to City Manager Von Norris and all city departments during the Eaton fires. In agreement with former councilmember Olivia Valentine, he requested more accessibility on the city's website regarding emergency preparedness.
Recommendations:

- Celebration of Life: Remembrance of Pablo Kitano
- Committee Assignment Delegation
- Cape Verdean Olympic Committee inquiry, 2028 Olympics resource

Mayor Pro Tem **Katrina Manning** announced Business Expo April 24, 2025, Women's History Month March 29, 2025, and Mother's Day May 10, 2025. Expressed condolences to Guy Hocker and his family, congratulated Peggy Holt on retirement.

Mayor **Alex Vargas** announced upcoming events: Food Drive January 31, 2025 and drop-off locations, Community Clean-up day March 15, 2025, Hawthorne City View available online, Annual Homeless Count Feb 20, 2025, Holly Park Book exchange January 14, 2025. Thanked Peggy Holt for serving the community and city hall staff with her dedicated support. Addressed enforcement towards homeless individuals blocking businesses. Mayor Vargas expressed sentiments towards (former) Mayor Guy

Hocker and Pablo Kitano. Mayor Vargas requested to close the evening's meeting in their honor.
Recommendations:

- Memorial: Guy Hocker
- Memorial: Pablo Kitano

ADJOURNMENT

Passed and approved this 27th day of May 2025.

_____
Dayna Williams-Hunter
City Clerk

AGENDA ITEM NO. 6.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Licensing

City Manager: **Department Head:**

SUBJECT:
City Treasurer requests approval of the warrants. Motion to approve the warrants.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve the warrants issued for the period of 05/14/2025 to 05/27/2025 for a total of $6,182,240.27.

DISCUSSION:
Staff plan to issue checks to the vendors that provide goods and services to the City of Hawthorne.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
Develop and implement clear, business-friendly methods of communicating useful and helpful information to vendors

FISCAL IMPACT:
None. Funds for these payments of the amount of $6,182,240.27 are available in the adopted Fiscal Year 2024-2025 budget.

Description of Warrants	Amount
Payroll City Warrants	$ 1,913,106.98
General City Warrants	$ 4,241,036.75
Housing Warrants	$ 349.99
Asset Forfeiture Warrants	$ 27,746.55
Grand Total	**$ 6,182,240.27**

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act

ATTACHMENTS
Council Warrants 05/27/25

CITY OF HAWTHORNE

FOR THE MEETING OF MAY 27, 2025

ORIGINATING DEPARTMENT: FINANCE

The City Treasurer submits the following Payroll City Warrants for your approval:

	Warrant #s			
Date	**Start**	**Ending**	**Warrant type**	**Total $**
5/8/25	34553	34868	PAYROLL	951,432.96
5/8/25	196488	196493	PAYROLL	2,320.89
5/22/25	34869	35184	PAYROLL	957,772.52
5/22/25	196494	196497	PAYROLL	1,580.61
*** Emergency Issue - for ratification only**				1,913,106.98

State of California, County of Los Angeles SS:

The foregoing claims/demands/warrants have been filed with me; each one bearing an endorsement of the officer or employee of the department, requiring same, that the price is correct.

_____ City Treasurer

_____ City Clerk

CITY OF HAWTHORNE

FOR THE MEETING OF MAY 27, 2025

ORIGINATING DEPARTMENT: FINANCE

The City Treasurer submits the following General City Warrants for your approval:

	Warrant #s			
Date	**Start**	**Ending**	**Warrant type**	**Total $**
5/8/25	490452	490467	DEBT LEVIES	18,833.13
5/9/25	490468	490482	CITY-SPECIAL	40,154.67
5/14/25	490483	490483	CITY-SPECIAL	1,296.00
5/15/25	490484	490486	DEBT LEVIES	1,631.65
5/16/25	490487	490488	CITY-SPECIAL	1,752,250.20
5/27/25	490489	490498	UTILITIES	179,356.69
5/27/25	490499	490707	CITY	2,247,514.41
				4,241,036.75

*** Emergency Issue - for ratification only**

State of California, County of Los Angeles SS:

The foregoing claims/demands/warrants have been filed with me; each one bearing an endorsement of the officer or employee of the department, requiring same, that the price is correct.

_____ City Treasurer

_____ City Clerk

City of Hawthorne, CA

PAID INVOICES REPORT

CHECK: DL050825 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
123239	CA DISBURSEMENT UNIT								
	100951	05/08/25		490452	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	704.30
	INVOICE: 2025-11								
	VENDOR TOTALS		16,198.90 YTD INVOICED				16,198.90 YTD PAID		704.30
119637	CA SDU, STATE DISBURSEMENT UNIT								
	100947	05/08/25		490453	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	258.46
	INVOICE: 2025-11								
	VENDOR TOTALS		5,944.58 YTD INVOICED				5,944.58 YTD PAID		258.46
119685	CA SDU, STATE DISBURSEMENT UNIT								
	100948	05/08/25		490454	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	142.15
	INVOICE: 2025-11								
	VENDOR TOTALS		3,767.01 YTD INVOICED				3,767.01 YTD PAID		142.15
124099	CALIFORNIA STATE DISBURSEMENT UNIT								
	100949	05/08/25		490456	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	533.53
	INVOICE: 2025-11								
	VENDOR TOTALS		11,204.13 YTD INVOICED				11,204.13 YTD PAID		533.53
123708	CALIFORNIA STATE DISBURSEMENT UNIT								
	100954	05/08/25		490455	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	126.00
	INVOICE: 2025-11								
	VENDOR TOTALS		2,898.00 YTD INVOICED				2,898.00 YTD PAID		126.00
124168	EMPLOYMENT DEVELOPMENT DEPT.								
	100956	05/08/25		490457	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	89.18
	INVOICE: 2025-11								
	VENDOR TOTALS		1,605.24 YTD INVOICED				1,605.24 YTD PAID		89.18
122863	FRANCHISE TAX BOARD								
	100950	05/08/25		490459	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	100.00
	INVOICE: 2025-11								
	VENDOR TOTALS		2,300.00 YTD INVOICED				2,300.00 YTD PAID		100.00
123629	FRANCHISE TAX BOARD								
	100953	05/08/25		490460	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	150.00
	INVOICE: 2025-11								
	VENDOR TOTALS		3,450.00 YTD INVOICED				3,450.00 YTD PAID		150.00
121291	FRANCHISE TAX BOARD								
	100955	05/08/25		490458	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	50.00
	INVOICE: 2025-11								

PAID INVOICES REPORT

CHECK: DL050825 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS	1,150.00 YTD INVOICED				1,150.00 YTD PAID			50.00
4	H.M.E.A.								
	100969	05/08/25		490461	P	05/08/25	960 21600	ACCRUED WAGES PAYABLE	1,580.00
	INVOICE: 2025-11								
	VENDOR TOTALS	49,480.00 YTD INVOICED				49,480.00 YTD PAID			1,580.00
99379	HAWTHORNE EXECUTIVE GROUP								
	100936	05/08/25		490462	P	05/08/25	960 21600	ACCRUED WAGES PAYABLE	440.00
	INVOICE: 2025-11								
	VENDOR TOTALS	9,320.00 YTD INVOICED				9,320.00 YTD PAID			440.00
3	HAWTHORNE POLICE OFFICERS ASSN								
	100938	05/08/25		490463	P	05/08/25	960 21600	ACCRUED WAGES PAYABLE	5,225.19
	INVOICE: 2025-11A								
	100944	05/08/25		490463	P	05/08/25	960 21600	ACCRUED WAGES PAYABLE	696.00
	INVOICE: 2025-11B								
	100945	05/08/25		490463	P	05/08/25	960 21640	ADDITIONAL INS LIABILITY	3,175.38
	INVOICE: 2025-11C								
	VENDOR TOTALS	203,390.44 YTD INVOICED				203,390.44 YTD PAID			9,096.57
115178	PRE PAID LEGAL SERVICES, INC.								
	100946	05/08/25		490464	P	05/08/25	960 21640	ADDITIONAL INS LIABILITY	175.21
	INVOICE: 2025-11								
	VENDOR TOTALS	3,880.37 YTD INVOICED				3,880.37 YTD PAID			175.21
113121	TOTAL ADMINISTRATION SVCS CORP								
	100957	05/08/25		490465	P	05/08/25	960 21640	ADDITIONAL INS LIABILITY	356.45
	INVOICE: 2025-11A								
	100958	05/08/25		490465	P	05/08/25	960 21640	ADDITIONAL INS LIABILITY	3,488.81
	INVOICE: 2025-11B								
	VENDOR TOTALS	81,646.92 YTD INVOICED				82,217.84 YTD PAID			3,845.26
103511	U.S. BANK PARS 6746022400, L.A. LOCKBOX 511649								
	100959	05/08/25		490466	P	05/08/25	960 20270	PARS LIABILITY	1,141.66
	INVOICE: 2025-11A								
	100960	05/08/25		490466	P	05/08/25	960 20270	PARS LIABILITY	285.43
	INVOICE: 2025-11B								
	VENDOR TOTALS	42,599.87 YTD INVOICED				42,599.87 YTD PAID			1,427.09
123240	VILLEGAS, ALBA								
	100952	05/08/25		490467	P	05/08/25	960 21630	GARNISHMENTS LIABILITY	115.38
	INVOICE: 2025-11								

PAID INVOICES REPORT

CHECK: DL050825 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
VENDOR TOTALS		2,653.74 YTD INVOICED				2,653.74 YTD PAID		115.38
							REPORT TOTALS	18,833.13

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	16	18,833.13

** END OF REPORT - Generated by Shuntell Dixon **

City of Hawthorne, CA

PAID INVOICES REPORT

CHECK: C050925 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
114126	CITY OF HAWTHORNE								
	100645	04/28/25		490468	P	05/09/25	10010411 44194	EVENT ALLOTMENT - CM MONT	250.00
	INVOICE: Stipend Donations								
	100645	04/28/25		490468	P	05/09/25	10010411 44134	EVENT ALLOTMENT - MAYOR	200.00
	INVOICE: Stipend Donations								
	VENDOR TOTALS	450.00 YTD INVOICED					4,854.00 YTD PAID		450.00
124411	CITY OF INGLEWOOD								
	100695	04/01/25		490469	P	05/09/25	991 23070	BAIL ACCOUNT PASS-THROUGH	20,000.00
	INVOICE: HPD BAIL DR#25-3221								
	VENDOR TOTALS	20,000.00 YTD INVOICED					20,000.00 YTD PAID		20,000.00
124418	HAWTHORNE EDUCATION FOUNDATION, INC.								
	101049	04/23/25		490470	P	05/09/25	10010411 44194	EVENT ALLOTMENT - CM MONT	500.00
	INVOICE: Alex M_Stipend								
	VENDOR TOTALS	500.00 YTD INVOICED					500.00 YTD PAID		500.00
109216	HAWTHORNE PRESIDENTS COUNCIL								
	100642	04/23/25		490471	P	05/09/25	10010411 44194	EVENT ALLOTMENT - CM MONT	500.00
	INVOICE: Stipend Alex M 001								
	VENDOR TOTALS	1,000.00 YTD INVOICED					1,000.00 YTD PAID		500.00
118922	HOLLY PARK NEIGHBORHOOD ASSCOCIATION								
	100643	04/28/25		490472	P	05/09/25	10010411 44194	EVENT ALLOTMENT - CM MONT	500.00
	INVOICE: Stipend A Monteiro_1								
	VENDOR TOTALS	1,600.00 YTD INVOICED					1,600.00 YTD PAID		500.00
124392	KWIK FLASH PHOTO								
	101033	04/06/25		490473	P	05/09/25	990 23017	MOTHER'S DAY EVENT	450.00
	INVOICE: #05102025								
	VENDOR TOTALS	450.00 YTD INVOICED					450.00 YTD PAID		450.00
119650	NORTH HAWTHORNE NEIGHBOR.ASSC.								
	100689	04/30/25		490474	P	05/09/25	10010411 44134	EVENT ALLOTMENT - MAYOR	400.00
	INVOICE: Stipend Donations_02								
	100689	04/30/25		490474	P	05/09/25	10010411 44194	EVENT ALLOTMENT - CM MONT	250.00
	INVOICE: Stipend Donations_02								
	VENDOR TOTALS	1,150.00 YTD INVOICED					1,150.00 YTD PAID		650.00
123900	THE PARADISE GROUP, INC.								
	100890	05/06/25		490475	P	05/09/25	990 23017	MOTHER'S DAY EVENT	226.75
	INVOICE: 39812								

PAID INVOICES REPORT

CHECK: C050925 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS		1,812.16 YTD INVOICED				1,944.46 YTD PAID		226.75
123521	POINDEXTER-HORNBACK, MARIE								
	100972	05/07/25		490476	P	05/09/25	10014010 45424	TRAVEL, CONFERENCE & MEET	245.85
	INVOICE: CMTA Reimb								
	VENDOR TOTALS		813.51 YTD INVOICED				813.51 YTD PAID		245.85
123499	POLICE EXECUTIVE RESEARCH FORUM								
	101041	10/11/24	2700	490477	P	05/09/25	10001224 45184	TRAINING	11,200.00
	INVOICE: 211575542_b								
	VENDOR TOTALS		22,400.00 YTD INVOICED				22,400.00 YTD PAID		11,200.00
119514	RAMONA NEIGHBORHOOD ASSOC.								
	100644	04/28/25		490478	P	05/09/25	10010411 44194	EVENT ALLOTMENT - CM MONT	250.00
	INVOICE: Stipend A Monteiro 1								
	VENDOR TOTALS		250.00 YTD INVOICED				250.00 YTD PAID		250.00
123609	RODGERS, KIMBERLY								
	101094	05/08/25		490479	P	05/09/25	990 23017	MOTHER'S DAY EVENT	2,595.40
	INVOICE: #INV-005092025								
	VENDOR TOTALS		7,796.87 YTD INVOICED				7,796.87 YTD PAID		2,595.40
124416	SWEET, JACINDA								
	100876	05/10/25		490480	P	05/09/25	990 23017	MOTHER'S DAY EVENT	500.00
	INVOICE: #DJ-May 10, 2025								
	VENDOR TOTALS		500.00 YTD INVOICED				500.00 YTD PAID		500.00
121590	VARGAS, ALEX								
	101102	05/08/25		490481	P	05/09/25	10011100 44554	TRAVEL, CONFERENCE - VARG	86.67
	INVOICE: Naleo_Reimb 01								
	VENDOR TOTALS		519.64 YTD INVOICED				889.11 YTD PAID		86.67
124415	WYLDE BUNCH (DEMONT CRAWFORD)								
	100863	04/16/25		490482	P	05/09/25	990 23017	MOTHER'S DAY EVENT	2,000.00
	INVOICE: 160								
	VENDOR TOTALS		2,000.00 YTD INVOICED				2,000.00 YTD PAID		2,000.00
								REPORT TOTALS	40,154.67

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	15	40,154.67

PAID INVOICES REPORT

CHECK: C050925 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME	DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION

** END OF REPORT - Generated by Shuntell Dixon **

PAID INVOICES REPORT

CHECK: C051425 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
123876	LAURA DE LEON								
	100747	05/01/25		490483	T	05/14/25	990 23020	DEPOSITS-HAWTHORNE BUS EX	1,296.00
	INVOICE: 10004								
	VENDOR TOTALS		1,872.00 YTD INVOICED				1,872.00 YTD PAID		1,296.00
								REPORT TOTALS	1,296.00

	COUNT	AMOUNT
TOTAL EFT TRANSFERS	1	1,296.00

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City of Hawthorne, CA

PAID INVOICES REPORT

CHECK: DL051525 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
124168	EMPLOYMENT DEVELOPMENT DEPT.								
	100956	05/08/25		490484	P	05/15/25	960 21630	GARNISHMENTS LIABILITY	89.18
	INVOICE: 2025-11								
	VENDOR TOTALS		1,605.24 YTD INVOICED				1,605.24 YTD PAID		89.18
103511	U.S. BANK PARS 6746022400, L.A. LOCKBOX 511649								
	100959	05/08/25		490485	P	05/15/25	960 20270	PARS LIABILITY	1,141.66
	INVOICE: 2025-11A								
	100960	05/08/25		490485	P	05/15/25	960 20270	PARS LIABILITY	285.43
	INVOICE: 2025-11B								
	VENDOR TOTALS		42,599.87 YTD INVOICED				42,599.87 YTD PAID		1,427.09
123240	VILLEGAS, ALBA								
	100952	05/08/25		490486	P	05/15/25	960 21630	GARNISHMENTS LIABILITY	115.38
	INVOICE: 2025-11								
	VENDOR TOTALS		2,653.74 YTD INVOICED				2,653.74 YTD PAID		115.38
								REPORT TOTALS	1,631.65

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	3	1,631.65

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PAID INVOICES REPORT

CHECK: C051625 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
111966	MARTINEZ LANDSCAPING CO.								
	100634	04/22/25	2690	490487	P	05/16/25	56091010 47304	IMPROV OTHER THAN BUILDIN	879,526.61
	INVOICE: 1								
	100636	04/22/25	2694	490487	P	05/16/25	10610030 40514	CONTRACT SERVICES	30,000.00
	INVOICE: 3								
	100636	04/22/25	2694	490487	P	05/16/25	22506408 45464	WEED ABATEMENT	15,000.00
	INVOICE: 3								
	100636	04/22/25	2694	490487	P	05/16/25	22541060 45404	STREET CONSTRUCTION	253,995.72
	INVOICE: 3								
	100636	04/22/25	2694	490487	P	05/16/25	28534000 44504	PROP C IMPROVEMENTS	75,000.00
	INVOICE: 3								
	100636	04/22/25	2694	490487	P	05/16/25	50410060 40514	CONTRACT SERVICES	54,500.00
	INVOICE: 3								
	VENDOR TOTALS	3,245,448.50 YTD INVOICED					4,376,097.17 YTD PAID		1,308,022.33
124317	PCN3, INC.								
	102104	04/22/25	2691	490488	P	05/16/25	33610010 44444	SPORTS CENTER ROOF	444,227.87
	INVOICE: 3								
	VENDOR TOTALS	2,098,416.33 YTD INVOICED					2,098,416.33 YTD PAID		444,227.87
								REPORT TOTALS	1,752,250.20

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	2	1,752,250.20

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City of Hawthorne, CA

PAID INVOICES REPORT

CHECK: UT052725 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
115390	A T & T MOBILITY								
	100987	04/23/25		490489	P	05/27/25	10001221 43054	TELEPHONE	186.28
	INVOICE:	AP287311965804							
	VENDOR TOTALS		2,611.92 YTD INVOICED				3,169.81 YTD PAID		186.28
115783	AT&T								
	100988	02/20/25		490491	P	05/27/25	10001222 43054	TELEPHONE	510.34
	INVOICE:	FB9391026341							
	100989	03/20/25		490491	P	05/27/25	10001222 43054	TELEPHONE	508.10
	INVOICE:	MA9391026341							
	100990	04/20/25		490491	P	05/27/25	10001222 43054	TELEPHONE	508.10
	INVOICE:	AP9391026341							
	100991	05/01/25		490491	P	05/27/25	10001222 43054	TELEPHONE	268.79
	INVOICE:	MY9391026291							
	100992	05/01/25		490491	P	05/27/25	10001222 43054	TELEPHONE	31.88
	INVOICE:	MY9391026278							
	100993	05/01/25		490491	P	05/27/25	10001222 43054	TELEPHONE	90.64
	INVOICE:	MY9391026293							
	100994	05/01/25		490491	P	05/27/25	10001222 43054	TELEPHONE	63.76
	INVOICE:	MY9391026345							
	100995	04/27/25		490491	P	05/27/25	10001222 43054	TELEPHONE	101.70
	INVOICE:	AP9391026316							
	100996	04/27/25		490491	P	05/27/25	10001222 43054	TELEPHONE	31.86
	INVOICE:	AP9391026325							
	100997	04/13/25		490491	P	05/27/25	10001222 43054	TELEPHONE	83.37
	INVOICE:	AP9391031541							
	100998	04/20/25		490491	P	05/27/25	10001222 43054	TELEPHONE	139.87
	INVOICE:	AP9391031543							
	100999	04/20/25		490491	P	05/27/25	10001222 43054	TELEPHONE	65.68
	INVOICE:	AP9391031546							
	101000	04/20/25		490491	P	05/27/25	10001222 43054	TELEPHONE	65.68
	INVOICE:	AP9391031544							
	101001	04/27/25		490491	P	05/27/25	10001222 43054	TELEPHONE	477.27
	INVOICE:	AP9391057056							
	101002	04/12/25		490491	P	05/27/25	10001222 43054	TELEPHONE	616.13
	INVOICE:	AP9391036076							
	101003	04/12/25		490491	P	05/27/25	10001222 43054	TELEPHONE	505.53
	INVOICE:	AP9391036095							
	101004	04/10/25		490491	P	05/27/25	10001222 43054	TELEPHONE	155.55
	INVOICE:	AP9391053669							
	101005	04/10/25		490491	P	05/27/25	10001222 43054	TELEPHONE	155.55
	INVOICE:	AP9391053668							
	VENDOR TOTALS		81,281.88 YTD INVOICED				101,566.00 YTD PAID		4,379.80
15960	AT&T								
	101165	05/01/25		490490	P	05/27/25	10041050 43054	TELEPHONE	31.76
	INVOICE:	MY3348410061							

PAID INVOICES REPORT

CHECK: UT052725 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS	1,932.89 YTD INVOICED				2,122.34 YTD PAID			31.76
115783	AT&T								
	101224	05/07/25		490491	P	05/27/25	10001222 43054	TELEPHONE	131.37
	INVOICE: MY9391031545								
	101225	05/07/25		490491	P	05/27/25	10001222 43054	TELEPHONE	31.91
	INVOICE: MY9391026320								
	101226	05/07/25		490491	P	05/27/25	10001222 43054	TELEPHONE	31.91
	INVOICE: MY9391026284								
	102160	05/01/25		490491	P	05/27/25	52035030 43054	TELEPHONE	62.21
	INVOICE: MY9391026287								
	VENDOR TOTALS	81,281.88 YTD INVOICED				101,566.00 YTD PAID			257.40
103177	CALIFORNIA WATER SERVICE								
	101010	04/16/25		490492	P	05/27/25	10061100 45444	UTILITIES	50.89
	INVOICE: AP1072582226								
	101011	04/16/25		490492	P	05/27/25	10061100 45444	UTILITIES	136.85
	INVOICE: AP8717030744								
	101012	04/16/25		490492	P	05/27/25	22041060 45444	UTILITIES	346.76
	INVOICE: AP9379311111								
	101013	04/16/25		490492	P	05/27/25	10061100 45444	UTILITIES	53.57
	INVOICE: AP4031446452								
	101014	04/18/25		490492	P	05/27/25	46847150 45444	UTILITIES	113.81
	INVOICE: AP8816940090								
	101015	04/18/25		490492	P	05/27/25	10011500 45154	GENERAL EXPENSE	26.32
	INVOICE: AP9004264798								
	101016	04/18/25		490492	P	05/27/25	22041060 45444	UTILITIES	33.48
	INVOICE: AP3357207262								
	101017	04/18/25		490492	P	05/27/25	22041060 45444	UTILITIES	8,055.14
	INVOICE: AP3089311111								
	101018	04/30/25		490492	P	05/27/25	10061100 45444	UTILITIES	130.33
	INVOICE: AP3406289008								
	101019	04/25/25		490492	P	05/27/25	22041060 45444	UTILITIES	51.02
	INVOICE: AP3124149340								
	101020	04/29/25		490492	P	05/27/25	22041060 45444	UTILITIES	230.18
	INVOICE: AP8639925174								
	101021	04/23/25		490492	P	05/27/25	22041060 45444	UTILITIES	51.02
	INVOICE: AP0866316861								
	101022	04/21/25		490492	P	05/27/25	10061100 45444	UTILITIES	51.02
	INVOICE: AP5297758587								
	101023	04/16/25		490492	P	05/27/25	22041060 45444	UTILITIES	291.34
	INVOICE: AP2207311111								
	101024	04/16/25		490492	P	05/27/25	10061100 45444	UTILITIES	106.50
	INVOICE: AP6395574084								
	101025	04/17/25		490492	P	05/27/25	10061100 45444	UTILITIES	915.22
	INVOICE: AP9056440300								
	101026	04/17/25		490492	P	05/27/25	46615731 45444	UTILITIES	548.48
	INVOICE: AP7858758946								
	101227	04/30/25		490492	P	05/27/25	10001221 45444	UTILITIES	890.89

PAID INVOICES REPORT

CHECK: UT052725 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
INVOICE: AP5612411111								
101227	04/30/25		490492	P	05/27/25	10041050 45444	UTILITIES	714.15
INVOICE: AP5612411111								
101227	04/30/25		490492	P	05/27/25	10061100 45444	UTILITIES	10,845.80
INVOICE: AP5612411111								
101227	04/30/25		490492	P	05/27/25	22041060 45444	UTILITIES	270.98
INVOICE: AP5612411111								
101227	04/30/25		490492	P	05/27/25	52035030 45444	UTILITIES	295.99
INVOICE: AP5612411111								
101227	04/30/25		490492	P	05/27/25	60031030 45444	UTILITIES	90.33
INVOICE: AP5612411111								
101227	04/30/25		490492	P	05/27/25	46447150 45444	UTILITIES	468.81
INVOICE: AP5612411111								
VENDOR TOTALS	256,050.90 YTD INVOICED					297,563.60 YTD PAID		24,768.88
18100 GOLDEN STATE WATER CO.								
101203	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	430.33
INVOICE: MY22215100003								
101204	05/05/25		490493	P	05/27/25	10061010 45444	UTILITIES	541.10
INVOICE: MY14219000008								
101205	05/05/25		490493	P	05/27/25	22041060 45444	UTILITIES	76.60
INVOICE: MY70019046005								
101206	05/06/25		490493	P	05/27/25	10061100 45444	UTILITIES	135.90
INVOICE: MY53247400004								
101207	05/06/25		490493	P	05/27/25	10061100 45444	UTILITIES	112.33
INVOICE: MY78588300000								
101208	05/06/25		490493	P	05/27/25	22041060 45444	UTILITIES	1,062.04
INVOICE: MY70946300004								
101209	05/06/25		490493	P	05/27/25	22041060 45444	UTILITIES	191.14
INVOICE: MY53542320113								
101210	05/06/25		490493	P	05/27/25	22041060 45444	UTILITIES	429.25
INVOICE: MY80946300003								
101211	05/06/25		490493	P	05/27/25	10061100 45444	UTILITIES	90.01
INVOICE: MY79588300008								
101212	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	2,356.38
INVOICE: MY25440300009								
101213	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	808.30
INVOICE: MY34609100002								
101214	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	398.28
INVOICE: MY83957100007								
101215	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	570.99
INVOICE: MY88617300004								
101216	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	135.90
INVOICE: MY58378300006								
101217	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	53.25
INVOICE: MY29950300003								
101218	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	429.25
INVOICE: MY79617300003								
101219	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	53.25
INVOICE: MY89950300007								

PAID INVOICES REPORT

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	101220	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	53.25
	INVOICE: MY88950300009								
	101221	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	475.58
	INVOICE: MY62719000002								
	101222	05/05/25		490493	P	05/27/25	10061100 45444	UTILITIES	538.84
	INVOICE: MY31438000007								
	VENDOR TOTALS	130,383.24 YTD INVOICED					143,625.21 YTD PAID		8,941.97
17953	SO CALIF EDISON CO								
	100552	04/16/25		490494	P	05/27/25	46615731 45444	UTILITIES	442.08
	INVOICE: AP700441364188								
	100553	04/17/25		490494	P	05/27/25	20025000 45444	UTILITIES	34.36
	INVOICE: AP700602968212								
	100554	04/17/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	148.80
	INVOICE: AP700415456195								
	100555	04/17/25		490494	P	05/27/25	22041060 45444	UTILITIES	159.57
	INVOICE: AP700654091757								
	100556	04/17/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	67.55
	INVOICE: AP700415229055								
	100557	04/17/25		490494	P	05/27/25	52035030 45444	UTILITIES	1,569.51
	INVOICE: AP700362433975								
	100558	04/16/25		490494	P	05/27/25	10061090 45444	UTILITIES	67.18
	INVOICE: AP700015713034								
	100559	04/16/25		490494	P	05/27/25	22041060 45444	UTILITIES	140.65
	INVOICE: AP700663728305								
	100560	04/16/25		490494	P	05/27/25	60031030 45444	UTILITIES	1,466.67
	INVOICE: AP700415521772								
	100561	04/16/25		490494	P	05/27/25	20025000 45444	UTILITIES	25.37
	INVOICE: AP700475567297								
	100562	04/17/25		490494	P	05/27/25	20025000 45444	UTILITIES	1,058.49
	INVOICE: AP700525278787								
	100563	04/16/25		490494	P	05/27/25	10061090 45444	UTILITIES	521.78
	INVOICE: AP700573925503								
	100564	04/16/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	77.76
	INVOICE: AP700028571901								
	100565	04/16/25		490494	P	05/27/25	32420030 41144	PHLA PROJECT	1,173.34
	INVOICE: AP700781445279								
	100566	04/16/25		490494	P	05/27/25	10041050 45444	UTILITIES	208.66
	INVOICE: AP700819800190								
	100567	04/16/25		490494	P	05/27/25	20025000 45444	UTILITIES	53.42
	INVOICE: AP700474337421								
	100568	04/16/25		490494	P	05/27/25	10061010 45444	UTILITIES	108.38
	INVOICE: AP700415512274								
	100569	04/16/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	112.08
	INVOICE: AP700170837555								
	100570	04/16/25		490494	P	05/27/25	10041050 45444	UTILITIES	26.58
	INVOICE: AP700415178636								
	100571	04/16/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	167.92
	INVOICE: AP700415481861								
	100572	04/16/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	159.34

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
INVOICE: AP700414014232								
100573	04/16/25		490495	P	05/27/25	20025000 45444	UTILITIES	15.66
INVOICE: AP700133933301								
100574	04/16/25		490494	P	05/27/25	10061010 45444	UTILITIES	2,040.41
INVOICE: AP700416586752								
100625	04/21/25		490494	P	05/27/25	10061010 45444	UTILITIES	865.40
INVOICE: AP700415238048								
100654	04/23/25		490494	P	05/27/25	22041060 45444	UTILITIES	72.92
INVOICE: AP700415434270								
100655	04/24/25		490494	P	05/27/25	10061010 45444	UTILITIES	36.52
INVOICE: AP700414028780								
100656	04/24/25		490494	P	05/27/25	10061010 45444	UTILITIES	74.31
INVOICE: AP700415041523								
100657	04/24/25		490494	P	05/27/25	20025000 45444	UTILITIES	43.95
INVOICE: AP700370247933								
100658	04/24/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	248.34
INVOICE: AP700413899448								
100659	04/24/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	77.12
INVOICE: AP700412535081								
100660	04/24/25		490494	P	05/27/25	10061010 45444	UTILITIES	366.15
INVOICE: AP700123368078								
100661	04/24/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	76.09
INVOICE: AP700023530426								
100773	04/29/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	96.88
INVOICE: AP700414005138								
100907	05/01/25		490494	P	05/27/25	22041060 45444	UTILITIES	81.56
INVOICE: MY700455547107								
100908	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	65.47
INVOICE: MY700413595112								
100909	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	102.77
INVOICE: MY700415394157								
100910	05/01/25		490494	P	05/27/25	20025000 45444	UTILITIES	8,010.29
INVOICE: MY700364926774								
100911	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	67.90
INVOICE: MY700413775974								
100912	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	127.73
INVOICE: MY700415168330								
100913	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	116.35
INVOICE: MY700413801034								
100914	05/01/25		490494	P	05/27/25	10061010 45444	UTILITIES	277.87
INVOICE: MY700412405547								
100915	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	89.84
INVOICE: MY700415157418								
100916	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	74.85
INVOICE: MY700415119022								
100917	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	96.54
INVOICE: MY700413671395								
100918	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	122.07
INVOICE: MY700413657352								
100919	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	184.27
INVOICE: MY700415109322								

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
100920	05/01/25		490494	P	05/27/25	10061010 45444	UTILITIES	189.52
INVOICE: MY700413829831								
100921	05/01/25		490494	P	05/27/25	10061010 45444	UTILITIES	106.75
INVOICE: MY700413750211								
100922	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	84.89
INVOICE: MY700413639568								
100923	05/01/25		490494	P	05/27/25	22541060 45444	UTILITIES	139.53
INVOICE: MY700212888873								
100924	05/01/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	113.25
INVOICE: MY700196576305								
100925	05/01/25		490495	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	16.79
INVOICE: MY700541838004								
100926	05/01/25		490494	P	05/27/25	20025000 45444	UTILITIES	136.63
INVOICE: MY700534679101								
100927	05/01/25		490494	P	05/27/25	10061050 45444	UTILITIES	2,988.00
INVOICE: MY700250316527								
100928	04/30/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	31.04
INVOICE: AP700413948857								
100929	04/30/25		490494	P	05/27/25	20025000 45444	UTILITIES	150.95
INVOICE: AP700616837087								
100930	04/30/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	119.19
INVOICE: AP700412466979								
100931	04/30/25		490494	P	05/27/25	10061100 45444	UTILITIES	18.10
INVOICE: AP700413762234								
100932	04/30/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	21.73
INVOICE: AP700385074482								
100933	04/30/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	103.80
INVOICE: AP700413964116								
100934	04/30/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	69.19
INVOICE: AP700415310392								
100935	04/30/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	91.07
INVOICE: AP700415322318								
101027	04/28/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	92.76
INVOICE: AP700238897708								
101060	05/02/25		490494	P	05/27/25	20025000 45444	UTILITIES	168.59
INVOICE: MY700028707802								
101061	05/02/25		490494	P	05/27/25	20025000 45444	UTILITIES	265.77
INVOICE: MY700017571996								
101062	05/02/25		490494	P	05/27/25	20025000 45444	UTILITIES	728.02
INVOICE: MY700610655258								
101063	05/02/25		490494	P	05/27/25	20025000 45444	UTILITIES	181.24
INVOICE: MY700203184631								
101064	05/02/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	32.82
INVOICE: MY700878401833								
101065	05/02/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	106.76
INVOICE: MY700029139046								
101066	05/02/25		490494	P	05/27/25	22041060 45444	UTILITIES	124.55
INVOICE: MY700413545497								
101067	05/02/25		490494	P	05/27/25	22041060 45444	UTILITIES	101.18
INVOICE: MY700415444374								
101068	05/02/25		490494	P	05/27/25	20025000 45444	UTILITIES	36.55

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
INVOICE: MY700591200088								
101069	05/02/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	198.96
INVOICE: MY700415101844								
101091	05/05/25		490494	P	05/27/25	20025000 45444	UTILITIES	132.72
INVOICE: MY700382576734								
101092	05/05/25		490494	P	05/27/25	20025000 45444	UTILITIES	386.30
INVOICE: MY700599510261								
101093	05/05/25		490494	P	05/27/25	22041060 45444	UTILITIES	59,024.51
INVOICE: MY700364879789								
101095	05/05/25		490494	P	05/27/25	20025000 45444	UTILITIES	352.22
INVOICE: MY700415497120								
101096	05/05/25		490494	P	05/27/25	20025000 45444	UTILITIES	1,131.53
INVOICE: MY700415468525								
101097	05/05/25		490494	P	05/27/25	10041050 45444	UTILITIES	1,220.08
INVOICE: MY700412486177								
101099	05/05/25		490494	P	05/27/25	20025000 45444	UTILITIES	201.48
INVOICE: MY700413856406								
101100	05/05/25		490494	P	05/27/25	10061100 45444	UTILITIES	398.89
INVOICE: MY700413581065								
101101	05/05/25		490494	P	05/27/25	10061100 45444	UTILITIES	627.28
INVOICE: MY700415364047								
101103	05/05/25		490494	P	05/27/25	10041050 45444	UTILITIES	170.41
INVOICE: MY700413563584								
102105	05/09/25		490494	P	05/27/25	10041050 45444	UTILITIES	25,671.30
INVOICE: MY700573101912								
102144	05/12/25		490494	P	05/27/25	22041060 42104	SIGNAL MAINTENANCE	209.95
INVOICE: MY700541268936								
102145	05/12/25		490494	P	05/27/25	20025000 45444	UTILITIES	18.26
INVOICE: MY700387810589								
102147	05/12/25		490494	P	05/27/25	10061090 45444	UTILITIES	3,270.75
INVOICE: MY700412378164								
VENDOR TOTALS	1,553,264.18 YTD INVOICED					1,763,193.72 YTD PAID		120,454.06
18000 SO CALIF GAS CO								
101006	05/01/25		490496	P	05/27/25	10061010 45444	UTILITIES	134.97
INVOICE: 09730449007								
101007	05/02/25		490496	P	05/27/25	10061100 45444	UTILITIES	40.01
INVOICE: 16330470002								
101008	05/02/25		490496	P	05/27/25	10061010 45444	UTILITIES	15.13
INVOICE: 07510463859								
101009	05/02/25		490496	P	05/27/25	10061010 45444	UTILITIES	42.14
INVOICE: 08140463004								
101087	05/05/25		490496	P	05/27/25	10041050 45444	UTILITIES	1,238.47
INVOICE: 02130419001								
101089	05/05/25		490496	P	05/27/25	60031030 45444	UTILITIES	54.97
INVOICE: 13890410007								
101090	05/05/25		490496	P	05/27/25	46515730 42024	BUILDING MAINTENANCE	108.71
INVOICE: 14720396127								
101098	05/05/25		490496	P	05/27/25	10061100 45444	UTILITIES	8,212.12
INVOICE: 11580407002								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	101104	05/05/25		490496	P	05/27/25	10001221 45444	UTILITIES	3,501.52
	INVOICE: 18936983107								
	101105	05/05/25		490496	P	05/27/25	46615731 42024	BUILDING MAINTENANCE	569.17
	INVOICE: 09680396372								
	101223	05/05/25		490496	P	05/27/25	46615731 45444	UTILITIES	61.27
	INVOICE: 11780396591								
	102161	11/04/24		490496	P	05/27/25	46615731 42024	BUILDING MAINTENANCE	390.02
	INVOICE: 09680396372								
	VENDOR TOTALS	129,864.72 YTD INVOICED					140,003.47 YTD PAID		14,368.50
112237	T-MOBILE								
	102163	04/21/25		490497	P	05/27/25	10001221 43054	TELEPHONE	48.26
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	52035030 43054	TELEPHONE	132.52
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10001230 43054	TELEPHONE	132.52
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10043010 43054	TELEPHONE	430.52
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10015010 43054	TELEPHONE	521.72
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10013010 43054	TELEPHONE	530.08
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10042040 43054	TELEPHONE	265.04
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	60031030 43054	TELEPHONE	198.78
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10016010 43054	TELEPHONE	132.52
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10041120 43054	TELEPHONE	265.04
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10610010 43054	TELEPHONE	66.26
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10017010 43054	TELEPHONE	66.26
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10061010 43054	TELEPHONE	463.82
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10042010 43054	TELEPHONE	66.26
	INVOICE: AP982816099								
	102163	04/21/25		490497	P	05/27/25	10041010 43054	TELEPHONE	2,103.19
	INVOICE: AP982816099								
	VENDOR TOTALS	141,710.94 YTD INVOICED					141,450.08 YTD PAID		5,422.79
113605	VERIZON WIRELESS								
	102164	04/23/25		490498	P	05/27/25	10001221 43054	TELEPHONE	20.02
	INVOICE: AP470985090-4								
	102164	04/23/25		490498	P	05/27/25	10043010 43054	TELEPHONE	169.14
	INVOICE: AP470985090-4								
	102164	04/23/25		490498	P	05/27/25	10042040 43054	TELEPHONE	200.05

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
INVOICE: AP470985090-4								
102164	04/23/25		490498	P	05/27/25	10041040 43054	TELEPHONE	156.04
INVOICE: AP470985090-4								
VENDOR TOTALS	51,276.54 YTD INVOICED					52,519.16 YTD PAID		545.25
							REPORT TOTALS	179,356.69

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	10	179,356.69

** END OF REPORT - Generated by Shuntell Dixon **

City of Hawthorne, CA

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
122920	4283929 DELAWARE LLC.								
	100784	04/30/25		490530	T	05/27/25	10001230 40514	CONTRACT SERVICES	181.80
	INVOICE: WC11536-I-0050								
	VENDOR TOTALS	1,373.80 YTD INVOICED					1,373.80 YTD PAID		181.80
124421	ABRAHAM, PRINCE								
	101252	04/10/23		490499	P	05/27/25	990 22100	REC & COMM SVC DONATIONS	1,000.00
	INVOICE: REFUND 04/10/25								
	VENDOR TOTALS	1,000.00 YTD INVOICED					1,000.00 YTD PAID		1,000.00
123058	ACCESS INFORMATION INTERMEDIATE HOLDINGS I, LLC.								
	100754	04/30/25		490531	T	05/27/25	10013010 41514	OPERATING SUPPLIES	49.00
	INVOICE: 11556876								
	100754	04/30/25		490531	T	05/27/25	10015010 41514	OPERATING SUPPLIES	49.00
	INVOICE: 11556876								
	100754	04/30/25		490531	T	05/27/25	10016010 41514	OPERATING SUPPLIES	49.00
	INVOICE: 11556876								
	100754	04/30/25		490531	T	05/27/25	10016020 41514	OPERATING SUPPLIES	49.00
	INVOICE: 11556876								
	100754	04/30/25		490531	T	05/27/25	10017010 41514	OPERATING SUPPLIES	49.00
	INVOICE: 11556876								
	100754	04/30/25		490531	T	05/27/25	10043010 41514	OPERATING SUPPLIES	49.00
	INVOICE: 11556876								
	100755	04/30/25		490531	T	05/27/25	81044010 41514	OPERATING SUPPLIES	49.00
	INVOICE: 11556876								
	100790	04/30/25		490531	T	05/27/25	10002215 41514	OPERATING SUPPLIES	780.30
	INVOICE: 11556878								
	VENDOR TOTALS	14,375.95 YTD INVOICED					16,123.45 YTD PAID		1,123.30
120612	ACCO ENGINEERED SYSTEMS, INC								
	100687	12/30/24	2696	490532	T	05/27/25	52035030 40514	CONTRACT SERVICES	6,148.86
	INVOICE: 20638320								
	VENDOR TOTALS	36,927.61 YTD INVOICED					60,491.05 YTD PAID		6,148.86
114804	PROFESSIONAL POLICE SUPPLY								
	101989	05/13/25		490533	T	05/27/25	10001225 41514	OPERATING SUPPLIES	458.80
	INVOICE: INV434254								
	VENDOR TOTALS	23,850.18 YTD INVOICED					25,705.68 YTD PAID		458.80
117802	ADVANCED BATTERY SYSTEMS, INC.								
	100941	03/06/25		490534	T	05/27/25	60031030 42064	PARTS	802.10
	INVOICE: 0200059								
	VENDOR TOTALS	13,054.33 YTD INVOICED					13,054.33 YTD PAID		802.10
110977	ALGAE SOLUTIONS INC.								

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	101082	05/14/25		490535	T	05/27/25	52035030 41514	OPERATING SUPPLIES	1,182.23
	INVOICE: 83258								
	VENDOR TOTALS	2,318.55 YTD INVOICED					2,318.55 YTD PAID		1,182.23
119085	AGUILAR, ROLANDO								
	100832	04/08/25		490536	T	05/27/25	60031030 42064	PARTS	1,293.18
	INVOICE: 004146								
	100837	04/28/25		490536	T	05/27/25	60031030 42064	PARTS	595.00
	INVOICE: 004172								
	102159	04/30/25		490536	T	05/27/25	60031030 42064	PARTS	715.30
	INVOICE: 004175								
	VENDOR TOTALS	10,968.48 YTD INVOICED					12,143.48 YTD PAID		2,603.48
117372	ALLDATA, LLC.								
	101253	05/01/25		490500	P	05/27/25	60031030 40514	CONTRACT SERVICES	1,500.00
	INVOICE: INVC05631498								
	VENDOR TOTALS	1,500.00 YTD INVOICED					1,500.00 YTD PAID		1,500.00
123782	ALLEN, MARGARET C.								
	102092	05/07/25		490537	T	05/27/25	10061010 40504	COMMISSIONER STIPENDS	50.00
	INVOICE: 05/07/2025								
	VENDOR TOTALS	450.00 YTD INVOICED					450.00 YTD PAID		50.00
111720	AMAZING BALLOONS BY GEE, LLC.								
	101236	05/07/25		490538	T	05/27/25	10061070 41514	OPERATING SUPPLIES	226.53
	INVOICE: 2021-3327								
	101244	04/30/25		490538	T	05/27/25	10061020 41514	OPERATING SUPPLIES	447.53
	INVOICE: 2021-3307								
	102010	05/13/25		490538	T	05/27/25	10061060 41514	OPERATING SUPPLIES	193.38
	INVOICE: 2021-3339								
	VENDOR TOTALS	7,343.33 YTD INVOICED					7,574.86 YTD PAID		867.44
124196	AMBIENT ENVIRONMENTAL, INC.								
	102128	03/24/25		490539	T	05/27/25	10041020 40514	CONTRACT SERVICES	1,200.00
	INVOICE: 1903								
	102129	04/22/25		490539	T	05/27/25	10041020 40514	CONTRACT SERVICES	1,000.00
	INVOICE: 2013								
	102130	03/11/25		490539	T	05/27/25	10041020 40514	CONTRACT SERVICES	2,500.00
	INVOICE: 1867								
	102132	03/11/25		490539	T	05/27/25	10041020 40514	CONTRACT SERVICES	2,500.00
	INVOICE: 1866								
	VENDOR TOTALS	15,900.00 YTD INVOICED					15,900.00 YTD PAID		7,200.00
114567	ANGEL'S AUTO ELECTRIC								
	100671	04/14/25		490540	T	05/27/25	60031030 42064	PARTS	441.30

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	INVOICE: 8789								
	100672	04/09/25		490540	T	05/27/25	60031030 42064	PARTS	175.00
	INVOICE: 8783								
	100673	04/17/25		490540	T	05/27/25	60031030 42064	PARTS	996.47
	INVOICE: 8798								
	VENDOR TOTALS	25,318.89 YTD INVOICED					27,795.77 YTD PAID		1,612.77
121747	ANIXTER INC.								
	95660	12/17/24		490501	P	05/27/25	10041050 42014	REPAIR & MAINTENANCE SUPP	1,348.33
	INVOICE: 18K745173								
	VENDOR TOTALS	2,697.85 YTD INVOICED					2,697.85 YTD PAID		1,348.33
122699	ARC DOCUMENT SOLUTIONS, LLC.								
	100940	03/28/25		490541	T	05/27/25	10043020 40514	CONTRACT SERVICES	133.40
	INVOICE: B69130								
	VENDOR TOTALS	1,213.64 YTD INVOICED					1,213.64 YTD PAID		133.40
112702	ASSOCIATED SOILS ENGINEERING, INC.								
	100883	02/28/25		490542	T	05/27/25	10041020 40514	CONTRACT SERVICES	4,490.00
	INVOICE: 48480								
	101192	03/31/25	2701	490542	T	05/27/25	10041010 40514	CONTRACT SERVICES	6,540.00
	INVOICE: 48545								
	VENDOR TOTALS	21,180.00 YTD INVOICED					35,370.00 YTD PAID		11,030.00
123680	AUTO SECURITY SOUND & TINT, INC.								
	102158	05/05/25		490543	T	05/27/25	60031030 42064	PARTS	370.58
	INVOICE: 050525								
	VENDOR TOTALS	6,584.56 YTD INVOICED					7,177.91 YTD PAID		370.58
120909	BARLIN, ANTHONY								
	101997	04/24/25		490544	T	05/27/25	10001224 45124	EDUCATIONAL REIMBURSEMENT	2,295.00
	INVOICE: EDUC. GED 345								
	VENDOR TOTALS	10,466.29 YTD INVOICED					10,988.29 YTD PAID		2,295.00
105615	BAVCO BACKFLOW APPARATUS & VALVE CO INC								
	101982	05/08/25		490545	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	745.21
	INVOICE: 331279								
	VENDOR TOTALS	10,086.66 YTD INVOICED					13,100.13 YTD PAID		745.21
123191	BECKLES, D'LANO								
	101076	04/10/25		490546	T	05/27/25	10061050 40264	CONTRACT LABOR SALARIES	52.00
	INVOICE: 04102025								

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	VENDOR TOTALS		52.00 YTD INVOICED					52.00 YTD PAID		52.00
113874	BELL, LAMEKA D.									
	101995	04/28/25		490547	T	05/27/25	10021010	45584	HEALTH AND WELLNESS	463.04
	INVOICE:	REIMB. 04/22/25								
	VENDOR TOTALS		1,837.56 YTD INVOICED					1,919.56 YTD PAID		463.04
106126	SANDAN PLUMBING CO INC									
	101254	02/04/25		490548	T	05/27/25	10061120	41514	OPERATING SUPPLIES	450.00
	INVOICE:	S-113594								
	VENDOR TOTALS		7,920.14 YTD INVOICED					11,854.77 YTD PAID		450.00
121086	BODE CELLMARK FORENSICS, INC.									
	100700	12/18/24		490549	T	05/27/25	10002215	41514	OPERATING SUPPLIES	1,844.39
	INVOICE:	47626								
	VENDOR TOTALS		3,996.27 YTD INVOICED					3,996.27 YTD PAID		1,844.39
122619	BOX, INC.									
	100867	04/02/25	2476	490550	T	05/27/25	10001222	40514	CONTRACT SERVICES	24,000.00
	INVOICE:	INV12632881								
	100868	04/04/25	2476	490550	T	05/27/25	10001222	40514	CONTRACT SERVICES	10,160.00
	INVOICE:	INV12640168								
	101117	04/04/25	2703	490550	T	05/27/25	10001222	40644	PUBLIC SAFETY INFO SRVCE	7,500.00
	INVOICE:	INV12640169								
	VENDOR TOTALS		41,660.00 YTD INVOICED					41,660.00 YTD PAID		41,660.00
124414	BOZEMAN, EVERSON									
	100731	04/30/25		490502	P	05/27/25	990	22141	DEPOSITS - PROPERTY	625.00
	INVOICE:	DR #24-10692								
	VENDOR TOTALS		625.00 YTD INVOICED					625.00 YTD PAID		625.00
124389	BRACKEN, KEDRA									
	101232	12/04/24		490503	P	05/27/25	10000109	51929	RECREATION CLASSES	61.20
	INVOICE:	REFUND								
	VENDOR TOTALS		61.20 YTD INVOICED					61.20 YTD PAID		61.20
119831	BRISTOW, ERICA									
	101996	04/25/25		490551	T	05/27/25	10001224	45124	EDUCATIONAL REIMBURSEMENT	508.00
	INVOICE:	EDUC. GED 375								
	VENDOR TOTALS		979.42 YTD INVOICED					979.42 YTD PAID		508.00
122524	BROC, JOHN									
	100678	04/17/25		490552	T	05/27/25	10001224	45184	TRAINING	387.00

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	INVOICE: 033004042025								
	100681	04/17/25		490552	T	05/27/25	10001224 45184	TRAINING	136.16
	INVOICE: 040904122025								
	100705	04/29/25		490552	T	05/27/25	10001224 43704	POST REIMBURSABLE EXPENSE	205.60
	INVOICE: 042104242025								
	VENDOR TOTALS		728.76 YTD INVOICED				728.76 YTD PAID		728.76
124407	BROC, SAMANTHA								
	100703	04/16/25		490553	T	05/27/25	10002205 45594	K-9 EXPENSES	412.80
	INVOICE: 021602202025								
	VENDOR TOTALS		412.80 YTD INVOICED				412.80 YTD PAID		412.80
123556	BROWN, KELVIN JEROME								
	101031	05/06/25		490554	T	05/27/25	10061020 40264	CONTRACT LABOR SALARIES	2,299.50
	INVOICE: Winter/Spring 2025								
	VENDOR TOTALS		12,859.70 YTD INVOICED				12,859.70 YTD PAID		2,299.50
123999	ACEVEDO, CRYSTAL MORALES								
	101036	05/06/25		490555	T	05/27/25	10061020 40264	CONTRACT LABOR SALARIES	882.00
	INVOICE: Winter/Spring 2025								
	VENDOR TOTALS		4,055.80 YTD INVOICED				4,559.80 YTD PAID		882.00
124295	CANINE DEPLOYMENT STRATEGIES, LLC.								
	100698	04/23/25		490556	T	05/27/25	10002205 45594	K-9 EXPENSES	3,200.00
	INVOICE: 238								
	VENDOR TOTALS		8,000.00 YTD INVOICED				8,000.00 YTD PAID		3,200.00
124420	CAREGIVER PERSONNAL ASSISTANCE LLC.								
	101157	01/06/25		490557	T	05/27/25	10000101 51114	BUSINESS LICENSE TAXES	15.00
	INVOICE: req#8001439								
	VENDOR TOTALS		15.00 YTD INVOICED				15.00 YTD PAID		15.00
123927	CATCHING, LAURYN								
	101074	04/10/25		490558	T	05/27/25	10061050 40264	CONTRACT LABOR SALARIES	104.00
	INVOICE: 04102025								
	VENDOR TOTALS		728.00 YTD INVOICED				806.00 YTD PAID		104.00
110437	CATHOLIC CHARITIES OF								
	100835	04/17/25		490559	T	05/27/25	72750711 44724	ST MARGARET EMERG ASST	4,598.67
	INVOICE: 3								
	VENDOR TOTALS		45,714.87 YTD INVOICED				70,086.38 YTD PAID		4,598.67
117666	CCAC								

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	102069	04/29/25		490504	P	05/27/25	10012010 45184	TRAINING	100.00
	INVOICE: 200004850								
	102077	05/13/25		490504	P	05/27/25	10012010 45104	DUES & SUBSCRIPTIONS	250.00
	INVOICE: 300004447								
	102085	05/13/25		490504	P	05/27/25	10012010 45104	DUES & SUBSCRIPTIONS	250.00
	INVOICE: 300004458								
	VENDOR TOTALS		2,290.00 YTD INVOICED				2,290.00 YTD PAID		600.00
105476	CDW GOVERNMENT, INC.								
	100715	04/17/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	11,577.52
	INVOICE: AD7PQ6B								
	100717	04/18/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	4,210.01
	INVOICE: AD7US8J								
	100870	04/18/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	1,862.19
	INVOICE: AD7SW3L								
	100871	04/21/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	677.16
	INVOICE: AD7X58R								
	100872	04/24/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	3,219.40
	INVOICE: AD8KT7R								
	100873	04/24/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	1,406.72
	INVOICE: AD8LD8L								
	100874	04/24/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	348.46
	INVOICE: AD8KW1H								
	100875	04/28/25	2475	490560	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	836.37
	INVOICE: AD8W93Z								
	VENDOR TOTALS		87,600.13 YTD INVOICED				87,600.13 YTD PAID		24,137.83
114528	CINTAS FIRST AID & SAFETY, #168								
	100792	04/02/25		490561	T	05/27/25	10061120 40514	CONTRACT SERVICES	116.42
	INVOICE: 5262382203								
	101988	04/28/25		490562	T	05/27/25	10061120 41514	OPERATING SUPPLIES	151.32
	INVOICE: 5267068204								
	VENDOR TOTALS		1,907.97 YTD INVOICED				2,024.13 YTD PAID		267.74
123668	CITIGUARD, INC.								
	100845	05/01/25		490563	T	05/27/25	32420030 40994	PLHA PROGRAM COSTS	19,197.12
	INVOICE: 69521								
	VENDOR TOTALS		182,942.40 YTD INVOICED				200,798.40 YTD PAID		19,197.12
121857	CITY OF GLENDALE POLICE DEPT.								
	100791	04/09/25		490564	T	05/27/25	10002215 45024	FORENSIC TESTING	525.00
	INVOICE: 25-1135								
	VENDOR TOTALS		525.00 YTD INVOICED				525.00 YTD PAID		525.00
121954	CITY OF HAWTHORNE								
	100704	04/28/25		490505	P	05/27/25	10001218 41514	OPERATING SUPPLIES	73.33

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
INVOICE: 2102-119585								
VENDOR TOTALS	238.93 YTD INVOICED					281.25 YTD PAID		73.33
121875 CITY OF TORRANCE								
101113	04/29/25	8	490506	P	05/27/25	24402258	40514 CONTRACT SERVICES	1,431.13
INVOICE: 2025-00152027 A								
101114	04/29/25		490506	P	05/27/25	24402258	40514 CONTRACT SERVICES	229.34
INVOICE: 2025-00152027 B								
VENDOR TOTALS	207,262.34 YTD INVOICED					210,485.24 YTD PAID		1,660.47
123567 CIVICA LAW GROUP, APC								
101154	05/01/25	65	490565	T	05/27/25	10015010	40744 RECEIVERSHIPS	1,034.00
INVOICE: 16086								
101156	05/01/25	65	490565	T	05/27/25	10015010	40744 RECEIVERSHIPS	925.00
INVOICE: 16087								
101158	05/01/25	65	490565	T	05/27/25	10015010	40744 RECEIVERSHIPS	522.10
INVOICE: 16088								
101159	05/01/25	65	490565	T	05/27/25	10015010	40744 RECEIVERSHIPS	5,343.26
INVOICE: 16089								
VENDOR TOTALS	306,666.79 YTD INVOICED					309,879.89 YTD PAID		7,824.36
123816 COLEMAN, JAMES								
101231	04/23/25		490507	P	05/27/25	10000109	51923 FACILITY RENTAL	49.00
INVOICE: REFUND								
VENDOR TOTALS	49.00 YTD INVOICED					49.00 YTD PAID		49.00
116074 COMCATE SOFTWARE, INC.								
101135	04/01/25	2702	490566	T	05/27/25	10042040	40514 CONTRACT SERVICES	16,139.95
INVOICE: 8910								
VENDOR TOTALS	25,474.20 YTD INVOICED					38,306.65 YTD PAID		16,139.95
120149 COMMANDSTAT ANALYTICS INC.								
100723	04/25/25		490567	T	05/27/25	10001222	40644 PUBLIC SAFETY INFO SRVCE	3,762.50
INVOICE: 245								
VENDOR TOTALS	16,598.70 YTD INVOICED					16,598.70 YTD PAID		3,762.50
114897 COMMUNITY VETERINARY HOSPITAL, INC.								
100785	05/05/25		490508	P	05/27/25	10002205	45594 K-9 EXPENSES	152.00
INVOICE: 708405756								
100786	05/02/25		490509	P	05/27/25	10002205	45594 K-9 EXPENSES	562.00
INVOICE: 706722245								
100970	05/05/25		490509	P	05/27/25	10002205	45594 K-9 EXPENSES	70.00
INVOICE: 708409597								

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	VENDOR TOTALS	12,948.40 YTD INVOICED					16,128.65 YTD PAID		784.00
91961	GPC INC.								
	101051	04/02/25	21	490568	T	05/27/25	60031030 42064	PARTS	7.96
	INVOICE: 065726								
	101053	04/02/25	21	490568	T	05/27/25	60031030 42064	PARTS	142.27
	INVOICE: 065693								
	101054	04/21/25	21	490568	T	05/27/25	60031030 42064	PARTS	58.60
	INVOICE: 068369								
	101055	04/29/25	21	490568	T	05/27/25	60031030 42064	PARTS	146.79
	INVOICE: 069574								
	101057	04/21/25	21	490568	T	05/27/25	60031030 42064	PARTS	161.67
	INVOICE: 068374								
	101070	04/10/25	21	490568	T	05/27/25	60031030 42064	PARTS	46.86
	INVOICE: 066966								
	VENDOR TOTALS	13,114.24 YTD INVOICED					15,858.31 YTD PAID		564.15
106275	CONTINENTAL COMPUTERS								
	100724	04/29/25	2658	490569	T	05/27/25	60031030 47304	IMPROV OTHER THAN BUILDIN	612.50
	INVOICE: 206730								
	100728	04/29/25	2472	490569	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	1,903.71
	INVOICE: 206735								
	100729	04/21/25	2683	490569	T	05/27/25	32610050 40514	CONTRACT SERVICES	18,546.55
	INVOICE: 206651								
	100730	04/22/25	2683	490569	T	05/27/25	32610050 40514	CONTRACT SERVICES	3,117.60
	INVOICE: 206654								
	100866	05/05/25	2679	490569	T	05/27/25	32610050 40514	CONTRACT SERVICES	6,186.79
	INVOICE: 206801								
	100877	05/01/25	2472	490569	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	1,288.51
	INVOICE: 206776								
	100878	05/05/25		490569	T	05/27/25	10001222 40644	PUBLIC SAFETY INFO SRVCE	697.50
	INVOICE: 206806								
	VENDOR TOTALS	118,906.42 YTD INVOICED					131,035.04 YTD PAID		32,353.16
122446	CONTRERAS, FRANKIE								
	101195	05/12/25		490570	T	05/27/25	29054010 45604	FINANCIAL INCENTIVES	30.00
	INVOICE: 2900-111738								
	VENDOR TOTALS	770.00 YTD INVOICED					830.00 YTD PAID		30.00
124229	COOK, ROSALIND L.								
	101035	05/06/25		490571	T	05/27/25	10061020 40264	CONTRACT LABOR SALARIES	676.20
	INVOICE: Winter/Spring 2025								
	VENDOR TOTALS	1,864.40 YTD INVOICED					1,864.40 YTD PAID		676.20
120978	CORODATA RECORDS MANAGEMENT, INC.								
	101151	04/30/25		490572	T	05/27/25	25019020 45064	SETTLEMENTS / JUDGEMENTS	71.93

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	INVOICE: RS7086460								
	VENDOR TOTALS	632.52 YTD INVOICED				702.61 YTD PAID			71.93
92043	COUNTRY HILLS ANIMAL CLINIC								
	100686	03/29/25		490573	T	05/27/25	10002205	45594 K-9 EXPENSES	767.18
	INVOICE: 295169								
	100690	03/29/25		490573	T	05/27/25	10002205	45594 K-9 EXPENSES	970.46
	INVOICE: 295170								
	100691	04/01/25		490573	T	05/27/25	10002205	45594 K-9 EXPENSES	229.31
	INVOICE: 295234								
	100692	04/10/25		490573	T	05/27/25	10002205	45594 K-9 EXPENSES	296.23
	INVOICE: 295443								
	100693	04/21/25		490573	T	05/27/25	10002205	45594 K-9 EXPENSES	203.27
	INVOICE: 295711								
	100694	04/21/25		490573	T	05/27/25	10002205	45594 K-9 EXPENSES	23.04
	INVOICE: 295712								
	100696	04/25/25		490573	T	05/27/25	10002205	45594 K-9 EXPENSES	923.78
	INVOICE: 295846								
	VENDOR TOTALS	10,039.25 YTD INVOICED				10,547.47 YTD PAID			3,413.27
103355	CRENSHAW WHOLESALE ELECTRIC								
	100516	02/20/25		490574	T	05/27/25	10061050	42024 BUILDING MAINTENANCE	745.29
	INVOICE: 859035								
	102062	02/14/25		490574	T	05/27/25	10061100	47304 IMPROV OTHER THAN BUILDIN	181.81
	INVOICE: 858759								
	102066	02/06/25		490574	T	05/27/25	10061100	47304 IMPROV OTHER THAN BUILDIN	275.61
	INVOICE: 358332								
	102067	05/06/25		490574	T	05/27/25	10061090	42124 SWIM POOL MAINTENANCE	132.57
	INVOICE: 862628								
	VENDOR TOTALS	13,295.95 YTD INVOICED				13,295.95 YTD PAID			1,335.28
123015	DAYNA WILLIAMS-HUNTER								
	102074	05/13/25		490575	T	05/27/25	10012010	45424 TRAVEL, CONFERENCE & MEET	173.06
	INVOICE: 04292025								
	102082	05/13/25		490575	T	05/27/25	10012010	45424 TRAVEL, CONFERENCE & MEET	414.00
	INVOICE: 202500027								
	VENDOR TOTALS	1,194.93 YTD INVOICED				1,658.57 YTD PAID			587.06
124188	DE MESA, KATHLEEN E								
	102090	05/07/25		490576	T	05/27/25	10061010	40504 COMMISSIONER STIPENDS	50.00
	INVOICE: 05/07/2025								
	VENDOR TOTALS	400.00 YTD INVOICED				400.00 YTD PAID			50.00
119887	DEWEY PEST CONTROL								
	102078	05/01/25		490577	T	05/27/25	32420030	40994 PLHA PROGRAM COSTS	150.00
	INVOICE: 17374398								

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	102079	05/01/25		490577	T	05/27/25	32420030 40994	PLHA PROGRAM COSTS	162.00
	INVOICE:	17380437							
	102080	05/01/25		490577	T	05/27/25	32420030 40994	PLHA PROGRAM COSTS	35.00
	INVOICE:	17382431							
	102081	04/01/25		490577	T	05/27/25	32420030 40994	PLHA PROGRAM COSTS	150.00
	INVOICE:	17316872							
	102083	04/01/25		490577	T	05/27/25	32420030 40994	PLHA PROGRAM COSTS	162.00
	INVOICE:	17323288							
	102084	04/01/25		490577	T	05/27/25	32420030 40994	PLHA PROGRAM COSTS	35.00
	INVOICE:	17325294							
	VENDOR TOTALS		4,410.00 YTD INVOICED				5,102.00 YTD PAID		694.00
121407	DIAL INSTANT PRINTERS, INC.								
	100676	04/28/25		490578	T	05/27/25	10002205 45594	K-9 EXPENSES	1,558.05
	INVOICE:	11955							
	VENDOR TOTALS		14,320.00 YTD INVOICED				18,917.44 YTD PAID		1,558.05
119648	DIESEL AIR INC.								
	100629	04/21/25		490579	T	05/27/25	60031030 40514	CONTRACT SERVICES	170.00
	INVOICE:	32444							
	VENDOR TOTALS		170.00 YTD INVOICED				510.00 YTD PAID		170.00
121984	DIXON, SHUNTELL								
	100846	04/28/25		490580	T	05/27/25	10016020 45124	EDUCATIONAL REIMBURSEMENT	3,022.30
	INVOICE:	ED REIM PUB 506/526							
	VENDOR TOTALS		10,747.00 YTD INVOICED				13,837.99 YTD PAID		3,022.30
123858	DK SANDLER BROTHERS								
	100984	04/28/25		490581	T	05/27/25	100 13100	INVENTORY MATERIALS & SUP	934.83
	INVOICE:	0253868-IN							
	VENDOR TOTALS		3,733.00 YTD INVOICED				3,733.00 YTD PAID		934.83
124230	DOERSCHEL & ASSOCIATES, LLC.								
	101047	05/02/25		490510	P	05/27/25	10610010 40514	CONTRACT SERVICES	1,260.00
	INVOICE:	197458							
	VENDOR TOTALS		3,060.00 YTD INVOICED				3,060.00 YTD PAID		1,260.00
124216	DONNELL, JENNIFER K.								
	101250	11/24/24		490511	P	05/27/25	990 22100	REC & COMM SVC DONATIONS	1,200.00
	INVOICE:	REFUND							
	101250	11/24/24		490511	P	05/27/25	10000109 51932	MEMORIAL CENTER RENTAL	883.50
	INVOICE:	REFUND							
	VENDOR TOTALS		2,683.50 YTD INVOICED				2,683.50 YTD PAID		2,083.50

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97953	DOOLEY ENTERPRISES, INC.								
	100966	04/30/25	18	490582	T	05/27/25	10001225 41594	TARGETS & AMMUNITION	5,371.16
	INVOICE: 69946								
	VENDOR TOTALS	23,246.89 YTD INVOICED					23,246.89 YTD PAID		5,371.16
123808	DORVIL, ROBENSON								
	101034	05/06/25		490583	T	05/27/25	10061020 40264	CONTRACT LABOR SALARIES	770.00
	INVOICE: Winter Spring 2025								
	VENDOR TOTALS	3,087.00 YTD INVOICED					3,087.00 YTD PAID		770.00
6550	EDDINGS BROTHERS INC.								
	101079	04/30/25	33	490584	T	05/27/25	60031030 42064	PARTS	27.57
	INVOICE: 945023								
	101080	04/01/25	33	490584	T	05/27/25	60031030 42064	PARTS	88.19
	INVOICE: 943293								
	101081	04/02/25	33	490584	T	05/27/25	60031030 42064	PARTS	120.22
	INVOICE: 943379								
	101083	04/02/25	33	490584	T	05/27/25	60031030 42064	PARTS	9.85
	INVOICE: 943349								
	101085	04/02/25	33	490584	T	05/27/25	60031030 42064	PARTS	8.28
	INVOICE: 943363								
	101086	04/02/25	33	490584	T	05/27/25	60031030 42064	PARTS	78.44
	INVOICE: 943368								
	101106	04/02/25	33	490584	T	05/27/25	60031030 42064	PARTS	24.04
	INVOICE: 943358								
	101107	04/02/25	33	490584	T	05/27/25	60031030 42064	PARTS	41.77
	INVOICE: 943397								
	101108	04/03/25	33	490584	T	05/27/25	60031030 42064	PARTS	89.44
	INVOICE: 943473								
	101110	04/08/25	33	490584	T	05/27/25	60031030 42064	PARTS	9.38
	INVOICE: 943734								
	101111	04/08/25	33	490584	T	05/27/25	60031030 42064	PARTS	19.54
	INVOICE: 943733								
	101112	04/09/25	33	490584	T	05/27/25	60031030 42064	PARTS	21.26
	INVOICE: 943776								
	101115	04/09/25	33	490584	T	05/27/25	60031030 42064	PARTS	198.78
	INVOICE: 943829								
	101120	04/10/25	33	490584	T	05/27/25	60031030 42064	PARTS	31.33
	INVOICE: 943880								
	101121	04/10/25	33	490584	T	05/27/25	60031030 42064	PARTS	265.16
	INVOICE: 943883								
	101122	04/10/25	33	490584	T	05/27/25	60031030 42064	PARTS	5.15
	INVOICE: 943882								
	101123	04/15/25	33	490584	T	05/27/25	60031030 42064	PARTS	183.16
	INVOICE: 944177								
	101124	04/15/25	33	490584	T	05/27/25	60031030 42064	PARTS	40.97
	INVOICE: 944170								
	101125	04/15/25	33	490584	T	05/27/25	60031030 42064	PARTS	41.24
	INVOICE: 944129								

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	101126	04/16/25	33	490584	T	05/27/25	60031030 42064	PARTS	297.66
	INVOICE: 944203								
	101127	04/23/25	33	490584	T	05/27/25	60031030 42064	PARTS	13.75
	INVOICE: 944591								
	101128	04/28/25	33	490584	T	05/27/25	60031030 42064	PARTS	48.95
	INVOICE: 944872								
	101129	04/29/25	33	490584	T	05/27/25	60031030 42064	PARTS	434.39
	INVOICE: 944965								
	VENDOR TOTALS	23,239.98	YTD INVOICED				30,132.12	YTD PAID	2,098.52
123876	LAURA DE LEON								
	102151	05/15/25		490585	T	05/27/25	990 23017	MOTHER'S DAY EVENT	288.00
	INVOICE: 10007								
	VENDOR TOTALS	2,160.00	YTD INVOICED				2,160.00	YTD PAID	288.00
124405	EMPIRE ARTS LLC								
	100653	04/09/25		490586	T	05/27/25	10610030 40514	CONTRACT SERVICES	500.00
	INVOICE: 024								
	100662	04/15/25		490586	T	05/27/25	10610030 40514	CONTRACT SERVICES	2,100.00
	INVOICE: 026								
	100663	04/17/25		490586	T	05/27/25	10610030 40514	CONTRACT SERVICES	1,300.00
	INVOICE: 027								
	VENDOR TOTALS	5,100.00	YTD INVOICED				5,100.00	YTD PAID	3,900.00
103766	EWING IRRIGATION PRODUCTS								
	101985	05/01/25		490587	T	05/27/25	10061090 41514	OPERATING SUPPLIES	94.41
	INVOICE: 25838237								
	VENDOR TOTALS	446.31	YTD INVOICED				446.31	YTD PAID	94.41
123512	FAIR HOUSING FOUNDATION								
	100842	04/09/25	2498	490588	T	05/27/25	72748010 44704	FAIR HOUSING SERVICES	6,702.84
	INVOICE: 3								
	VENDOR TOTALS	20,940.81	YTD INVOICED				28,250.86	YTD PAID	6,702.84
122761	FAMILY PROMISE OF THE LOS ANGELES								
	102141	10/15/24	2705	490589	T	05/27/25	72750711 44714	FAMILY PROMISE	13,276.91
	INVOICE: 1								
	VENDOR TOTALS	19,390.00	YTD INVOICED				19,390.00	YTD PAID	13,276.91
123232	FIFTH ASSET, INC.								
	100775	04/07/25	2666	490590	T	05/27/25	10016010 40514	CONTRACT SERVICES	15,500.00
	INVOICE: DB2007365								
	VENDOR TOTALS	15,500.00	YTD INVOICED				15,500.00	YTD PAID	15,500.00

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124164	FINE LINE AUTO BODY INC								
	100843	04/21/25	2421	490591	T	05/27/25	60031030 42004	COLLISION REPAIR	3,882.71
	INVOICE: 17079								
	101071	05/07/25	2421	490591	T	05/27/25	60031030 42004	COLLISION REPAIR	1,934.37
	INVOICE: 17084								
	101072	05/07/25	2421	490591	T	05/27/25	60031030 42004	COLLISION REPAIR	5,447.14
	INVOICE: 17085								
	101189	05/01/25	2421	490591	T	05/27/25	60031030 42004	COLLISION REPAIR	3,658.04
	INVOICE: 17083								
	VENDOR TOTALS	186,274.15 YTD INVOICED					186,274.15 YTD PAID		14,922.26
119897	FORENSIC NURSE SPECIALISTS, INC.								
	100783	05/01/25		490592	T	05/27/25	10002215 45024	FORENSIC TESTING	1,300.00
	INVOICE: 6246								
	VENDOR TOTALS	4,100.00 YTD INVOICED					4,100.00 YTD PAID		1,300.00
120493	CORPAY, INC./CORPAY TECHNOLOGIES OPERATING CO. LLC								
	100964	05/05/25		490593	T	05/27/25	60031030 45144	GASOLINE & OIL	4,122.84
	INVOICE: NP68387472								
	VENDOR TOTALS	37,260.18 YTD INVOICED					40,658.15 YTD PAID		4,122.84
124124	GARCIA, ALEJANDRA YANEZ								
	101184	05/09/25		490594	T	05/27/25	10061020 40264	CONTRACT LABOR SALARIES	1,041.60
	INVOICE: Summer 2025 Zumba								
	VENDOR TOTALS	10,056.20 YTD INVOICED					10,056.20 YTD PAID		1,041.60
124263	GARCIA, MANUEL FLORES								
	100765	03/25/25		490595	T	05/27/25	46615731 42024	BUILDING MAINTENANCE	81.01
	INVOICE: REIMB 032525								
	VENDOR TOTALS	581.01 YTD INVOICED					581.01 YTD PAID		81.01
116618	GOLDEN STATE ELEVATOR								
	100650	04/14/25		490596	T	05/27/25	52035030 40514	CONTRACT SERVICES	2,100.00
	INVOICE: 00193083								
	101059	05/01/25		490596	T	05/27/25	52035030 40514	CONTRACT SERVICES	119.71
	INVOICE: 00194103								
	VENDOR TOTALS	3,412.21 YTD INVOICED					3,527.32 YTD PAID		2,219.71
120011	GONZALEZ, STEVEN								
	101196	05/12/25		490597	T	05/27/25	29054010 45604	FINANCIAL INCENTIVES	30.00
	INVOICE: 2900-111739								
	VENDOR TOTALS	590.00 YTD INVOICED					590.00 YTD PAID		30.00
123698	GOVCONNECTION, INC.								

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	101078	03/06/25	2625	490598	T	05/27/25	10001222 40514	CONTRACT SERVICES	10,649.00
	INVOICE: 76238776								
	102008	03/25/25	2456	490598	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	88.08
	INVOICE: 76299224								
	VENDOR TOTALS	71,276.84 YTD INVOICED					72,625.46 YTD PAID		10,737.08
97578	GRAINGER INDUSTRIAL SUPPLY								
	100520	04/14/25		490599	T	05/27/25	10061120 42014	REPAIR & MAINTENANCE SUPP	91.90
	INVOICE: 9472867283								
	100521	04/14/25		490599	T	05/27/25	10061120 42014	REPAIR & MAINTENANCE SUPP	155.32
	INVOICE: 9472867275								
	100748	01/06/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	43.40
	INVOICE: 9361912570								
	100749	01/16/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	19.72
	INVOICE: 9374729383								
	100750	01/16/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	397.40
	INVOICE: 9374729391								
	100751	01/06/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	357.51
	INVOICE: 9361691299								
	100752	01/17/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	69.62
	INVOICE: 9376163334								
	100753	01/06/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	19.71
	INVOICE: 9362432537								
	100787	03/05/25		490599	T	05/27/25	10002215 41514	OPERATING SUPPLIES	124.41
	INVOICE: 9428343868								
	100788	02/19/25		490599	T	05/27/25	10001221 41514	OPERATING SUPPLIES	103.10
	INVOICE: 9412780992								
	100789	02/28/25		490599	T	05/27/25	10002215 41514	OPERATING SUPPLIES	195.66
	INVOICE: 9424236520								
	101198	02/11/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	-821.26
	INVOICE: 9402785266								
	98839	01/16/25		490599	T	05/27/25	10061120 41514	OPERATING SUPPLIES	19.70
	INVOICE: 9374729375								
	VENDOR TOTALS	19,351.81 YTD INVOICED					19,784.68 YTD PAID		776.19
120276	GREENFIELDS OUTDOOR FITNESS, INC.								
	101246	05/06/25		490600	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	2,475.79
	INVOICE: S29413								
	VENDOR TOTALS	2,475.79 YTD INVOICED					2,905.77 YTD PAID		2,475.79
115883	GREENLAND SUPPLY INC.								
	102009	05/01/25		490601	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	340.43
	INVOICE: 279017								
	102012	04/24/25		490601	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	56.67
	INVOICE: 278866								
	102014	04/30/25		490601	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	82.03
	INVOICE: 278975								

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	VENDOR TOTALS		5,111.38 YTD INVOICED				5,770.70 YTD PAID		479.13
124341	HANSEN, PAIGE KATHERINE AAGAARD								
	100780	05/05/25		490602	T	05/27/25	10042010 45104	DUES & SUBSCRIPTIONS	700.00
	INVOICE: ESRI 2025								
	VENDOR TOTALS		1,200.00 YTD INVOICED				1,200.00 YTD PAID		700.00
123216	HARBOR VIEW TOURS, INC.								
	101238	04/29/25		490603	T	05/27/25	28034000 44614	RECREATIONAL TRANSIT	990.00
	INVOICE: 240								
	VENDOR TOTALS		6,220.00 YTD INVOICED				6,220.00 YTD PAID		990.00
120536	HARRIS & ASSOCIATES, INC.								
	100776	02/28/25	2697	490604	T	05/27/25	10042010 40514	CONTRACT SERVICES	6,579.75
	INVOICE: 66605								
	100896	05/06/25		490604	T	05/27/25	46946010 40514	CONTRACT SERVICES	780.00
	INVOICE: 67385								
	100942	05/06/25	2496	490604	T	05/27/25	46101112 40514	CONTRACT SERVICES	1,430.00
	INVOICE: 67386								
	100943	05/06/25	2496	490604	T	05/27/25	46101112 40514	CONTRACT SERVICES	452.50
	INVOICE: 67387								
	102086	12/04/24	2431	490604	T	05/27/25	10042010 40514	CONTRACT SERVICES	5,753.75
	INVOICE: 65471								
	102087	02/28/25	2431	490604	T	05/27/25	10042010 40514	CONTRACT SERVICES	11,254.75
	INVOICE: 66601								
	102088	04/03/25	2431	490604	T	05/27/25	10042010 40514	CONTRACT SERVICES	15,092.25
	INVOICE: 66987								
	102089	05/06/25	2431	490604	T	05/27/25	10042010 40514	CONTRACT SERVICES	5,726.50
	INVOICE: 67388								
	VENDOR TOTALS		246,266.25 YTD INVOICED				314,411.58 YTD PAID		47,069.50
8950	HAWTHORNE HARDWARE								
	102065	03/06/25		490605	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	43.45
	INVOICE: 448184								
	VENDOR TOTALS		454.12 YTD INVOICED				542.03 YTD PAID		43.45
121449	HDL COREN & CONE								
	100648	04/28/25	2439	490606	T	05/27/25	10016010 40514	CONTRACT SERVICES	4,553.57
	INVOICE: SIN049747								
	VENDOR TOTALS		18,311.20 YTD INVOICED				19,006.20 YTD PAID		4,553.57
105919	HERALD PUBLICATIONS								
	100646	04/24/25		490607	T	05/27/25	10042010 43024	LEGAL ADVERTISING	105.00
	INVOICE: 62584								
	100647	04/24/25		490607	T	05/27/25	10015010 43024	LEGAL ADVERTISING	90.00

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	INVOICE: 62585								
	100774	05/01/25		490607	T	05/27/25	10015010 43024	LEGAL ADVERTISING	30.00
	INVOICE: 62618								
	100963	05/01/25		490607	T	05/27/25	20025000 40514	CONTRACT SERVICES	600.00
	INVOICE: 62619								
	101028	05/01/25		490607	T	05/27/25	20025000 40514	CONTRACT SERVICES	360.00
	INVOICE: 62624								
	VENDOR TOTALS	21,000.00 YTD INVOICED					21,210.00 YTD PAID		1,185.00
123997	HIGHERGROUND, INC.								
	102001	05/12/25	2698	490608	T	05/27/25	10001222 40644	PUBLIC SAFETY INFO SRVCE	5,743.07
	INVOICE: INV6804								
	VENDOR TOTALS	5,743.07 YTD INVOICED					5,743.07 YTD PAID		5,743.07
121861	HINDERLITER, DE LLAMAS & ASSOC								
	98962	03/31/25	944	490609	T	05/27/25	10013010 40514	CONTRACT SERVICES	1,000.00
	INVOICE: SIN049179								
	VENDOR TOTALS	63,341.08 YTD INVOICED					86,175.85 YTD PAID		1,000.00
112444	INSITE GRAFIX								
	102057	05/09/25		490610	T	05/27/25	81044010 41514	OPERATING SUPPLIES	663.00
	INVOICE: 9869								
	VENDOR TOTALS	25,621.67 YTD INVOICED					25,676.80 YTD PAID		663.00
122176	INTERINSURANCE EXCHANGE OF THE, AUTOMOBILE CLUB								
	100669	04/25/25		490512	P	05/27/25	25019020 45064	SETTLEMENTS / JUDGEMENTS	2,349.13
	INVOICE: 04/25/2025								
	VENDOR TOTALS	2,349.13 YTD INVOICED					2,349.13 YTD PAID		2,349.13
119662	INTERNATIONAL ELECTRONICS, ENTERPRISES, INC.								
	102103	05/08/25	2706	490611	T	05/27/25	10610010 40514	CONTRACT SERVICES	9,989.75
	INVOICE: 250508								
	VENDOR TOTALS	9,989.75 YTD INVOICED					19,975.25 YTD PAID		9,989.75
124031	DISTRIBUTOR OPERATIONS INC.								
	100736	04/08/25		490612	T	05/27/25	60031030 42014	REPAIR & MAINTENANCE SUPP	1,587.19
	INVOICE: 130113765								
	VENDOR TOTALS	9,137.53 YTD INVOICED					10,072.63 YTD PAID		1,587.19
122234	J D MERCADO, INC.								
	100679	04/09/25		490613	T	05/27/25	60031030 40514	CONTRACT SERVICES	3,790.00
	INVOICE: 25-148								
	100680	04/09/25		490613	T	05/27/25	60031030 40514	CONTRACT SERVICES	3,850.00
	INVOICE: 25-147								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS		7,640.00 YTD INVOICED				7,640.00 YTD PAID		7,640.00
97648	JACK STONE DRAINAGE OIL SVC								
	100734	04/23/25		490614	T	05/27/25	60031030 40514	CONTRACT SERVICES	72.00
	INVOICE: 63207								
	VENDOR TOTALS		236.00 YTD INVOICED				311.00 YTD PAID		72.00
115272	JEREZ AUTO DETAIL INC.								
	100733	04/15/25		490615	T	05/27/25	60031030 40514	CONTRACT SERVICES	120.00
	INVOICE: 703000								
	VENDOR TOTALS		1,740.00 YTD INVOICED				1,740.00 YTD PAID		120.00
122750	JLEE ENGINEERING, INC.								
	100760	08/12/24	2685	490616	T	05/27/25	10043020 40514	CONTRACT SERVICES	23,727.12
	INVOICE: 20240706								
	100770	11/17/24	2685	490616	T	05/27/25	10043020 40514	CONTRACT SERVICES	9,450.00
	INVOICE: 20241008								
	100772	01/06/25	2685	490616	T	05/27/25	10043020 40514	CONTRACT SERVICES	675.00
	INVOICE: 20241206-2								
	100782	12/01/24	2685	490616	T	05/27/25	10043020 40514	CONTRACT SERVICES	9,450.00
	INVOICE: 20241208								
	VENDOR TOTALS		688,947.47 YTD INVOICED				688,947.47 YTD PAID		43,302.12
120879	JOHNSON, DARVIS J.								
	102091	05/07/25		490617	T	05/27/25	10061010 40504	COMMISSIONER STIPENDS	50.00
	INVOICE: 05/07/2025								
	VENDOR TOTALS		300.00 YTD INVOICED				300.00 YTD PAID		50.00
124408	GTGJFE, LLC.								
	100683	04/28/25		490618	T	05/27/25	10001225 40514	CONTRACT SERVICES	425.00
	INVOICE: RAASI06								
	VENDOR TOTALS		425.00 YTD INVOICED				425.00 YTD PAID		425.00
121070	JONES, MONJERO								
	101073	02/15/25		490619	T	05/27/25	10061050 40264	CONTRACT LABOR SALARIES	338.00
	INVOICE: 021525								
	VENDOR TOTALS		338.00 YTD INVOICED				338.00 YTD PAID		338.00
123956	KELLY, DEWAYNE								
	102021	04/10/25		490620	T	05/27/25	10061050 40264	CONTRACT LABOR SALARIES	52.00
	INVOICE: 04102025								
	102022	03/01/25		490620	T	05/27/25	10061050 40264	CONTRACT LABOR SALARIES	442.00
	INVOICE: 03012025								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT		GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS		494.00 YTD INVOICED					494.00 YTD PAID		494.00
124402	KENNY'S AUTO SERVICE #2 INC. A-CORP									
	100702	04/02/25		490513	P	05/27/25	10002215	41514	OPERATING SUPPLIES	491.00
	INVOICE:	2025-0607								
	VENDOR TOTALS		491.00 YTD INVOICED					491.00 YTD PAID		491.00
123456	KIMLEY-HORN AND ASSOCIATES, INC.									
	100632	03/31/25	2693	490621	T	05/27/25	29550100	40514	CONTRACT SERVICES	8,210.00
	INVOICE:	30997115								
	102106	04/30/25	2669	490621	T	05/27/25	990 22173		PLNG APP - ADVANCED AIR L	16,035.18
	INVOICE:	31777284								
	VENDOR TOTALS		279,293.83 YTD INVOICED					294,293.47 YTD PAID		24,245.18
114652	KIWANIS CLUB OF HAWTHORNE									
	100641	04/28/25		490622	T	05/27/25	10013010	45154	GENERAL EXPENSE	350.00
	INVOICE:	Luncheon_0001								
	VENDOR TOTALS		700.00 YTD INVOICED					700.00 YTD PAID		350.00
12317	CES HOLDINGS, LLC.									
	101242	03/12/25		490623	T	05/27/25	10061090	45754	SWIM POOL CHEMICALS	2,032.69
	INVOICE:	37105633								
	101245	04/29/25		490623	T	05/27/25	10061090	45754	SWIM POOL CHEMICALS	2,344.34
	INVOICE:	37112608								
	VENDOR TOTALS		54,742.65 YTD INVOICED					55,794.34 YTD PAID		4,377.03
123445	KOURY ENGINEERING & TESTING, INC.									
	100961	02/28/25		490624	T	05/27/25	29102464	40514	CONTRACT SERVICES	3,200.00
	INVOICE:	958963								
	VENDOR TOTALS		3,200.00 YTD INVOICED					7,315.00 YTD PAID		3,200.00
102360	L A COUNTY FIRE DEPARTMENT									
	100757	05/02/25	54	490514	P	05/27/25	10011500	40774	COUNTY FIRE SERVICES	1,163,347.40
	INVOICE:	C0013209								
	VENDOR TOTALS		13,272,043.91 YTD INVOICED					13,272,043.91 YTD PAID		1,163,347.40
105446	L A COUNTY SHERIFF'S DEPT									
	100685	04/16/25	12	490625	T	05/27/25	10002220	45314	PRISONER EXPENSE	2,778.90
	INVOICE:	252696BL								
	VENDOR TOTALS		22,180.27 YTD INVOICED					27,336.72 YTD PAID		2,778.90
121776	LA UNIFORMS & TAILORING, INC.									
	100798	01/08/25	13	490626	T	05/27/25	10001224	41614	UNIFORMS & SAFETY EQUIPME	223.70

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
INVOICE: 25179								
100799	04/01/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	97.08
INVOICE: 26543								
100800	04/01/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	741.65
INVOICE: 26545								
100801	04/01/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	40.00
INVOICE: 26550								
100802	04/02/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	100.00
INVOICE: 26566								
100803	04/03/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	100.00
INVOICE: 26580								
100804	04/03/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	20.00
INVOICE: 26585								
100805	04/07/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	20.00
INVOICE: 26622								
100806	04/08/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	42.00
INVOICE: 26629								
100807	04/08/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	446.37
INVOICE: 26632								
100809	04/08/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	30.00
INVOICE: 26633								
100810	04/08/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	20.00
INVOICE: 26635								
100811	04/08/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	10.00
INVOICE: 26638								
100812	04/09/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	39.03
INVOICE: 26650								
100813	04/10/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	229.21
INVOICE: 26654								
100814	04/10/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	88.82
INVOICE: 26655								
100815	04/10/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	121.00
INVOICE: 26656								
100816	04/11/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	10.00
INVOICE: 26667								
100817	04/11/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	20.00
INVOICE: 26668								
100818	04/11/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	10.00
INVOICE: 26673								
100819	04/14/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	50.00
INVOICE: 26686								
100820	04/15/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	45.00
INVOICE: 26733								
100821	04/16/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	90.00
INVOICE: 26747								
100822	04/16/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	30.00
INVOICE: 26755								
100823	04/16/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	20.00
INVOICE: 26756								
100834	04/17/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	30.00
INVOICE: 26769								

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
100838	04/17/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	191.86
INVOICE: 26775								
100839	04/17/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	699.81
INVOICE: 26777								
100841	04/17/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	10.00
INVOICE: 26778								
100844	04/17/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	30.00
INVOICE: 26784								
100847	04/19/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	18.00
INVOICE: 26788								
100848	04/19/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	30.00
INVOICE: 26789								
100849	04/21/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	725.11
INVOICE: 26817								
100850	04/23/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	20.00
INVOICE: 26867								
100851	04/23/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	20.00
INVOICE: 26868								
100852	04/23/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	137.70
INVOICE: 26869								
100853	04/23/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	147.76
INVOICE: 26870								
100854	04/23/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	137.76
INVOICE: 26872								
100855	04/23/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	10.00
INVOICE: 26887								
100856	04/24/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	215.98
INVOICE: 26899								
100857	04/24/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	78.00
INVOICE: 26903								
100858	04/25/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	10.00
INVOICE: 26909								
100859	04/25/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	30.00
INVOICE: 26918								
100860	04/25/25	13	490626	T	05/27/25	10001224 41614	UNIFORMS & SAFETY EQUIPME	24.00
INVOICE: 26919								
VENDOR TOTALS	50,948.96 YTD INVOICED					60,915.95 YTD PAID		5,209.84
123749 JOHN LABIB STRUCTURAL ENGINEERS, LLP								
100881	03/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	800.87
INVOICE: LFA65241								
100884	03/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	853.23
INVOICE: LFA65254								
100885	03/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	630.70
INVOICE: LFA65255								
100891	03/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	1,099.56
INVOICE: LFA6527								
100893	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	219.91
INVOICE: LFA65741								
100894	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	514.50

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
INVOICE: LFA65742								
100895	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	501.59
INVOICE: LFA65743								
100897	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	885.36
INVOICE: LFA65744								
100898	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	781.24
INVOICE: LFA65745								
100900	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	584.89
INVOICE: LFA65746								
100901	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	715.79
INVOICE: LFA65747								
100902	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	2,973.91
INVOICE: LFA65748								
100903	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	3,654.15
INVOICE: LFA65761								
100904	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	938.91
INVOICE: LFA65763								
100905	04/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	633.68
INVOICE: LFA65762								
100906	03/15/25		490627	T	05/27/25	10043020 40514	CONTRACT SERVICES	131.40
INVOICE: LFA65258								
VENDOR TOTALS		84,884.19 YTD INVOICED					84,884.19 YTD PAID	15,919.69
116247 LAMB, THEODORE								
100708	04/30/25		490628	T	05/27/25	10015020 40514	CONTRACT SERVICES	2,640.00
INVOICE: 4-30-25								
VENDOR TOTALS		24,840.00 YTD INVOICED					29,520.00 YTD PAID	2,640.00
124409 J. J. PERLSTEIN & ASSOCIATES, INC.								
100651	04/17/25		490515	P	05/27/25	25019020 45064	SETTLEMENTS / JUDGEMENTS	9,500.00
INVOICE: 04/20/2024								
100652	04/17/25		490515	P	05/27/25	25019020 45064	SETTLEMENTS / JUDGEMENTS	12,000.00
INVOICE: 04/17/2025								
VENDOR TOTALS		21,500.00 YTD INVOICED					21,500.00 YTD PAID	21,500.00
107288 LAWSON PRODUCTS, INC.								
100627	04/08/25		490629	T	05/27/25	60031030 42014	REPAIR & MAINTENANCE SUPP	185.09
INVOICE: 9312382062								
101981	05/05/25		490629	T	05/27/25	60031030 42014	REPAIR & MAINTENANCE SUPP	350.08
INVOICE: 9312453082								
VENDOR TOTALS		3,846.77 YTD INVOICED					4,151.66 YTD PAID	535.17
123756 LAZATIN, MARIA								
101194	05/12/25		490630	T	05/27/25	29054010 45604	FINANCIAL INCENTIVES	30.00
INVOICE: 2900-111740								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT		GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS	1,567.35 YTD INVOICED				1,597.35 YTD PAID				30.00
104175	LDM ASSOCIATES, INC.									
	100624	02/13/25	747	490631	T	05/27/25	72748010	40514	CONTRACT SERVICES	625.00
	INVOICE: 8536									
	100830	04/14/25	2450	490631	T	05/27/25	72748010	40514	CONTRACT SERVICES	9,250.00
	INVOICE: 8613									
	100833	04/14/25	2450	490631	T	05/27/25	72748010	40514	CONTRACT SERVICES	14,400.00
	INVOICE: 8614									
	VENDOR TOTALS	241,560.59 YTD INVOICED				256,462.07 YTD PAID				24,275.00
110681	LITTLETON, ALICIA									
	101037	05/06/25		490632	T	05/27/25	10061020	40264	CONTRACT LABOR SALARIES	1,575.00
	INVOICE: Winter/Spring 2025									
	VENDOR TOTALS	3,745.00 YTD INVOICED				3,745.00 YTD PAID				1,575.00
121652	LOBBY TRAFFIC SYSTEMS, INC.									
	102040	03/04/25		490633	T	05/27/25	52035030	40514	CONTRACT SERVICES	1,538.00
	INVOICE: 915607									
	102102	04/18/25		490633	T	05/27/25	10041050	40514	CONTRACT SERVICES	816.66
	INVOICE: 76732									
	VENDOR TOTALS	33,772.60 YTD INVOICED				42,330.20 YTD PAID				2,354.66
105143	LOS ANGELES COUNTY									
	100697	04/25/25		490516	P	05/27/25	10001230	40514	CONTRACT SERVICES	770.00
	INVOICE: March 2025									
	VENDOR TOTALS	16,455.29 YTD INVOICED				18,675.49 YTD PAID				770.00
123129	L.A. COUNTY METROPOLITAN TRANSPORTATION AUTHORITY									
	101029	04/30/25		490634	T	05/27/25	28034000	44634	BUS SUBSIDY ELDERLY&HANDI	57.60
	INVOICE: 6025034									
	VENDOR TOTALS	633.60 YTD INVOICED				633.60 YTD PAID				57.60
118503	MAJCHEREK, MARIA									
	100649	04/29/25		490635	T	05/27/25	10042010	45584	HEALTH AND WELLNESS	416.09
	INVOICE: Wellness8									
	VENDOR TOTALS	416.09 YTD INVOICED				416.09 YTD PAID				416.09
120152	MANHATTAN STITCHING COMPANY, INC.									
	100861	05/01/25		490636	T	05/27/25	10011100	41514	OPERATING SUPPLIES	888.94
	INVOICE: 108153									
	VENDOR TOTALS	4,055.51 YTD INVOICED				4,055.51 YTD PAID				888.94

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VENDOR NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
124159 MARIA KARLA EDITH CASTILLO MONTERROSO								
100763	04/24/25		490637	T	05/27/25	46615731 42024	BUILDING MAINTENANCE	140.00
INVOICE: 042425								
100826	04/24/25		490637	T	05/27/25	46447150 42024	BUILDING MAINTENANCE	140.00
INVOICE: 042525								
102051	05/12/25		490637	T	05/27/25	46615731 42024	BUILDING MAINTENANCE	160.00
INVOICE: 051225								
VENDOR TOTALS	1,300.00 YTD INVOICED					2,035.00 YTD PAID		440.00
111966 MARTINEZ LANDSCAPING CO.								
100721	04/01/25	2505	490517	P	05/27/25	10061100 40514	CONTRACT SERVICES	37,100.00
INVOICE: 124029								
100726	02/01/25	2505	490517	P	05/27/25	10061100 40514	CONTRACT SERVICES	48,452.01
INVOICE: 124027								
100727	02/01/25	2505	490517	P	05/27/25	10061100 40514	CONTRACT SERVICES	35,708.00
INVOICE: 124028								
VENDOR TOTALS	3,245,448.50 YTD INVOICED					4,497,357.18 YTD PAID		121,260.01
124368 MARTINEZ, ERNESTINA								
101233	01/29/25		490518	P	05/27/25	10000109 51929	RECREATION CLASSES	60.00
INVOICE: REFUND								
VENDOR TOTALS	60.00 YTD INVOICED					60.00 YTD PAID		60.00
124171 MASON OIL SERVICES LLC.								
100616	04/22/25	2427	490638	T	05/27/25	60031030 45144	GASOLINE & OIL	1,323.11
INVOICE: 00005								
VENDOR TOTALS	5,638.47 YTD INVOICED					5,638.47 YTD PAID		1,323.11
121268 MC ELECTRICAL INC.								
100526	04/01/25		490639	T	05/27/25	10001221 42024	BUILDING MAINTENANCE	2,396.75
INVOICE: 144								
100527	04/01/25		490639	T	05/27/25	10001221 42024	BUILDING MAINTENANCE	800.00
INVOICE: 145								
VENDOR TOTALS	36,748.12 YTD INVOICED					42,561.46 YTD PAID		3,196.75
123225 MCGEE, EBONY J.								
100688	04/30/25	2401	490640	T	05/27/25	31810010 40514	CONTRACT SERVICES	16,000.00
INVOICE: 0000222								
VENDOR TOTALS	172,097.50 YTD INVOICED					211,997.50 YTD PAID		16,000.00
122208 MCKESSON MEDICAL-SURGICAL								
100677	04/28/25		490641	T	05/27/25	10002219 41514	OPERATING SUPPLIES	27.91
INVOICE: 23686861								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS	1,517.00 YTD INVOICED				1,517.00 YTD PAID			27.91
112309	GARDENA HOSPITAL, LP								
	100706	11/01/24		490642	T	05/27/25	10002220 40724	MEDICAL & AMBULANCE	750.00
	INVOICE: 0092674222								
	VENDOR TOTALS	750.00 YTD INVOICED				750.00 YTD PAID			750.00
100108	MERRIMAC PETROLEUM, INC.								
	100613	04/22/25	27	490643	T	05/27/25	60031030 45144	GASOLINE & OIL	13,630.68
	INVOICE: 2238951								
	100756	05/01/25	27	490643	T	05/27/25	60031030 45144	GASOLINE & OIL	10,403.31
	INVOICE: 2239135								
	102133	05/13/25	27	490643	T	05/27/25	60031030 45144	GASOLINE & OIL	13,913.51
	INVOICE: 2239370								
	VENDOR TOTALS	365,275.21 YTD INVOICED				432,561.55 YTD PAID			37,947.50
122701	MICHAEL BAKER INTERNATIONAL, INC.								
	100892	04/23/25	2409	490644	T	05/27/25	990 22175	SHARED COSTS - MENLO PROJ	7,357.50
	INVOICE: 1246534								
	VENDOR TOTALS	28,871.46 YTD INVOICED				28,871.46 YTD PAID			7,357.50
111842	MICHAIL, SHAKA M.								
	102095	12/18/24		490645	T	05/27/25	10041050 42014	REPAIR & MAINTENANCE SUPP	291.84
	INVOICE: 10713								
	102097	12/26/24		490645	T	05/27/25	10041050 42014	REPAIR & MAINTENANCE SUPP	728.00
	INVOICE: 10714								
	102098	01/02/25		490645	T	05/27/25	10041050 42014	REPAIR & MAINTENANCE SUPP	590.72
	INVOICE: 10715								
	VENDOR TOTALS	1,610.56 YTD INVOICED				1,610.56 YTD PAID			1,610.56
122321	MISSION CRITICAL PARTNERS, LLC								
	100713	04/22/25	2684	490646	T	05/27/25	10001222 40644	PUBLIC SAFETY INFO SRVCE	15,909.00
	INVOICE: 24604								
	VENDOR TOTALS	15,909.00 YTD INVOICED				31,355.00 YTD PAID			15,909.00
123575	MISSION LINEN SUPPLY								
	102002	04/28/25		490647	T	05/27/25	10061070 41514	OPERATING SUPPLIES	51.81
	INVOICE: 523749316								
	102018	03/10/25		490647	T	05/27/25	10061050 41514	OPERATING SUPPLIES	51.81
	INVOICE: 523450998								
	VENDOR TOTALS	3,174.22 YTD INVOICED				3,696.68 YTD PAID			103.62
115113	MITSUBISHI ELECTRIC &								
	100684	05/01/25		490648	T	05/27/25	10001221 42024	BUILDING MAINTENANCE	689.41

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT		GL ACCOUNT DESCRIPTION	
	INVOICE: 525473									
	VENDOR TOTALS		7,564.80 YTD INVOICED					7,564.80 YTD PAID		689.41
122161	MONTEIRO, ALEX									
	101251	04/17/25		490519	P	05/27/25	10000109	51932	MEMORIAL CENTER RENTAL	368.00
	INVOICE: REFUND									
	VENDOR TOTALS		1,281.04 YTD INVOICED					1,281.04 YTD PAID		368.00
113432	MOTOROLA SOLUTIONS INC.									
	100709	12/20/24	1878	490649	T	05/27/25	10001222	40644	PUBLIC SAFETY INFO SRVCE	5,616.00
	INVOICE: 1411151331									
	100714	04/23/25	2663	490649	T	05/27/25	10001222	40644	PUBLIC SAFETY INFO SRVCE	12,625.00
	INVOICE: 1411176881									
	VENDOR TOTALS		35,666.00 YTD INVOICED					53,743.22 YTD PAID		18,241.00
123082	MPD PLUMBING, INC.									
	100764	04/24/25		490650	T	05/27/25	46447150	42024	BUILDING MAINTENANCE	750.00
	INVOICE: WO#42225									
	100769	04/21/25		490650	T	05/27/25	46715732	42024	BUILDING MAINTENANCE	200.00
	INVOICE: WO#42125									
	102053	05/07/25		490650	T	05/27/25	46715732	42024	BUILDING MAINTENANCE	120.00
	INVOICE: WO#050725									
	102055	05/01/25		490650	T	05/27/25	46447150	42024	BUILDING MAINTENANCE	525.00
	INVOICE: WO#050125									
	VENDOR TOTALS		4,258.00 YTD INVOICED					4,728.00 YTD PAID		1,595.00
106116	MUNISERVICES, LLC									
	100777	04/30/25	2470	490651	T	05/27/25	10000101	51116	UTILITY USERS TAXES	496.00
	INVOICE: INV06-020818									
	101188	05/06/25	694	490651	T	05/27/25	10000101	51112	TRANSIENT LODGING TAXES	1,250.00
	INVOICE: INV06-020920									
	VENDOR TOTALS		41,599.92 YTD INVOICED					48,655.28 YTD PAID		1,746.00
98395	NAN MCKAY & ASSOCIATES, INC.									
	100829	04/15/25		490652	T	05/27/25	81044010	40514	CONTRACT SERVICES	419.00
	INVOICE: INV298848									
	VENDOR TOTALS		658.00 YTD INVOICED					897.00 YTD PAID		419.00
124051	NETWORK TECHNOLOGIES INC.									
	100638	04/11/25		490653	T	05/27/25	52035030	42014	REPAIR & MAINTENANCE SUPP	976.00
	INVOICE: 258863									
	VENDOR TOTALS		2,017.00 YTD INVOICED					3,057.00 YTD PAID		976.00
120965	NEW LOOK AUTO DETAIL									

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	100738	04/17/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	505.00
	INVOICE: 4088								
	100739	04/15/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	270.00
	INVOICE: 4087								
	100740	04/14/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	460.00
	INVOICE: 4086								
	100741	04/10/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	535.00
	INVOICE: 4085								
	100742	04/08/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	365.00
	INVOICE: 4084								
	100743	04/07/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	490.00
	INVOICE: 4083								
	100744	04/01/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	270.00
	INVOICE: 4081								
	100745	03/25/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	265.00
	INVOICE: 4070								
	100746	03/27/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	475.00
	INVOICE: 4071								
	100761	04/03/25	24	490654	T	05/27/25	60031030 40514	CONTRACT SERVICES	495.00
	INVOICE: 4082								
	VENDOR TOTALS	49,405.00 YTD INVOICED					61,495.00 YTD PAID		4,130.00
121517	NEW STAR FAMILY JUSTICE CENTER								
	100825	01/13/25	2616	490655	T	05/27/25	72750711 44974	NEW STAR FAMILY JUSTICE C	9,328.95
	INVOICE: 2								
	VENDOR TOTALS	20,118.82 YTD INVOICED					25,047.52 YTD PAID		9,328.95
120571	NMK CORPORATION								
	102006	05/12/25		490656	T	05/27/25	10001222 40514	CONTRACT SERVICES	3,780.00
	INVOICE: HPD-026								
	VENDOR TOTALS	45,100.22 YTD INVOICED					45,100.22 YTD PAID		3,780.00
113242	NORMAN, KEITH								
	101075	04/10/25		490657	T	05/27/25	10061050 40264	CONTRACT LABOR SALARIES	52.00
	INVOICE: 04102025								
	VENDOR TOTALS	1,664.00 YTD INVOICED					1,928.00 YTD PAID		52.00
123279	ODP BUSINESS SOLUTIONS, LLC								
	100758	05/01/25		490658	T	05/27/25	10016020 41514	OPERATING SUPPLIES	107.78
	INVOICE: 421864622001								
	100862	04/23/25		490658	T	05/27/25	10016010 41514	OPERATING SUPPLIES	87.62
	INVOICE: 419886096001								
	100978	04/23/25		490658	T	05/27/25	10043010 41514	OPERATING SUPPLIES	56.55
	INVOICE: 421127436001								
	100981	04/23/25		490658	T	05/27/25	10043010 41514	OPERATING SUPPLIES	24.63
	INVOICE: 421127982001								
	102030	05/07/25		490658	T	05/27/25	10002215 41514	OPERATING SUPPLIES	107.87

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	INVOICE: 422067096001								
	102034	05/09/25		490658	T	05/27/25	10002215 41514	OPERATING SUPPLIES	10.06
	INVOICE: 422079794001								
	98634	04/07/25		490658	T	05/27/25	10061010 41404	MATERIALS, SUPPLIES & OTH	68.72
	INVOICE: 418645979001								
	VENDOR TOTALS	32,377.83 YTD INVOICED					34,158.24 YTD PAID		463.23
123632	OPCONNECT, INC.								
	100665	03/01/25		490659	T	05/27/25	10041010 45104	DUES & SUBSCRIPTIONS	2,850.00
	INVOICE: OC24827								
	VENDOR TOTALS	2,850.00 YTD INVOICED					2,850.00 YTD PAID		2,850.00
123098	ORKIN SERVICES OF CALIFORNIA, INC								
	101979	04/24/25		490660	T	05/27/25	10061120 41514	OPERATING SUPPLIES	276.00
	INVOICE: 276670795								
	102028	04/30/25		490661	T	05/27/25	10001221 41514	OPERATING SUPPLIES	139.99
	INVOICE: 276670788								
	VENDOR TOTALS	7,986.70 YTD INVOICED					9,457.62 YTD PAID		415.99
123969	BROWN, STEVE								
	100767	04/22/25		490662	T	05/27/25	46447150 42024	BUILDING MAINTENANCE	815.00
	INVOICE: 078								
	100768	04/21/25		490662	T	05/27/25	46615731 42024	BUILDING MAINTENANCE	780.00
	INVOICE: 079								
	102056	05/05/25		490662	T	05/27/25	46615731 42024	BUILDING MAINTENANCE	620.00
	INVOICE: 092								
	VENDOR TOTALS	10,940.00 YTD INVOICED					10,940.00 YTD PAID		2,215.00
124246	PARADISO, LOUIS								
	101197	05/12/25		490663	T	05/27/25	10002205 40454	HEALTH INSURANCE BENEFITS	6.47
	INVOICE: 1701-113179								
	VENDOR TOTALS	83.26 YTD INVOICED					83.26 YTD PAID		6.47
99213	PARKHOUSE TIRE, INC.								
	100626	12/02/24		490664	T	05/27/25	60031030 42554	TIRES	474.95
	INVOICE: 1011010506								
	VENDOR TOTALS	50,427.78 YTD INVOICED					62,716.08 YTD PAID		474.95
124377	PEREZ, OLIVIA								
	100668	03/22/25		490665	T	05/27/25	52035030 45584	HEALTH AND WELLNESS	88.20
	INVOICE: 516-0029-6701								
	100670	03/22/25		490665	T	05/27/25	52035030 45584	HEALTH AND WELLNESS	356.76
	INVOICE: 516-0011-8610								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS		444.96 YTD INVOICED				444.96 YTD PAID		444.96
124350	POST, JOY								
	102070	05/13/25		490666	T	05/27/25	10012010 45424	TRAVEL, CONFERENCE & MEET	159.93
	INVOICE:	04282025							
	VENDOR TOTALS		855.52 YTD INVOICED				855.52 YTD PAID		159.93
123459	POWERDMS, INC.								
	101990	08/01/24		490667	T	05/27/25	10001224 41514	OPERATING SUPPLIES	3,586.32
	INVOICE:	INV-55421							
	VENDOR TOTALS		3,586.32 YTD INVOICED				3,586.32 YTD PAID		3,586.32
123983	PRESTIGE CHEMICALS LLC								
	101247	09/26/24		490668	T	05/27/25	10061120 42014	REPAIR & MAINTENANCE SUPP	1,399.99
	INVOICE:	04-0937							
	VENDOR TOTALS		4,203.11 YTD INVOICED				4,203.11 YTD PAID		1,399.99
16650	PRUDENTIAL OVERALL SUPPLY								
	100762	04/24/25		490669	T	05/27/25	60031030 40514	CONTRACT SERVICES	78.25
	INVOICE:	43023688							
	100796	04/24/25		490669	T	05/27/25	60031030 40514	CONTRACT SERVICES	75.00
	INVOICE:	43023689							
	VENDOR TOTALS		5,211.61 YTD INVOICED				5,509.36 YTD PAID		153.25
118988	QUADIENT FINANCE USA, INC.								
	100889	04/27/25	1938	490670	T	05/27/25	10011500 43044	POSTAGE	1,785.54
	INVOICE:	4/27/25							
	VENDOR TOTALS		35,843.68 YTD INVOICED				35,843.68 YTD PAID		1,785.54
123536	R & A TANK TECHNOLOGIES LLC								
	100607	04/15/25		490671	T	05/27/25	60031030 40514	CONTRACT SERVICES	175.00
	INVOICE:	0408-0415							
	101039	04/15/25		490671	T	05/27/25	60031030 40514	CONTRACT SERVICES	175.00
	INVOICE:	0408-0422							
	VENDOR TOTALS		10,276.03 YTD INVOICED				10,976.03 YTD PAID		350.00
123013	RACE TELECOMMUNICATIONS, INC.								
	100879	05/01/25	2459	490520	P	05/27/25	10001222 43054	TELEPHONE	2,805.00
	INVOICE:	RC1595822							
	VENDOR TOTALS		30,943.36 YTD INVOICED				30,943.36 YTD PAID		2,805.00
123968	RANIA ALOMAR ARCHITECT INC.								
	100635	01/01/25	2687	490672	T	05/27/25	10041020 40514	CONTRACT SERVICES	8,433.60

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	INVOICE: HSC13								
	100865	04/01/25	2672	490672	T	05/27/25	33610010 40514	CONTRACT SERVICES	10,577.30
	INVOICE: HSC16								
	100865	04/01/25	2672	490672	T	05/27/25	50410080 40514	CONTRACT SERVICES	10,577.30
	INVOICE: HSC16								
	VENDOR TOTALS	864,603.47 YTD INVOICED					1,142,779.47 YTD PAID		29,588.20
112503	REDFLEX TRAFFIC SYSTEMS, INC.								
	100779	04/30/25	3	490673	T	05/27/25	10000104 51431	VEHICLE CODE FINES	19,966.24
	INVOICE: INV0098869								
	102152	02/28/25	3	490673	T	05/27/25	10000104 51431	VEHICLE CODE FINES	25,517.00
	INVOICE: INV0094842								
	VENDOR TOTALS	224,580.24 YTD INVOICED					268,255.36 YTD PAID		45,483.24
123234	REECE SUPPLY, LLC								
	102004	04/23/25		490674	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	31.45
	INVOICE: S120591353.001								
	102019	04/25/25		490674	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	97.26
	INVOICE: S120610677.001								
	VENDOR TOTALS	5,385.29 YTD INVOICED					6,136.84 YTD PAID		128.71
115776	REPUBLIC SERVICES								
	101119	04/25/25		490675	T	05/27/25	46515730 45444	UTILITIES	293.68
	INVOICE: 0902-01342310								
	102071	04/30/25		490675	T	05/27/25	46515730 45444	UTILITIES	537.83
	INVOICE: 0902-013289515								
	102072	04/30/25		490675	T	05/27/25	46615731 45444	UTILITIES	688.07
	INVOICE: 0902-013289516								
	102073	04/30/25		490675	T	05/27/25	46715732 45444	UTILITIES	409.83
	INVOICE: 0902-013290856								
	102075	04/30/25		490675	T	05/27/25	46447150 45444	UTILITIES	36.30
	INVOICE: 0902-013301511								
	102076	04/30/25		490675	T	05/27/25	46447150 45444	UTILITIES	295.47
	INVOICE: 0902-013301510								
	VENDOR TOTALS	22,771.08 YTD INVOICED					25,592.30 YTD PAID		2,261.18
98822	RICHARDS, WATSON & GERSHON								
	100617	04/23/25	66	490676	T	05/27/25	10015010 40514	CONTRACT SERVICES	212.80
	INVOICE: 252620								
	100618	04/23/25	66	490676	T	05/27/25	10015010 40514	CONTRACT SERVICES	152.00
	INVOICE: 252621								
	100619	04/23/25	66	490676	T	05/27/25	10015010 40514	CONTRACT SERVICES	6,156.07
	INVOICE: 252622								
	100620	04/23/25	66	490676	T	05/27/25	10015010 40514	CONTRACT SERVICES	209.10
	INVOICE: 252624								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS	326,733.50 YTD INVOICED				315,548.97 YTD PAID			6,729.97
112919	RICOH USA, INC.								
	100712	03/31/25	2688	490677	T	05/27/25	10001222 40614	CITY PRINT SERVICES	7,432.58
	INVOICE: 9033051712								
	100722	04/25/25	2695	490677	T	05/27/25	81044010 40514	CONTRACT SERVICES	6,807.90
	INVOICE: 1103312202								
	100975	04/30/25	2591	490677	T	05/27/25	10110010 41004	VIRTUAL ELECTRONIC DOC MI	17,229.53
	INVOICE: HOU25040025								
	VENDOR TOTALS	90,943.88 YTD INVOICED				128,429.01 YTD PAID			31,470.01
124323	ROBERT HALF, INC.								
	100710	03/12/25		490678	T	05/27/25	10001222 40514	CONTRACT SERVICES	3,740.00
	INVOICE: 64745247								
	100711	03/20/25		490678	T	05/27/25	10001222 40514	CONTRACT SERVICES	3,740.00
	INVOICE: 64775169								
	101040	05/05/25		490678	T	05/27/25	10001222 40514	CONTRACT SERVICES	3,740.00
	INVOICE: 64930542								
	VENDOR TOTALS	63,108.50 YTD INVOICED				63,108.50 YTD PAID			11,220.00
108311	RODARTE, ELEAZAR								
	101038	05/06/25		490679	T	05/27/25	10061020 40264	CONTRACT LABOR SALARIES	1,344.00
	INVOICE: Winter Spring 2025								
	VENDOR TOTALS	5,673.50 YTD INVOICED				6,902.00 YTD PAID			1,344.00
120782	ROWLAND, ANNIE M.								
	100431	03/26/25		490680	T	05/27/25	52035030 45584	HEALTH AND WELLNESS	64.05
	INVOICE: 112-0017932-4513008								
	100432	03/26/25		490680	T	05/27/25	52035030 45584	HEALTH AND WELLNESS	9.99
	INVOICE: 112-4821925-3129832								
	99819	03/26/25		490680	T	05/27/25	52035030 45584	HEALTH AND WELLNESS	132.28
	INVOICE: 112-9384093-6709032								
	VENDOR TOTALS	715.50 YTD INVOICED				715.50 YTD PAID			206.32
100409	S W R C B ACCOUNTING OFFICE								
	100864	12/04/24	1858	490521	P	05/27/25	28902421 40514	CONTRACT SERVICES	21,150.00
	INVOICE: WD-0280431								
	99699	04/02/25		490521	P	05/27/25	52035030 40514	CONTRACT SERVICES	861.50
	INVOICE: SW-0316543								
	VENDOR TOTALS	62,604.28 YTD INVOICED				64,453.06 YTD PAID			22,011.50
116672	SAM'S ALIGNMENT TIRE CENTER, INC.								
	100827	04/22/25	29	490681	T	05/27/25	60031030 42554	TIRES	100.00
	INVOICE: 32794								
	100828	04/09/25	29	490681	T	05/27/25	60031030 42554	TIRES	100.00

PAID INVOICES REPORT

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	INVOICE: 32705								
	100831	04/25/25	29	490681	T	05/27/25	60031030 42554	TIRES	300.00
	INVOICE: 32829								
	102157	05/12/25	29	490681	T	05/27/25	60031030 42554	TIRES	488.60
	INVOICE: 32960								
	VENDOR TOTALS		15,896.71 YTD INVOICED				15,896.71 YTD PAID		988.60
121032	SANCHEZ, ALEJANDRO								
	101048	03/07/25		490682	T	05/27/25	10041010 45584	HEALTH AND WELLNESS	500.00
	INVOICE: 3966774								
	VENDOR TOTALS		617.55 YTD INVOICED				617.55 YTD PAID		500.00
121832	SANCHEZ, FRANCISCO								
	102100	03/07/25		490683	T	05/27/25	10041010 45584	HEALTH AND WELLNESS	500.00
	INVOICE: 03072025								
	VENDOR TOTALS		500.00 YTD INVOICED				500.00 YTD PAID		500.00
108274	SANTA MONICA-UCLA								
	100674	04/18/25		490684	T	05/27/25	10002215 45024	FORENSIC TESTING	1,029.00
	INVOICE: 26592168								
	100675	04/18/25		490684	T	05/27/25	10002215 45024	FORENSIC TESTING	1,029.00
	INVOICE: 26731344								
	VENDOR TOTALS		16,091.00 YTD INVOICED				24,323.00 YTD PAID		2,058.00
121970	SATOR SPORTS, INC.								
	101186	05/06/25		490685	T	05/27/25	10061050 49584	RECREATION SUPPLIES ACCOU	1,789.44
	INVOICE: 147406								
	VENDOR TOTALS		3,177.93 YTD INVOICED				3,177.93 YTD PAID		1,789.44
118382	FITCH, ROBERT A.								
	101030	05/06/25		490686	T	05/27/25	10061020 40264	CONTRACT LABOR SALARIES	2,150.40
	INVOICE: April 2025								
	VENDOR TOTALS		16,716.00 YTD INVOICED				19,941.60 YTD PAID		2,150.40
123856	SECTRAN SECURITY INC.								
	101229	05/07/25		490687	T	05/27/25	10016020 40514	CONTRACT SERVICES	334.05
	INVOICE: 25050613								
	VENDOR TOTALS		3,491.96 YTD INVOICED				3,798.22 YTD PAID		334.05
17550	SEERS LUMBER CO INC								
	100794	04/16/25		490688	T	05/27/25	10061120 42014	REPAIR & MAINTENANCE SUPP	23.17
	INVOICE: 115906								
	101240	03/10/25		490688	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	426.89
	INVOICE: 115444								

PAID INVOICES REPORT

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	101981	04/23/25		490688	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	22.10
	INVOICE: 115981								
	102016	04/30/25		490688	T	05/27/25	10061100 42034	EQUIPMENT MAINTENANCE	8.84
	INVOICE: 116138								
	102064	03/06/25		490688	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	17.30
	INVOICE: 115369								
	VENDOR TOTALS		1,262.20 YTD INVOICED				1,466.31 YTD PAID		498.30
124365	SHAHRYARI, KHOSROU								
	100976	05/07/25		490689	T	05/27/25	10043010 45584	HEALTH AND WELLNESS	140.00
	INVOICE: 1-Shahryari								
	101230	05/12/25		490689	T	05/27/25	10043010 45584	HEALTH AND WELLNESS	100.00
	INVOICE: 2 - Shahyari								
	VENDOR TOTALS		552.27 YTD INVOICED				552.27 YTD PAID		240.00
123490	ISHII, MICHAEL								
	102003	05/08/25		490690	T	05/27/25	10001222 40014	SALARIES - FULL TIME	500.00
	INVOICE: 25-19								
	VENDOR TOTALS		9,000.00 YTD INVOICED				9,000.00 YTD PAID		500.00
124419	SO CAL RADAR								
	101116	04/10/25		490691	T	05/27/25	10002209 47404	MACHINERY & EQUIPMENT	440.00
	INVOICE: 042504								
	VENDOR TOTALS		440.00 YTD INVOICED				440.00 YTD PAID		440.00
101153	SOUTH BAY FORD								
	101141	04/30/25	34	490692	T	05/27/25	60031030 42064	PARTS	743.09
	INVOICE: 538402								
	101142	04/28/25	34	490692	T	05/27/25	60031030 42064	PARTS	263.82
	INVOICE: 537992								
	101143	04/28/25	34	490692	T	05/27/25	60031030 42064	PARTS	44.80
	INVOICE: 537962								
	101144	04/28/25	34	490692	T	05/27/25	60031030 42064	PARTS	1,042.24
	INVOICE: 537569								
	101146	04/24/25	34	490692	T	05/27/25	60031030 42064	PARTS	887.03
	INVOICE: 537568								
	101147	04/24/25	34	490692	T	05/27/25	60031030 42064	PARTS	76.04
	INVOICE: 537644								
	101148	04/30/25	34	490692	T	05/27/25	60031030 42064	PARTS	2,493.14
	INVOICE: 527242								
	101149	04/23/25	34	490692	T	05/27/25	60031030 42064	PARTS	17.64
	INVOICE: 537392								
	101150	04/23/25	34	490692	T	05/27/25	60031030 42064	PARTS	571.51
	INVOICE: 537346								
	101152	04/23/25	34	490692	T	05/27/25	60031030 42064	PARTS	1,563.35
	INVOICE: 537397								
	101153	04/23/25	34	490692	T	05/27/25	60031030 42064	PARTS	135.92

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	INVOICE: 537426								
	101155	04/22/25	34	490692	T	05/27/25	60031030 42064	PARTS	147.85
	INVOICE: 537016								
	101160	04/22/25	34	490692	T	05/27/25	60031030 42064	PARTS	2,122.97
	INVOICE: 537260								
	101161	04/22/25	34	490692	T	05/27/25	60031030 42064	PARTS	60.98
	INVOICE: 537188								
	101162	04/22/25	34	490692	T	05/27/25	60031030 42064	PARTS	557.19
	INVOICE: 537057								
	101163	04/21/25	34	490692	T	05/27/25	60031030 42064	PARTS	609.85
	INVOICE: 742517								
	101169	04/21/25	34	490692	T	05/27/25	60031030 42064	PARTS	140.00
	INVOICE: 527039								
	101171	04/21/25	34	490692	T	05/27/25	60031030 42064	PARTS	486.09
	INVOICE: 537029								
	101172	04/21/25	34	490692	T	05/27/25	60031030 42064	PARTS	219.19
	INVOICE: 536535								
	101173	04/18/25	34	490692	T	05/27/25	60031030 42064	PARTS	219.19
	INVOICE: 536871								
	101174	04/18/25	34	490692	T	05/27/25	60031030 42064	PARTS	109.40
	INVOICE: 536874								
	101175	04/17/25	34	490692	T	05/27/25	60031030 42064	PARTS	361.39
	INVOICE: 536591								
	101177	04/17/25	34	490692	T	05/27/25	60031030 42064	PARTS	36.84
	INVOICE: 536620								
	101179	04/08/25	34	490692	T	05/27/25	60031030 42064	PARTS	12.19
	INVOICE: 535303								
	101180	04/08/25	34	490692	T	05/27/25	60031030 42064	PARTS	53.04
	INVOICE: 535295								
	101181	04/09/25	34	490692	T	05/27/25	60031030 42064	PARTS	58.87
	INVOICE: 535405								
	101182	04/16/25	34	490692	T	05/27/25	60031030 42064	PARTS	46.68
	INVOICE: 536468								
	101183	04/16/25	34	490692	T	05/27/25	60031030 42064	PARTS	172.09
	INVOICE: 536469								
	VENDOR TOTALS	1,685,421.32 YTD INVOICED						1,872,658.17 YTD PAID	13,252.39
95972	SOUTH COAST A.Q.M.D.								
	100732	04/08/25		490522	P	05/27/25	60031030 40514	CONTRACT SERVICES	138.00
	INVOICE: H2425150								
	101056	04/16/25		490523	P	05/27/25	52035030 40514	CONTRACT SERVICES	165.96
	INVOICE: 4525205								
	101058	04/16/25		490523	P	05/27/25	52035030 40514	CONTRACT SERVICES	541.04
	INVOICE: 4522703								
	VENDOR TOTALS	2,136.22 YTD INVOICED						2,136.22 YTD PAID	845.00
124412	SOUTHALL, RAYMOND								
	101109	04/26/25		490693	T	05/27/25	81044010 45584	HEALTH AND WELLNESS	500.00
	INVOICE: 042625								

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	VENDOR TOTALS		500.00 YTD INVOICED				500.00 YTD PAID		500.00
123166	CHARTER COMMUNICATIONS HOLDINGS, LLC								
	101992	05/01/25		490694	T	05/27/25	10001221 40514	CONTRACT SERVICES	1,251.46
	INVOICE: 235268301050125								
	VENDOR TOTALS		57,370.11 YTD INVOICED				63,530.11 YTD PAID		1,251.46
98746	STATE OF CALIFORNIA, DEPT OF JUSTICE								
	101259	05/05/25		490524	P	05/27/25	10017010 45054	TESTING EXPENSE	119.00
	INVOICE: 813369								
	VENDOR TOTALS		1,574.00 YTD INVOICED				2,731.00 YTD PAID		119.00
107314	STEPHAN T HONDA MD, INC								
	100699	04/16/25		490695	T	05/27/25	10002220 40724	MEDICAL & AMBULANCE	1,693.00
	INVOICE: 00182362								
	101993	05/12/25		490695	T	05/27/25	10002220 40724	MEDICAL & AMBULANCE	1,129.40
	INVOICE: 00183388								
	VENDOR TOTALS		15,106.17 YTD INVOICED				17,305.77 YTD PAID		2,822.40
123130	TELEHEALTH VAN LLC								
	100639	04/05/25	23	490696	T	05/27/25	18110010 40514	CONTRACT SERVICES	27,648.00
	INVOICE: 1099								
	VENDOR TOTALS		357,888.00 YTD INVOICED				357,888.00 YTD PAID		27,648.00
124007	THE FELDHAKE LAW FIRM, APC								
	100771	05/01/25	64	490697	T	05/27/25	10015010 40514	CONTRACT SERVICES	4,418.30
	INVOICE: 56955								
	VENDOR TOTALS		93,720.36 YTD INVOICED				93,720.36 YTD PAID		4,418.30
120632	THE KENNEL CLUB RESORT & SPA								
	101994	05/13/25		490525	P	05/27/25	10002205 45594	K-9 EXPENSES	646.70
	INVOICE: 504704								
	VENDOR TOTALS		1,276.20 YTD INVOICED				1,276.20 YTD PAID		646.70
122858	THE LOVEJOY FOUNDATION								
	100965	05/01/25	11	490698	T	05/27/25	10001230 40514	CONTRACT SERVICES	16,000.00
	INVOICE: COH06012025								
	VENDOR TOTALS		160,000.00 YTD INVOICED				160,000.00 YTD PAID		16,000.00
105802	THE SAFEMART OF SO. CALIF.								
	100491	04/10/25		490699	T	05/27/25	10061090 42024	BUILDING MAINTENANCE	110.06
	INVOICE: 1756								
	101980	04/23/25		490699	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	16.54

PAID INVOICES REPORT

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
	INVOICE: 1797								
	101983	05/05/25		490699	T	05/27/25	10061100 42034	EQUIPMENT MAINTENANCE	349.93
	INVOICE: 1816								
	VENDOR TOTALS	4,062.70 YTD INVOICED					4,451.55 YTD PAID		476.53
123477	THE TEC NETWORK								
	100880	05/01/25	2457	490700	T	05/27/25	10001222 47404	MACHINERY & EQUIPMENT	27,171.95
	INVOICE: 2771A								
	VENDOR TOTALS	51,868.82 YTD INVOICED					52,415.97 YTD PAID		27,171.95
113121	TOTAL ADMINISTRATION SVCS CORP								
	101191	04/25/25		490526	P	05/27/25	10017010 40514	CONTRACT SERVICES	265.50
	INVOICE: IN3435983								
	VENDOR TOTALS	81,912.42 YTD INVOICED					82,483.34 YTD PAID		265.50
121873	TRANS UNION LLC.								
	100977	04/25/25		490527	P	05/27/25	10021010 40514	CONTRACT SERVICES	70.00
	INVOICE: 04509467								
	VENDOR TOTALS	756.48 YTD INVOICED					816.48 YTD PAID		70.00
123815	TRANSUNION RISK AND ALTERNATIVE DATA SOLUTIONS,INC								
	100967	05/01/25		490528	P	05/27/25	10002215 40514	CONTRACT SERVICES	291.40
	INVOICE: 777625-202504-1								
	VENDOR TOTALS	2,849.60 YTD INVOICED					3,129.60 YTD PAID		291.40
123415	TRIPEPI, SMITH AND ASSOCIATES, INC.								
	100640	04/15/25	2482	490701	T	05/27/25	10011500 40514	CONTRACT SERVICES	2,425.00
	INVOICE: 14539								
	100982	12/31/24	2482	490701	T	05/27/25	10011500 40514	CONTRACT SERVICES	85.00
	INVOICE: 13899								
	VENDOR TOTALS	30,511.89 YTD INVOICED					51,553.14 YTD PAID		2,510.00
122200	U.S. VENTURE, INC.								
	100759	04/30/25		490702	T	05/27/25	60031030 45144	GASOLINE & OIL	98.84
	INVOICE: 70-012726								
	VENDOR TOTALS	693.51 YTD INVOICED					693.51 YTD PAID		98.84
124422	VENICE FAMILY CLINIC								
	101248	11/06/24		490529	P	05/27/25	990 22100	REC & COMM SVC DONATIONS	1,200.00
	INVOICE: REFUND 11/06/24								
	VENDOR TOTALS	1,200.00 YTD INVOICED					1,200.00 YTD PAID		1,200.00
106043	VISTA PAINT CORPORATION								

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100511	04/15/25		490703	T	05/27/25	10061050 42514	SMALL TOOLS & MINOR EQUIP	283.45
INVOICE:	2025-889391-00							
100512	04/15/25		490703	T	05/27/25	10061050 42514	SMALL TOOLS & MINOR EQUIP	371.66
INVOICE:	2025-888576-00							
100515	04/09/25		490703	T	05/27/25	10061050 42024	BUILDING MAINTENANCE	371.66
INVOICE:	2025-882156-00							
100522	04/17/25		490703	T	05/27/25	10061050 42514	SMALL TOOLS & MINOR EQUIP	384.83
INVOICE:	2025-892544-00							
101260	04/23/25		490703	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	283.45
INVOICE:	2025-900435-00							
101980	04/16/25		490703	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	374.18
INVOICE:	2025-890929-00							
101982	04/03/25		490703	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	187.09
INVOICE:	2025-874453-00							
102005	03/27/25		490703	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	414.87
INVOICE:	2025-864289-00							
102007	03/25/25		490703	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	290.93
INVOICE:	2025-860850-00							
102013	10/09/24		490703	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	255.31
INVOICE:	2024-657172-00							
102058	09/05/24		490703	T	05/27/25	10061100 47304	IMPROV OTHER THAN BUILDIN	514.69
INVOICE:	2024-611708-00							
102059	01/11/24		490703	T	05/27/25	10061100 42034	EQUIPMENT MAINTENANCE	165.75
INVOICE:	2024-304322-00							
102060	05/09/25		490703	T	05/27/25	10061050 42024	BUILDING MAINTENANCE	162.92
INVOICE:	2025-922543-00							
VENDOR TOTALS	19,188.31 YTD INVOICED					24,370.15 YTD PAID		4,060.79
121110 VITAL MEDICAL SERVICES, LLC								
101043	04/30/25	7	490704	T	05/27/25	10002220 40724	MEDICAL & AMBULANCE	833.00
INVOICE:	4642A							
101044	04/30/25		490704	T	05/27/25	10002220 40724	MEDICAL & AMBULANCE	1,306.00
INVOICE:	4642B							
101045	04/30/25		490704	T	05/27/25	10002220 40724	MEDICAL & AMBULANCE	2,690.00
INVOICE:	4641							
VENDOR TOTALS	65,247.00 YTD INVOICED					87,653.00 YTD PAID		4,829.00
123891 NEXUS HOLDING, LLC.								
102099	02/05/25		490705	T	05/27/25	10041050 40514	CONTRACT SERVICES	707.00
INVOICE:	06-2030380							
VENDOR TOTALS	3,490.00 YTD INVOICED					4,075.30 YTD PAID		707.00
113194 WANCO INC.								
102101	04/18/25		490706	T	05/27/25	60031030 42064	PARTS	1,160.86
INVOICE:	121217							
VENDOR TOTALS	1,160.86 YTD INVOICED					1,160.86 YTD PAID		1,160.86

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
122961	YOSHIDA, SHELLY								
	101998	04/29/25		490707	T	05/27/25	10001224 45124	EDUCATIONAL REIMBURSEMENT	459.00
	INVOICE: EDUC. BCJ 303								
	VENDOR TOTALS		459.00 YTD INVOICED				918.00 YTD PAID		459.00
								REPORT TOTALS	2,247,514.41

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	31	1,349,444.47
TOTAL EFT TRANSFERS	178	898,069.94

** END OF REPORT - Generated by Shuntell Dixon **

CITY OF HAWTHORNE

FOR THE MEETING OF MAY 27, 2025

ORIGINATING DEPARTMENT: FINANCE

The City Treasurer submits the following Housing Authority Warrants for your approval:

	Warrant #s			
Date	**Start**	**Ending**	**Warrant type**	**Total $**
5/27/25	77636	77637	HOUSING	349.99
*** Emergency Issue - for ratification only**				349.99

State of California, County of Los Angeles SS:

The foregoing claims/demands/warrants have been filed with me; each one bearing an endorsement of the officer or employee of the department, requiring same, that the price is correct.

_____ City Treasurer

_____ City Clerk

City of Hawthorne, CA

PAID INVOICES REPORT

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VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
112237	T-MOBILE								
	102166	04/21/25		77636	P	05/27/25	81044010 43054	TELEPHONE	260.86
	INVOICE: AP982816099								
	VENDOR TOTALS	141,710.94 YTD INVOICED					141,710.94 YTD PAID		260.86
113605	VERIZON WIRELESS								
	102167	04/23/25		77637	P	05/27/25	81044010 43054	TELEPHONE	89.13
	INVOICE: AP470985090-4								
	VENDOR TOTALS	51,276.54 YTD INVOICED					52,608.29 YTD PAID		89.13
								REPORT TOTALS	349.99

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	2	349.99

** END OF REPORT - Generated by Shuntell Dixon **

CITY OF HAWTHORNE

FOR THE MEETING OF MAY 27, 2025

ORIGINATING DEPARTMENT: FINANCE

The City Treasurer submits the following Asset Forfeiture Warrants for your approval:

	Warrant #s			
Date	**Start**	**Ending**	**Warrant type**	**Total $**
5/27/25	11039	11041	ASSET FORFEITURE	27,746.55
*** Emergency Issue - for ratification only**				27,746.55

State of California, County of Los Angeles SS:

The foregoing claims/demands/warrants have been filed with me; each one bearing an endorsement of the officer or employee of the department, requiring same, that the price is correct.

_____ City Treasurer

_____ City Clerk

PAID INVOICES REPORT

CHECK: AF052725 TO FISCAL 2025/11 07/01/2024 TO 06/30/2025

VENDOR	NAME / DOCUMENT	INV DATE	PO	CHECK NO	T	CHK DATE	GL ACCOUNT	GL ACCOUNT DESCRIPTION	
123857	NASTEC INTERNATIONAL INC.								
	100707	04/21/25	2615	11039	T	05/27/25	23021020 40514	CONTRACT SERVICES	5,297.50
	INVOICE: 12203								
	101046	05/05/25	2615	11039	T	05/27/25	23021020 40514	CONTRACT SERVICES	4,680.00
	INVOICE: 12258								
	VENDOR TOTALS	111,008.63 YTD INVOICED					111,008.63 YTD PAID		9,977.50
123477	THE TEC NETWORK								
	100882	05/01/25	2457	11040	T	05/27/25	23021020 47404	MACHINERY & EQUIPMENT	1,502.80
	INVOICE: 2771B								
	101118	05/08/25	2457	11040	T	05/27/25	23021020 47404	MACHINERY & EQUIPMENT	15,151.85
	INVOICE: 2777								
	VENDOR TOTALS	51,868.82 YTD INVOICED					25,244.02 YTD PAID		16,654.65
123386	VITALITY GROUP INTERNATIONAL, INC.								
	101999	05/12/25		11041	T	05/27/25	23021020 41514	OPERATING SUPPLIES	1,114.40
	INVOICE: 90047411								
	VENDOR TOTALS	16,133.71 YTD INVOICED					16,133.71 YTD PAID		1,114.40
								REPORT TOTALS	27,746.55

	COUNT	AMOUNT
TOTAL EFT TRANSFERS	3	27,746.55

** END OF REPORT - Generated by Shuntell Dixon **

AGENDA ITEM NO. 8.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Public Works

City Manager: **Department Head:**

SUBJECT:
RESOLUTION NO. 8530 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, ESTABLISHING A FOUR-WAY STOP AT THE INTERSECTION OF CEDAR AVENUE AND 116TH STREET.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve Resolution No. 8530

DISCUSSION:
Residents contacted staff to evaluate the existing traffic control at the intersection of Cedar Avenue and 116th Street. The City received requests to convert the existing two-way-stop-control to a four-way-stop-control. After observing the intersection and evaluating the existing conditions, the staff recommends the conversion to a four-way stop to improve traffic safety. The staff prepared a resolution for the installation of two (2) stop signs on 116th Street. These stop signs create a four-way stop at the intersection of Cedar Avenue and 116th Street.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
This will enhance the quality of life for residents and visitors by allowing them to travel safely.

FISCAL IMPACT:
None. The construction cost of $800 for stop signs and pavement markings are available in the current fiscal year's adopted budget.

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act

ATTACHMENTS
Resolution 8530

RESOLUTION NO. 8530

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA ESTABLISHING A FOUR-WAY STOP AT THE INTERSECTION OF CEDAR AVENUE AND 116TH STREET

WHEREAS, the intersection of Cedar Avenue and 116th Street is an intersection with two-way stop signs in the City of Hawthorne; and

WHEREAS, concerned members of the community have raised the issue of improving safety at the intersection of Cedar Avenue and 116th Street; and

WHEREAS, the City Council of the City of Hawthorne desires to establish a four-way stop at the intersection of Cedar Avenue and 116th Street and pursuant to the authority established by California Vehicle Code section 21351.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF HAWTHORNE HEREBY FINDS, DETERMINES AND RESOLVES AS FOLLOWS:

SECTION 1. The foregoing recital is incorporated herein.

SECTION 2. For traffic control purposes, there shall be two (2) additional stop signs installed on Cedar Avenue at 116th Street in the City of Hawthorne, California, creating a four-way stop at this intersection.

SECTION 3. The Director of Public Works is hereby instructed to install the appropriate signs and markings in the north and south approach of the subject intersection giving effect to the said four-way stop.

SECTION 4. All other resolutions in conflict herewith are repealed.

SECTION 5. The City Attorney is authorized to make all minor and typographical changes to this Resolution that does not change the substance of the Resolution.

SECTION 6. This Resolution shall be in full force and effect immediately upon its passage and adoption thereof.

PASSED, APPROVED AND ADOPTED this 27th day of May, 2025.

ALEX VARGAS, Mayor
City of Hawthorne, California

ATTEST:

DAYNA WILLIAMS-HUNTER, City Clerk
City of Hawthorne, California

APPROVED AS TO FORM:

ROBERT M. KIM, City Attorney
City of Hawthorne, California

AGENDA ITEM NO. 9.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Public Works

City Manager: **Department Head:**

SUBJECT:
RESOLUTION NO. 8531 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, ESTABLISHING A FOUR-WAY STOP AT THE INTERSECTION OF OXFORD AVENUE AND 116TH STREET.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve Resolution No. 8531

DISCUSSION:
Residents contacted staff to evaluate the existing traffic control at the intersection of Oxford Avenue and 116th Street. The City received requests to convert the existing two-way-stop-control to a four-way-stop-control. After observing the intersection and evaluating the existing conditions, the staff recommends the conversion to a four-way stop to improve traffic safety. The staff prepared a resolution for the installation of two (2) stop signs on 116th Street. These stop signs create a four-way stop at the intersection of Oxford Avenue and 116th Street.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
This will enhance the quality of life for residents and visitors by allowing them to travel safely.

FISCAL IMPACT:
None. The construction cost of $800 for stop signs and pavement markings are available in the current fiscal year's adopted budget.

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act

ATTACHMENTS
Resolution 8531

RESOLUTION NO. 8531

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA ESTABLISHING A FOUR-WAY STOP AT THE INTERSECTION OF OXFORD AVENUE AND 116TH STREET

WHEREAS, the intersection of Oxford Avenue and 116th Street is an intersection with two-way stop signs in the City of Hawthorne; and

WHEREAS, concerned members of the community have raised the issue of improving safety at the intersection of Oxford Avenue and 116th Street; and

WHEREAS, the City Council of the City of Hawthorne desires to establish a four-way stop at the intersection of Oxford Avenue and 116th Street and pursuant to the authority established by California Vehicle Code section 21351.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF HAWTHORNE HEREBY FINDS, DETERMINES AND RESOLVES AS FOLLOWS:

SECTION 1. The foregoing recital is incorporated herein.

SECTION 2. For traffic control purposes, there shall be two (2) additional stop signs installed on Oxford Avenue at 116th Street in the City of Hawthorne, California, creating a four-way stop at this intersection.

SECTION 3. The Director of Public Works is hereby instructed to install the appropriate signs and markings in the north and south approach of the subject intersection giving effect to the said four-way stop.

SECTION 4. All other resolutions in conflict herewith are repealed.

SECTION 5. The City Attorney is authorized to make all minor and typographical changes to this Resolution that does not change the substance of the Resolution.

SECTION 6. This Resolution shall be in full force and effect immediately upon its passage and adoption thereof.

PASSED, APPROVED AND ADOPTED this 27th day of May, 2025.

ALEX VARGAS, Mayor
City of Hawthorne, California

ATTEST:

DAYNA WILLIAMS-HUNTER, City Clerk
City of Hawthorne, California

APPROVED AS TO FORM:

ROBERT M. KIM, City Attorney
City of Hawthorne, California

AGENDA ITEM NO. 10.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Police Department

City Manager: **Department Head:**

SUBJECT:
RESOLUTION NO 8532 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AUTHORIZING, APPROVING, AND RATIFYING ACCEPTANCE OF THE BUREAU OF JUSTICE ASSISTANCE FY 24 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM, AWARD NUMBER 15PBJA-24-GG-05048-JAGX, TOTALING $43,507.00, TO BE APPLIED TOWARDS THE PRIOR PURCHASE OF AUTOMATED LICENSE PLATE READER (ALPR) EQUIPMENT, LICENSING, AND STORAGE.

RECOMMENDED MOTION:
Staff Recommends that the City Council approve Resolution No. 8532

DISCUSSION:
The grant award in the amount of $43,507.00 will be applied towards the prior purchase of Automated License Plate Reader (ALPR) equipment, licensing, and storage.

FISCAL IMPACT:
The Police Department will be reimbursed up to the amount of $43,507.

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act.

ATTACHMENTS
FY 2024 JAG Award package
Resolution 8532

Department of Justice (DOJ)

Office of Justice Programs

Bureau of Justice Assistance

Washington, D.C. 20531

Name and Address of Recipient:	CITY OF HAWTHORNE POLICE DEPARTMENT 12501 HAWTHORNE BLVD
City, State and Zip:	HAWTHORNE, CA 90250
Recipient UEI:	MBK8V5UBXNL8

Project Title: Hawthorne Edward Byrne JAG. Cutting-edge technology (ALPRs) to heighten professionalism and service quality, allowing law enforcement to rapidly identify crime and provide safe and secure community.	**Award Number:** 15PBJA-24-GG-05048-JAGX
Solicitation Title: BJA FY 24 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Solicitation	
Federal Award Amount: $43,507.00	**Federal Award Date:** 12/4/24
Awarding Agency: Office of Justice Programs Bureau of Justice Assistance **Funding Instrument Type:** Grant	
Opportunity Category: O **Assistance Listing:** 16.738 - Edward Byrne Memorial Justice Assistance Grant Program	
Project Period Start Date: 10/1/23	**Project Period End Date:** 9/30/27
Budget Period Start Date: 10/1/23	**Budget Period End Date**: 9/30/27

Project Description:

Founded in 1922 and located in the heart of Los Angeles County, the Hawthorne Police Department (Department) provides services and innovations that set us apart. The Department consistently champions the integration of cutting-edge technologies to heighten professionalism and service quality, a commitment evidenced from its historical undertakings. The Department’s innovative outreach to our law enforcement mission has produced the best public safety and citizen engagement results. Beginning in 2014, Automated License Plate Readers (ALPRs) or camera systems that scan images of license plates and capture and process license plate information faster than any human-operated system have facilitated law enforcement’s ability to identify and compare plates of cars driven by people suspected of being involved in illegal activities. The cameras have emerged as crucial tools, generating significant real-time investigative leads on challenging cases while also improving community and traffic safety. The ALPRs greatly enhance the Hawthorne Police Department's ability to locate outstanding stolen vehicles, felony vehicles, and missing persons vehicles and, in tandem with the city, solve long-term investigations. With the aim of strategically placing additional cameras throughout the community, the Department proposes using Byrne JAG project funds to purchase nine additional ALPRs, six camera brackets, and two fixed camera communications boxes. The purchase will

supplement the Real-Time Crime Center where police ingest and analyze surveillance video, intelligence, and data from multiple sources in real-time. The Department, recognizing criminals don’t heed jurisdictional boundaries, collaborates with neighboring jurisdictions on optimal placement to eliminate redundancy, ensuring effective crime identification and prosecution. The ALPRs track vehicle movements across multiple locations, assisting in kidnapping, thefts, or hit-and-run investigations. The purpose aligns with the Department’s mission to provide a safe and secure community for its citizens while at the same time promoting a high degree of professionalism and respect for human dignity. With nearly 100 officers and 60 support staff serving an ever-growing community of over 95,000, the expected outcomes include enhanced community safety, crime prevention and reduction, efficient services, and effective crime identification and prosecution. The Department strives for one goal - to provide the highest service value to the Hawthorne Community. This purchase will further the Department of Justice’s mission to uphold the rule of law, to keep our country safe, and to protect civil rights.

Award Letter

December 4, 2024

Dear Shaun Kemp,

On behalf of Attorney General Merrick B. Garland, it is my pleasure to inform you the Office of Justice Programs (OJP) has approved the application submitted by CITY OF HAWTHORNE POLICE DEPARTMENT for an award under the funding opportunity entitled 2024 BJA FY 24 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Solicitation. The approved award amount is $43,507.
Review the Award Instrument below carefully and familiarize yourself with all conditions and requirements before accepting your award. The Award Instrument includes the Award Offer (Award Information, Project Information, Financial Information, and Award Conditions) and Award Acceptance. For COPS Office and OVW funding the Award Offer also includes any Other Award Documents.

Please note that award requirements include not only the conditions and limitations set forth in the Award Offer, but also compliance with assurances and certifications that relate to conduct during the period of performance for the award. These requirements encompass financial, administrative, and programmatic matters, as well as other important matters (e.g., specific restrictions on use of funds). Therefore, all key staff should receive the award conditions, the assurances and certifications, and the application as approved by OJP, so that they understand the award requirements. Information on all pertinent award requirements also must be provided to any subrecipient of the award.

Should you accept the award and then fail to comply with an award requirement, DOJ will pursue appropriate remedies for non-compliance, which may include termination of the award and/or a requirement to repay award funds.

Prior to accepting the award, your Entity Administrator must assign a Financial Manager, Grant Award Administrator, and Authorized Representative(s) in the Justice Grants System (JustGrants). The Entity Administrator will need to ensure the assigned Authorized Representative(s) is current and has the legal authority to accept awards and bind the entity to the award terms and conditions. To accept the award, the Authorized Representative(s) must accept all parts of the Award Offer in the Justice Grants System (JustGrants), including by executing the required declaration and certification, within 45 days from the award date.

To access your funds, you will need to enroll in the Automated Standard Application for Payments (ASAP) system, if you haven’t already completed the enrollment process in ASAP. The Entity Administrator should have already received an email from ASAP to initiate this process.

Congratulations, and we look forward to working with you.

Brent J. Cohen
Acting Assistant Attorney General

Office for Civil Rights Notice for All Recipients

The Office for Civil Rights (OCR), Office of Justice Programs (OJP), U.S. Department of Justice (DOJ) enforces federal civil rights laws and other provisions that prohibit discrimination by recipients of federal financial assistance from OJP, the Office of Community Oriented Policing Services (COPS), and the Office on Violence Against Women (OVW).

Several civil rights laws, including Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973, require recipients of federal financial assistance (recipients) to give assurances that they will comply with those laws. Taken together, these and other civil rights laws prohibit recipients from discriminating in the provision of services and employment because of race, color, national origin, religion, disability, and sex or from discriminating in the provision of services on the bases of age.

Some recipients of DOJ financial assistance have additional obligations to comply with other applicable nondiscrimination provisions like the Omnibus Crime Control and Safe Streets Act of 1968, which prohibits discrimination on the basis of religion in addition to race, color, national origin, and sex. Recipients may also have related requirements regarding the development and implementation of equal employment opportunity programs.

OCR provides technical assistance, training, and other resources to help recipients comply with civil rights obligations. Further, OCR administratively enforces civil rights laws and nondiscrimination provisions by investigating DOJ recipients that are the subject of discrimination complaints. In addition, OCR conducts compliance reviews of DOJ recipients based on regulatory criteria. These investigations and compliance reviews permit OCR to evaluate whether DOJ recipients are providing services to the public and engaging in employment practices in a nondiscriminatory manner.

For more information about OCR, your civil rights and nondiscrimination responsibilities, how to notify your employees or beneficiaries of their civil rights protections and responsibilities and how to file a complaint, as well as technical assistance, training, and other resources, please visit www.ojp.gov/program/civil-rights-office/outreach. If you would like OCR to assist you in fulfilling your civil rights or nondiscrimination responsibilities, please contact us at askOCR@ojp.usdoj.gov or www.ojp.gov/program/civil-rights-office/about#ocr-contacts.

Memorandum Regarding NEPA

NEPA Letter Type
OJP - Ongoing NEPA Compliance Incorporated into Further Developmental Stages

NEPA Letter

The Edward Byrne Memorial Justice Assistance Grant Program (JAG) allows states and local governments to support a broad range of activities to prevent and control crime and to improve the criminal justice system, some of which could have environmental impacts. All recipients of JAG funding must assist BJA in complying with NEPA and other related federal environmental impact analyses requirements in the use of grant funds, whether the funds are used directly by the grantee or by a subgrantee or third party.? Accordingly,?prior to obligating?funds for any of the specified activities, the grantee must first determine if any of the specified activities will be?funded by the grant.

The specified activities requiring environmental analysis are:

a. New construction;

b. Any renovation or remodeling of a property located in an environmentally or historically sensitive area, including properties located within a 100-year flood plain, a wetland, or habitat for endangered species, or a property listed on or eligible for listing on the National Register of Historic Places;

c.? A renovation, lease, or any proposed use of a building or facility that will either (a) result in a change in its basic prior use or (b) significantly change its size;

d.? Implementation of a new program involving the use of chemicals other than chemicals that are (a) purchased as an incidental component of a funded activity and (b) traditionally used, for example, in office, household, recreational, or education environments; and

e. Implementation of a program relating to clandestine methamphetamine laboratory operations, including the identification, seizure, or closure of clandestine methamphetamine laboratories.

Complying with NEPA may require the preparation of an Environmental Assessment and/or an Environmental Impact Statement, as directed by BJA. Further, for programs relating to methamphetamine laboratory operations, the preparation of a detailed Mitigation Plan will be required. For more information about Mitigation Plan requirements, please see https://www.bja.gov/Funding/nepa.html.

NEPA Coordinator

First Name	Middle Name	Last Name
Orbin	no value	Terry

Award Information

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

Recipient Information

Recipient Name
CITY OF HAWTHORNE POLICE DEPARTMENT

UEI
MBK8V5UBXNL8

Street 1
12501 HAWTHORNE BLVD

Street 2

City
HAWTHORNE

State/U.S. Territory
California

Zip/Postal Code
90250

Country
United States

County/Parish
no value

Province
no value

Award Details

Federal Award Date
12/4/24

Award Type
Initial

Award Number
15PBJA-24-GG-05048-JAGX

Supplement Number
00

Federal Award Amount
$43,507.00

Funding Instrument Type
Grant

Assistance Listing Number	Assistance Listings Program Title
16.738	Edward Byrne Memorial Justice Assistance Grant Program

Statutory Authority

Pub. L. No. 90-351, Title I, Part E, subpart 1 (codified at 34 U.S.C. 10151-10158); see also 28 U.S.C. 530C(a).

[X] *I have read and understand the information presented in this section of the Federal Award Instrument.*

Project Information

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

Solicitation Title

Awarding Agency

2024 BJA FY 24 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Solicitation

OJP

Application Number
GRANT14281385

Program Office
BJA

Grant Manager	Phone Number	E-mail Address
Erin Feeley	202-598-6508	Erin.R.Feeley@usdoj.gov

Project Title
Hawthorne Edward Byrne JAG. Cutting-edge technology (ALPRs) to heighten professionalism and service quality, allowing law enforcement to rapidly identify crime and provide safe and secure community.

Performance Period Start Date	Performance Period End Date
10/01/2023	09/30/2027

Budget Period Start Date	Budget Period End Date
10/01/2023	09/30/2027

Project Description

Founded in 1922 and located in the heart of Los Angeles County, the Hawthorne Police Department (Department) provides services and innovations that set us apart. The Department consistently champions the integration of cutting-edge technologies to heighten professionalism and service quality, a commitment evidenced from its historical undertakings. The Department’s innovative outreach to our law enforcement mission has produced the best public safety and citizen engagement results. Beginning in 2014, Automated License Plate Readers (ALPRs) or camera systems that scan images of license plates and capture and process license plate information faster than any human-operated system have facilitated law enforcement’s ability to identify and compare plates of cars driven by people suspected of being involved in illegal activities. The cameras have emerged as crucial tools, generating significant real-time investigative leads on challenging cases while also improving community and traffic safety. The ALPRs greatly enhance the Hawthorne Police Department's ability to locate outstanding stolen vehicles, felony vehicles, and missing persons vehicles and, in tandem with the city, solve long-term investigations. With the aim of strategically placing additional cameras throughout the community, the Department proposes using Byrne JAG project funds to purchase nine additional ALPRs, six camera brackets, and two fixed camera communications boxes. The purchase will supplement the Real-Time Crime Center where police ingest and analyze surveillance video, intelligence, and data from multiple sources in real-time. The Department, recognizing criminals don’t heed jurisdictional boundaries, collaborates with neighboring jurisdictions on optimal placement to eliminate redundancy, ensuring effective crime identification and prosecution. The ALPRs track vehicle movements across multiple locations, assisting in kidnapping, thefts, or hit-and-run investigations. The purpose aligns with the Department’s mission to provide a safe and secure community for its citizens while at the same time promoting a high degree of professionalism and respect for human dignity. With nearly 100

officers and 60 support staff serving an ever-growing community of over 95,000, the expected outcomes include enhanced community safety, crime prevention and reduction, efficient services, and effective crime identification and prosecution. The Department strives for one goal - to provide the highest service value to the Hawthorne Community. This purchase will further the Department of Justice's mission to uphold the rule of law, to keep our country safe, and to protect civil rights.

[X] *I have read and understand the information presented in this section of the Federal Award Instrument.*

Financial Information

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

[X] *I have read and understand the information presented in this section of the Federal Award Instrument.*

Award Conditions

This award is offered subject to the conditions or limitations set forth in the Award Information, Project Information, Financial Information, and Award Conditions.

Condition 1
Meaningful access requirement for individuals with limited English proficiency

The recipient, and any subrecipient at any tier, must take reasonable steps to ensure that individuals with limited English proficiency (LEP) have meaningful access to their programs and activities to comply with Title VI of the Civil Rights Act of 1964 (Title VI), which prohibits discrimination on the basis of national origin, including discrimination against individuals with LEP. Such steps may require providing language assistance services, such as interpretation or translation services. The Department of Justice guidance on compliance with this requirement may be found at "Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons" (67 Fed. Reg. 41455-41472) (https://www.federalregister.gov/d/02-15207) and is incorporated by reference here.

Condition 2
Compliance with general appropriations-law restrictions on the use of federal funds (FY 2024)
The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable restrictions on the use of federal funds set out in federal appropriations statutes. Pertinent restrictions that may be set out in applicable appropriations acts are indicated at https://ojp.gov/funding/Explore/FY24AppropriationsRestrictions.htm, and are incorporated by reference here.

Should a question arise as to whether a particular use of federal funds by a recipient (or a subrecipient) would or might fall within the scope of an appropriations-law restriction, the recipient is to contact OJP for guidance, and may not proceed without the express prior written approval of OJP.

Condition 3
Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 38

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 38.

Among other things, 28 C.F.R. Part 38 states that recipients may not use direct Federal financial assistance from the Department to support or engage in any explicitly religious activities except when consistent with the Establishment Clause of the First Amendment and any other applicable requirements. An organization receiving Federal financial assistance also may not, in providing services funded by the Department of Justice, or in their outreach activities related to such services, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion, a religious belief, a refusal to hold a religious belief, or refusal to attend or participate in a religious practice. Part 38 also sets out rules and requirements that pertain to recipient and subrecipient ("subgrantee") organizations that engage in or conduct explicitly religious activities, as well as rules and requirements that pertain to recipients and subrecipients that are faith-based or religious organizations. In addition, Part 38 states that a faith-based organization that participates a Department of Justice funded program retains its independence from the Government and may continue to carry out its mission consistent with religious freedom and conscience protections in Federal law.

Recipients and subrecipients that provide social services under this award must give written notice to beneficiaries and prospective beneficiaries prior to the provision of services (if practicable) which shall include language substantially similar to the language in 28 CFR Part 38, Appendix C, sections (1) through (4). A sample written notice may be found at https://www.ojp.gov/program/civil-rights-office/partnerships-faith-based-and-other-neighborhood-organizations.

In certain instances, a faith-based or religious organization may be able to take religion into account when making hiring decisions, provided it satisfies certain requirements. For more information, please see https://www.ojp.gov/funding/explore/legaloverview2024/civilrightsrequirements.

Condition 4
Requirements of the award; remedies for non-compliance or for materially false statements

The conditions of this award are material requirements of the award. Compliance with any assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance also is a material requirement of this award.

Limited Exceptions. In certain special circumstances, the U.S. Department of Justice ("DOJ") may determine that it will not enforce, or enforce only in part, one or more requirements otherwise applicable to the award. Any such exceptions regarding enforcement, including any such exceptions made during the period of performance, are (or will be during the period of performance) set out through the Office of Justice Programs ("OJP") webpage entitled "Legal Notices: Special circumstances as to particular award conditions" (ojp.gov/funding/Explore/LegalNotices-AwardReqts.htm), and incorporated by reference into the award.

By signing and accepting this award on behalf of the recipient, the authorized recipient official accepts all material requirements of the award, and specifically adopts, as if personally executed by the authorized recipient official, all assurances or certifications submitted by or on behalf of the recipient that relate to conduct during the period of performance.

Failure to comply with one or more award requirements -- whether a condition set out in full below, a condition incorporated by reference below, or an assurance or certification related to conduct during the award period -- may result in OJP taking appropriate action with respect to the recipient and the award. Among other things, the OJP may withhold award funds, disallow costs, or suspend or terminate the award. DOJ, including OJP, also may take other legal action as appropriate.

Any materially false, fictitious, or fraudulent statement to the federal government related to this award (or concealment or omission of a material fact) may be the subject of criminal prosecution (including under 18 U.S.C. 1001 and/or 1621, and/or 34 U.S.C. 10271-10273), and also may lead to imposition of civil penalties and administrative remedies for false claims or otherwise (including under 31 U.S.C. 3729-3730 and 3801-3812).

Should any provision of a requirement of this award be held to be invalid or unenforceable by its terms, that provision shall first be applied with a limited construction so as to give it the maximum effect permitted by law. Should it be held, instead, that the provision is utterly invalid or -unenforceable, such provision shall be deemed severable from this award.

Condition 5
Effect of failure to address audit issues

The recipient understands and agrees that the DOJ awarding agency (OJP or OVW, as appropriate) may withhold award funds, or may impose other related requirements, if (as determined by the DOJ awarding agency) the recipient does not satisfactorily and promptly address outstanding issues from audits required by the Part 200 Uniform Requirements (or by the terms of this award), or other outstanding issues that arise in connection with audits, investigations, or reviews of DOJ awards.

Condition 6
Applicability of Part 200 Uniform Requirements

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200, as adopted and supplemented by DOJ in 2 C.F.R. Part 2800 (together, the "Part 200 Uniform Requirements") apply to this award from OJP.

For more information and resources on the Part 200 Uniform Requirements as they relate to OJP awards and subawards ("subgrants"), see the OJP website at https://ojp.gov/funding/Part200UniformRequirements.htm.

Record retention and access: Records pertinent to the award that the recipient (and any subrecipient ("subgrantee") at any tier) must retain -- typically for a period of 3 years from the date of submission of the final expenditure report (SF 425), unless a different retention period applies -- and to which the recipient (and any subrecipient ("subgrantee") at any tier) must provide access, include performance measurement information, in addition to the financial records, supporting documents, statistical records, and other pertinent records indicated at 2 C.F.R. 200.334.

In the event that an award-related question arises from documents or other materials prepared or distributed by OJP that may appear to conflict with, or differ in some way from, the provisions of the Part 200 Uniform Requirements, the recipient is to contact OJP promptly for clarification.

Condition 7
Reporting potential fraud, waste, and abuse, and similar misconduct

The recipient, and any subrecipients ("subgrantees") at any tier, must promptly refer to the DOJ Office of the Inspector General (OIG) any credible evidence that a principal, employee, agent, subrecipient, contractor, subcontractor, or other person has, in connection with funds under this award-- (1) submitted a claim that violates the False Claims Act; or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct.

Potential fraud, waste, abuse, or misconduct involving or relating to funds under this award should be reported to the OIG by--(1) online submission accessible via the OIG webpage at https://oig.justice.gov/hotline/contact-grants.htm (select "Submit Report Online"); (2) mail directed to: U.S. Department of Justice, Office of the Inspector General, Investigations Division, ATTN: Grantee Reporting, 950 Pennsylvania Ave., NW, Washington, DC 20530; and/or (3) by facsimile directed to the DOJ OIG Investigations Division (Attn: Grantee Reporting) at (202) 616-9881 (fax).

Additional information is available from the DOJ OIG website at https://oig.justice.gov/hotline.

Condition 8
Requirements related to "de minimis" indirect cost rate

A recipient that is eligible under the Part 200 Uniform Requirements and other applicable law to use the "de minimis" indirect cost rate described in 2 C.F.R. 200.414(f), and that elects to use the "de minimis" indirect cost rate, must advise OJP in writing of both its eligibility and its election, and must comply with all associated requirements in the Part 200 Uniform Requirements. The "de minimis" rate may be applied only to modified total direct costs (MTDC) as defined by the Part 200 Uniform Requirements.

Condition 9
Compliance with applicable rules regarding approval, planning, and reporting of conferences, meetings, trainings, and

other events

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable laws, regulations, policies, and official DOJ guidance (including specific cost limits, prior approval and reporting requirements, where applicable) governing the use of federal funds for expenses related to conferences (as that term is defined by DOJ), including the provision of food and/or beverages at such conferences, and costs of attendance at such conferences.

Information on the pertinent DOJ definition of conferences and the rules applicable to this award appears in the DOJ Grants Financial Guide (currently, as section 3.10 of "Postaward Requirements" in the "DOJ Grants Financial Guide").

Condition 10
Requirement for data on performance and effectiveness under the award

The recipient must collect and maintain data that measure the performance and effectiveness of work under this award. The data must be provided to OJP in the manner (including within the timeframes) specified by OJP in the program solicitation or other applicable written guidance. Data collection supports compliance with the Government Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010, and other applicable laws.

Condition 11
Compliance with DOJ Grants Financial Guide

References to the DOJ Grants Financial Guide are to the DOJ Grants Financial Guide as posted on the OJP website (currently, the "DOJ Grants Financial Guide" available at https://ojp.gov/financialguide/DOJ/index.htm), including any updated version that may be posted during the period of performance. The recipient agrees to comply with the DOJ Grants Financial Guide.

Condition 12
Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 42

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 42, specifically including any applicable requirements in Subpart E of 28 C.F.R. Part 42 that relate to an equal employment opportunity program.

Among other items, 28 C.F.R. § 42.106(d), 28 C.F.R. § 42.405(c), and 28 C.F.R. § 42.505(f) contain notice requirements that covered recipients must follow regarding the dissemination of information regarding federal nondiscrimination requirements.

Condition 13
Determination of suitability to interact with participating minors

SCOPE. This condition applies to this award if it is indicated -- in the application for the award (as approved by DOJ)(or in the application for any subaward, at any tier), the DOJ funding announcement (solicitation), or an associated federal statute -- that a purpose of some or all of the activities to be carried out under the award (whether by the recipient, or a subrecipient at any tier) is to benefit a set of individuals under 18 years of age.

The recipient, and any subrecipient at any tier, must make determinations of suitability before certain individuals may interact with participating minors. This requirement applies regardless of an individual's employment status.

The details of this requirement are posted on the OJP web site at https://ojp.gov/funding/Explore/Interact-Minors.htm (Award condition: Determination of suitability required, in advance, for certain individuals who may interact with participating minors), and are incorporated by reference here.

Condition 14
Requirement to disclose whether recipient is designated "high risk" by a federal grant-making agency outside of DOJ

If the recipient is designated "high risk" by a federal grant-making agency outside of DOJ, currently or at any time during the course of the period of performance under this award, the recipient must disclose that fact and certain

related information to OJP by email at OJP.ComplianceReporting@ojp.usdoj.gov. For purposes of this disclosure, high risk includes any status under which a federal awarding agency provides additional oversight due to the recipient's past performance, or other programmatic or financial concerns with the recipient. The recipient's disclosure must include the following: 1. The federal awarding agency that currently designates the recipient high risk, 2. The date the recipient was designated high risk, 3. The high-risk point of contact at that federal awarding agency (name, phone number, and email address), and 4. The reasons for the high-risk status, as set out by the federal awarding agency.

Condition 15
Employment eligibility verification for hiring under the award

1. The recipient (and any subrecipient at any tier) must--

A. Ensure that, as part of the hiring process for any position within the United States that is or will be funded (in whole or in part) with award funds, the recipient (or any subrecipient) properly verifies the employment eligibility of the individual who is being hired, consistent with the provisions of 8 U.S.C. 1324a(a)(1).

B. Notify all persons associated with the recipient (or any subrecipient) who are or will be involved in activities under this award of both--

(1) this award requirement for verification of employment eligibility, and

(2) the associated provisions in 8 U.S.C. 1324a(a)(1) that, generally speaking, make it unlawful, in the United States, to hire (or recruit for employment) certain aliens.

C. Provide training (to the extent necessary) to those persons required by this condition to be notified of the award requirement for employment eligibility verification and of the associated provisions of 8 U.S.C. 1324a(a)(1).

D. As part of the recordkeeping for the award (including pursuant to the Part 200 Uniform Requirements), maintain records of all employment eligibility verifications pertinent to compliance with this award condition in accordance with Form I-9 record retention requirements, as well as records of all pertinent notifications and trainings.

2. Monitoring

The recipient's monitoring responsibilities include monitoring of subrecipient compliance with this condition.

3. Allowable costs

To the extent that such costs are not reimbursed under any other federal program, award funds may be obligated for the reasonable, necessary, and allocable costs (if any) of actions designed to ensure compliance with this condition.

4. Rules of construction

A. Staff involved in the hiring process

For purposes of this condition, persons "who are or will be involved in activities under this award" specifically includes (without limitation) any and all recipient (or any subrecipient) officials or other staff who are or will be involved in the hiring process with respect to a position that is or will be funded (in whole or in part) with award funds.

B. Employment eligibility confirmation with E-Verify

For purposes of satisfying the requirement of this condition regarding verification of employment eligibility, the recipient (or any subrecipient) may choose to participate in, and use, E-Verify (www.e-verify.gov), provided an appropriate person authorized to act on behalf of the recipient (or subrecipient) uses E-Verify (and follows the proper E-Verify procedures, including in the event of a "Tentative Nonconfirmation" or a "Final Nonconfirmation") to confirm employment eligibility for each hiring for a position in the United States that is or will be funded (in whole or in part) with award funds.

C. "United States" specifically includes the District of Columbia, Puerto Rico, Guam, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands.

D. Nothing in this condition shall be understood to authorize or require any recipient, any subrecipient at any tier, or any person or other entity, to violate any federal law, including any applicable civil rights or nondiscrimination law.

E. Nothing in this condition, including in paragraph 4.B., shall be understood to relieve any recipient, any subrecipient at any tier, or any person or other entity, of any obligation otherwise imposed by law, including 8 U.S.C. 1324a(a)(1).

Questions about E-Verify should be directed to DHS. For more information about E-Verify visit the E-Verify website (https://www.e-verify.gov/) or email E-Verify at E-Verify@dhs.gov. E-Verify employer agents can email E-Verify at E-VerifyEmployerAgent@dhs.gov.

Questions about the meaning or scope of this condition should be directed to OJP, before award acceptance.

Condition 16
Encouragement of policies to ban text messaging while driving

Pursuant to Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving," 74 Fed. Reg. 51225 (October 1, 2009), DOJ encourages recipients and subrecipients ("subgrantees") to adopt and enforce policies banning employees from text messaging while driving any vehicle during the course of performing work funded by this award, and to establish workplace safety policies and conduct education, awareness, and other outreach to decrease crashes caused by distracted drivers.

Condition 17
Reclassification of various statutory provisions to a new Title 34 of the United States Code

On September 1, 2017, various statutory provisions previously codified elsewhere in the U.S. Code were editorially reclassified (that is, moved and renumbered) to a new Title 34, entitled "Crime Control and Law Enforcement." The reclassification encompassed a number of statutory provisions pertinent to OJP awards (that is, OJP grants and cooperative agreements), including many provisions previously codified in Title 42 of the U.S. Code.

Effective as of September 1, 2017, any reference in this award document to a statutory provision that has been reclassified to the new Title 34 of the U.S. Code is to be read as a reference to that statutory provision as reclassified to Title 34. This rule of construction specifically includes references set out in award conditions, references set out in material incorporated by reference through award conditions, and references set out in other award requirements.

Condition 18
Restrictions and certifications regarding non-disclosure agreements and related matters

No recipient or subrecipient ("subgrantee") under this award, or entity that receives a procurement contract or subcontract with any funds under this award, may require any employee or contractor to sign an internal confidentiality agreement or statement that prohibits or otherwise restricts, or purports to prohibit or restrict, the reporting (in accordance with law) of waste, fraud, or abuse to an investigative or law enforcement representative of a federal department or agency authorized to receive such information.

The foregoing is not intended, and shall not be understood by the agency making this award, to contravene requirements applicable to Standard Form 312 (which relates to classified information), Form 4414 (which relates to sensitive compartmented information), or any other form issued by a federal department or agency governing the nondisclosure of classified information.

1. In accepting this award, the recipient--

a. represents that it neither requires nor has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

b. certifies that, if it learns or is notified that it is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds, will provide prompt written

notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

2. If the recipient does or is authorized under this award to make subawards ("subgrants"), procurement contracts, or both--

a. it represents that--

(1) it has determined that no other entity that the recipient's application proposes may or will receive award funds (whether through a subaward ("subgrant"), procurement contract, or subcontract under a procurement contract) either requires or has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

(2) it has made appropriate inquiry, or otherwise has an adequate factual basis, to support this representation; and

b. it certifies that, if it learns or is notified that any subrecipient, contractor, or subcontractor entity that receives funds under this award is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds to or by that entity, will provide prompt written notification to the federal agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

Condition 19
OJP Training Guiding Principles

Any training or training materials that the recipient -- or any subrecipient ("subgrantee") at any tier -- develops or delivers with OJP award funds must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees, available at https://www.ojp.gov/funding/implement/training-guiding-principles-grantees-and-subgrantees.

Condition 20
Specific post-award approval required to use a noncompetitive approach in any procurement contract that would exceed $250,000

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements to obtain specific advance approval to use a noncompetitive approach in any procurement contract that would exceed the Simplified Acquisition Threshold (currently, $250,000). This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a procurement "contract" (and therefore does not consider a subaward).

The details of the requirement for advance approval to use a noncompetitive approach in a procurement contract under an OJP award are posted on the OJP web site at https://ojp.gov/funding/Explore/NoncompetitiveProcurement.htm (Award condition: Specific post-award approval required to use a noncompetitive approach in a procurement contract (if contract would exceed $250,000)), and are incorporated by reference here.

Condition 21
Requirement to report potentially duplicative funding

If the recipient currently has other active awards of federal funds, or if the recipient receives any other award of federal funds during the period of performance for this award, the recipient promptly must determine whether funds from any of those other federal awards have been, are being, or are to be used (in whole or in part) for one or more of the identical cost items for which funds are provided under this award. If so, the recipient must promptly notify the DOJ awarding agency (OJP or OVW, as appropriate) in writing of the potential duplication, and, if so requested by the DOJ awarding agency, must seek a budget-modification or change-of-project-scope Grant Award Modification (GAM) to eliminate any inappropriate duplication of funding.

Condition 22

Required training for Grant Award Administrator and Financial Manager

The Grant Award Administrator and all Financial Managers for this award must have successfully completed an "OJP financial management and grant administration training" by 120 days after the date of the recipient's acceptance of the award. Successful completion of such a training on or after January 1, 2021, will satisfy this condition.

In the event that either the Grant Award Administrator or a Financial Manager for this award changes during the period of performance, the new Grant Award Administrator or Financial Manager must have successfully completed an "OJP financial management and grant administration training" by 120 calendar days after the date the Entity Administrator enters updated Grant Award Administrator or Financial Manager information in JustGrants. Successful completion of such a training on or after January 1, 2021, will satisfy this condition.

A list of OJP trainings that OJP will consider "OJP financial management and grant administration training" for purposes of this condition is available at https://onlinegfmt.training.ojp.gov/. All trainings that satisfy this condition include a session on grant fraud prevention and detection.

The recipient should anticipate that OJP will immediately withhold ("freeze") award funds if the recipient fails to comply with this condition. The recipient's failure to comply also may lead OJP to impose additional appropriate conditions on this award.

Condition 23
Compliance with 41 U.S.C. 4712 (including prohibitions on reprisal; notice to employees)

The recipient (and any subrecipient at any tier) must comply with, and is subject to, all applicable provisions of 41 U.S.C. 4712, including all applicable provisions that prohibit, under specified circumstances, discrimination against an employee as reprisal for the employee's disclosure of information related to gross mismanagement of a federal grant, a gross waste of federal funds, an abuse of authority relating to a federal grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal grant.

The recipient also must inform its employees, in writing (and in the predominant native language of the workforce), of employee rights and remedies under 41 U.S.C. 4712.

Should a question arise as to the applicability of the provisions of 41 U.S.C. 4712 to this award, the recipient is to contact the DOJ awarding agency (OJP or OVW, as appropriate) for guidance.

Condition 24
Requirements pertaining to prohibited conduct related to trafficking in persons (including reporting requirements and OJP authority to terminate award)

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements (including requirements to report allegations) pertaining to prohibited conduct related to the trafficking of persons, whether on the part of recipients, subrecipients ("subgrantees"), or individuals defined (for purposes of this condition) as "employees" of the recipient or of any subrecipient.

The details of the recipient's obligations related to prohibited conduct related to trafficking in persons are posted on the OJP web site at https://ojp.gov/funding/Explore/ProhibitedConduct-Trafficking.htm (Award condition: Prohibited conduct by recipients and subrecipients related to trafficking in persons (including reporting requirements and OJP authority to terminate award)), and are incorporated by reference here.

Condition 25
Potential imposition of additional requirements

The recipient agrees to comply with any additional requirements that may be imposed by the DOJ awarding agency (OJP or OVW, as appropriate) during the period of performance for this award, if the recipient is designated as "high-risk" for purposes of the DOJ high-risk grantee list.

Condition 26

Requirement to report actual or imminent breach of personally identifiable information (PII)

The recipient (and any "subrecipient" at any tier) must have written procedures in place to respond in the event of an actual or imminent "breach" (OMB M-17-12) if it (or a subrecipient) -- (1) creates, collects, uses, processes, stores, maintains, disseminates, discloses, or disposes of "Personally Identifiable Information (PII)" (2 CFR 200.1) within the scope of an OJP grant-funded program or activity, or (2) uses or operates a "Federal information system" (OMB Circular A-130). The recipient's breach procedures must include a requirement to report actual or imminent breach of PII to an OJP Program Manager no later than 24 hours after an occurrence of an actual breach, or the detection of an imminent breach.

Condition 27
Requirements related to System for Award Management and Universal Identifier Requirements

The recipient must comply with applicable requirements regarding the System for Award Management (SAM), currently accessible at https://www.sam.gov/. This includes applicable requirements regarding registration with SAM, as well as maintaining the currency of information in SAM.

The recipient also must comply with applicable restrictions on subawards ("subgrants") to first-tier subrecipients (first-tier "subgrantees"), including restrictions on subawards to entities that do not acquire and provide (to the recipient) the unique entity identifier required for SAM registration.

The details of the recipient's obligations related to SAM and to unique entity identifiers are posted on the OJP web site at https://ojp.gov/funding/Explore/SAM.htm (Award condition: System for Award Management (SAM) and Universal Identifier Requirements), and are incorporated by reference here.

This condition does not apply to an award to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

Condition 28
Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards

Consistent with Executive Order 14074, “Advancing Effective, Accountable Policing and Criminal Justice Practices To Enhance Public Trust and Public Safety,” OJP has prohibited the use of federal funds under this award for purchases or transfers of specified equipment by law enforcement agencies. In addition, OJP requires the recipient, and any subrecipient (“subgrantee”) at any tier, to put in place specified controls prior to using federal funds under this award to acquire or transfer any property identified on the “controlled equipment” list. The details of the requirement are posted on the OJP web site at https://www.ojp.gov/funding/explore/prohibited-and-controlled-equipment (Award condition: Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards), and are incorporated by reference here.

Condition 29
Restrictions on "lobbying"

In general, as a matter of federal law, federal funds awarded by OJP may not be used by the recipient, or any subrecipient ("subgrantee") at any tier, either directly or indirectly, to support or oppose the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of government. See 18 U.S.C. 1913. (There may be exceptions if an applicable federal statute specifically authorizes certain activities that otherwise would be barred by law.)

Another federal law generally prohibits federal funds awarded by OJP from being used by the recipient, or any subrecipient at any tier, to pay any person to influence (or attempt to influence) a federal agency, a Member of Congress, or Congress (or an official or employee of any of them) with respect to the awarding of a federal grant or cooperative agreement, subgrant, contract, subcontract, or loan, or with respect to actions such as renewing, extending, or modifying any such award. See 31 U.S.C. 1352. Certain exceptions to this law apply, including an exception that applies to Indian tribes and tribal organizations.

Should any question arise as to whether a particular use of federal funds by a recipient (or subrecipient) would or might fall within the scope of these prohibitions, the recipient is to contact OJP for guidance, and may not proceed without the

express prior written approval of OJP.

Condition 30
All subawards ("subgrants") must have specific federal authorization

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements for authorization of any subaward. This condition applies to agreements that -- for purposes of federal grants administrative requirements -- OJP considers a "subaward" (and therefore does not consider a procurement "contract").

The details of the requirement for authorization of any subaward are posted on the OJP web site at https://ojp.gov/funding/Explore/SubawardAuthorization.htm (Award condition: All subawards ("subgrants") must have specific federal authorization), and are incorporated by reference here.

Condition 31
Compliance with DOJ regulations pertaining to civil rights and nondiscrimination - 28 C.F.R. Part 54

The recipient, and any subrecipient ("subgrantee") at any tier, must comply with all applicable requirements of 28 C.F.R. Part 54, which relates to nondiscrimination on the basis of sex in certain "education programs."

Among other items, 28 C.F.R. § 54.140 contains notice requirements that covered recipients must follow regarding the dissemination of information regarding federal nondiscrimination requirements.

Condition 32
The recipient understands that, in accepting this award, the Authorized Representative declares and certifies, among other things, that he or she possesses the requisite legal authority to accept the award on behalf of the recipient entity and, in so doing, accepts (or adopts) all material requirements that relate to conduct throughout the period of performance under this award. The recipient further understands, and agrees, that it will not assign anyone to the role of Authorized Representative during the period of performance under the award without first ensuring that the individual has the requisite legal authority.

Condition 33
Verification and updating of recipient contact information

The recipient must verify its Grant Award Administrator, Financial Manager, and Authorized Representative contact information in JustGrants, including telephone number and e-mail address. If any information is incorrect or has changed, the award recipient’s Entity Administrator must make changes to contact information through DIAMD. Instructions on how to update contact information in JustGrants can be found at https://justicegrants.usdoj.gov/training/training-entity-management.

Condition 34
FFATA reporting: Subawards and executive compensation

The recipient must comply with applicable requirements to report first-tier subawards ("subgrants") of $30,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipients (first-tier "subgrantees") of award funds. The details of recipient obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the OJP web site at https://ojp.gov/funding/Explore/FFATA.htm (Award condition: Reporting Subawards and Executive Compensation), and are incorporated by reference here.

This condition, including its reporting requirement, does not apply to-- (1) an award of less than $30,000, or (2) an award made to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

Condition 35
Body-worn cameras, policies and procedures

In accepting this award, the recipient agrees not to use award funds for purchases of body-worn cameras or related expenses for any agency unless that agency has policies and procedures in place that reinforce appropriate agency Use of Force policies and training and address technology usage, evidence acquisition, data storage and retention, as well as privacy issues, accountability and discipline.

Condition 36
Body armor - compliance with NIJ standards and other requirements

Ballistic-resistant and stab-resistant body armor purchased with award funds may be purchased at any threat level, make or model, from any distributor or manufacturer, as long as the body armor has been tested and found to comply with applicable National Institute of Justice ballistic or stab standards, and is listed on the NIJ Compliant Body Armor Model List. In addition, ballistic-resistant and stab-resistant body armor purchased must be made in the United States and must be uniquely fitted, as set forth in 34 U.S.C. 10202(c)(1)(A). The latest NIJ standard information and the NIJ Compliant Body Armor List may be found by following the links located on the NIJ Body Armor page: https://nij.ojp.gov/topics/equipment-and-technology/body-armor. In addition, if recipient uses funds under this award to purchase body armor, the recipient is strongly encouraged to have a "mandatory wear" policy in effect. There are no requirements regarding the nature of the policy other than it be a mandatory wear policy for all uniformed officers while on duty.

Condition 37
The recipient agrees to comply with OJP grant monitoring guidelines, protocols, and procedures, and to cooperate with BJA and OCFO on all grant monitoring requests, including requests related to desk reviews, enhanced programmatic desk reviews, and/or site visits. The recipient agrees to provide to BJA and OCFO all documentation necessary to complete monitoring tasks, including documentation related to any subawards made under this award. Further, the recipient agrees to abide by reasonable deadlines set by BJA and OCFO for providing the requested documents. Failure to cooperate with BJA's/OCFO's grant monitoring activities may result in sanctions affecting the recipient's DOJ awards, including, but not limited to: withholdings and/or other restrictions on the recipient's access to grant funds; referral to the Office of the Inspector General for audit review; designation of the recipient as a DOJ High Risk grantee; or termination of an award(s).

Condition 38
Any written, visual, or audio publications funded in whole or in part under this award, with the exception of press releases, shall contain the following statements: "This project was supported by Grant No. <AWARD_NUMBER> awarded by the Bureau of Justice Assistance. The Bureau of Justice Assistance is a component of the Department of Justice's Office of Justice Programs, which also includes the Bureau of Justice Statistics, the National Institute of Justice, the Office of Juvenile Justice and Delinquency Prevention, the Office for Victims of Crime, and the SMART Office. Points of view or opinions in this document are those of the author and do not necessarily represent the official position or policies of the U.S. Department of Justice." The current edition of the DOJ Grants Financial Guide provides guidance on allowable printing and publication activities.

Condition 39
Any Web site that is funded in whole or in part under this award must include the following statement on the home page, on all major entry pages (i.e., pages (exclusive of documents) whose primary purpose is to navigate the user to interior content), and on any pages from which a visitor may access or use a Web-based service, including any pages that provide results or outputs from the service: "This Web site is funded in whole or in part through a grant from the Bureau of Justice Assistance, Office of Justice Programs, U.S. Department of Justice. Neither the U.S. Department of Justice nor any of its components operate, control, are responsible for, or necessarily endorse, this Web site (including, without limitation, its content, technical infrastructure, and policies, and any services or tools provided)." The full text of the foregoing statement must be clearly visible on the home page. On other pages, the statement may be included through a link, entitled "Notice of Federal Funding and Federal Disclaimer," to the full text of the statement.

Condition 40
Confidentiality of data

The recipient (and any subrecipient at any tier) must comply with all confidentiality requirements of 34 U.S.C. 10231 and 28 C.F.R. Part 22 that are applicable to collection, use, and revelation of data or information. The recipient further agrees, as a condition of award approval, to submit a Privacy Certificate that is in accord with requirements of 28

C.F.R. Part 22 and, in particular, 28 C.F.R. 22.23.

Condition 41
The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.

Condition 42
Protection of human research subjects

The recipient (and any subrecipient at any tier) must comply with the requirements of 28 C.F.R. Part 46 and all OJP policies and procedures regarding the protection of human research subjects, including obtainment of Institutional Review Board approval, if appropriate, and subject informed consent.

Condition 43
Justification of consultant rate

Approval of this award does not indicate approval of any consultant rate in excess of $650 per day. A detailed justification must be submitted to and approved by the OJP program office prior to obligation or expenditure of such funds.

Condition 44
The recipient agrees that no funds under this grant award (including via subcontract or subaward, at any tier) may be used for unmanned aircraft systems (UAS), which includes unmanned aircraft vehicles (UAV), or for any accompanying accessories to support UAS.

Condition 45
Compliance with 28 C.F.R. Part 23

With respect to any information technology system funded or supported by funds under this award, the recipient (and any subrecipient at any tier) must comply with 28 C.F.R. Part 23, Criminal Intelligence Systems Operating Policies, if OJP determines this regulation to be applicable. Should OJP determine 28 C.F.R. Part 23 to be applicable, OJP may, at its discretion, perform audits of the system, as per the regulation. Should any violation of 28 C.F.R. Part 23 occur, the recipient may be fined as per 34 U.S.C. 10231(c)-(d). The recipient may not satisfy such a fine with federal funds.

Condition 46
Justice Information Sharing

Information sharing projects funded under this award must comply with DOJ's Global Justice Information Sharing Initiative (Global) guidelines. The recipient (and any subrecipient at any tier) must conform to the Global Standards Package (GSP) and all constituent elements, where applicable, as described at: https:/ / it.ojp.gov/ gsp_grantcondition. The recipient (and any subrecipient at any tier) must document planned approaches to information sharing and describe compliance with the GSP and appropriate privacy policy that protects shared information, or provide detailed justification for why an alternative approach is recommended.

Condition 47
Required monitoring of subawards

The recipient must monitor subawards under this award in accordance with all applicable statutes, regulations, award conditions, and the DOJ Grants Financial Guide, and must include the applicable conditions of this award in any subaward. Among other things, the recipient is responsible for oversight of subrecipient spending and monitoring of specific outcomes and benefits attributable to use of award funds by subrecipients. The recipient agrees to submit, upon request, documentation of its policies and procedures for monitoring of subawards under this award.

Condition 48

In accepting this award, the recipient agrees that grant funds cannot be used for Facial Recognition Technology (FRT) unless the recipient has policies and procedures in place to ensure that the FRT will be utilized in an appropriate and responsible manner that promotes public safety, and protects privacy, civil rights, and civil liberties and complies with all applicable provisions of the U.S. Constitution, including the Fourth Amendment's protection against unreasonable searches and seizures and the First Amendment's freedom of association and speech, as well as other laws and regulations. Recipients utilizing funds for FRT must make such policies and procedures available to DOJ upon request.

Condition 49
Avoidance of duplication of networks

To avoid duplicating existing networks or IT systems in any initiatives funded by BJA for law enforcement information sharing systems which involve interstate connectivity between jurisdictions, such systems shall employ, to the extent possible, existing networks as the communication backbone to achieve interstate connectivity, unless the recipient can demonstrate to the satisfaction of BJA that this requirement would not be cost effective or would impair the functionality of an existing or proposed IT system.

Condition 50
Law enforcement task forces - required training

Within 120 days of award acceptance, each current member of a law enforcement task force funded with award funds who is a task force commander, agency executive, task force officer, or other task force member of equivalent rank, must complete required online (internet-based) task force training. Additionally, all future task force members must complete this training once during the period of performance for this award, or once every four years if multiple OJP awards include this requirement.

The required training is available free of charge online through the BJA-funded Center for Task Force Integrity and Leadership (www.ctfli.org). The training addresses task force effectiveness, as well as other key issues including privacy and civil liberties/rights, task force performance measurement, personnel selection, and task force oversight and accountability. If award funds are used to support a task force, the recipient must compile and maintain a task force personnel roster, along with course completion certificates.

Additional information regarding the training is available through BJA's web site and the Center for Task Force Integrity and Leadership (www.ctfli.org).

Condition 51
Compliance with National Environmental Policy Act and related statutes

Upon request, the recipient (and any subrecipient at any tier) must assist BJA in complying with the National Environmental Policy Act (NEPA), the National Historic Preservation Act, and other related federal environmental impact analyses requirements in the use of these award funds, either directly by the recipient or by a subrecipient. Accordingly, the recipient agrees to first determine if any of the following activities will be funded by the grant, prior to obligating funds for any of these purposes. If it is determined that any of the following activities will be funded by the award, the recipient agrees to contact BJA.

The recipient understands that this condition applies to new activities as set out below, whether or not they are being specifically funded with these award funds. That is, as long as the activity is being conducted by the recipient, a subrecipient, or any third party, and the activity needs to be undertaken in order to use these award funds, this condition must first be met. The activities covered by this condition are:

a. New construction;

b. Minor renovation or remodeling of a property located in an environmentally or historically sensitive area, including properties located within a 100-year flood plain, a wetland, or habitat for endangered species, or a property listed on or eligible for listing on the National Register of Historic Places;

c. A renovation, lease, or any proposed use of a building or facility that will either (a) result in a change in its basic prior use or (b) significantly change its size;

d. Implementation of a new program involving the use of chemicals other than chemicals that are (a) purchased as an incidental component of a funded activity and (b) traditionally used, for example, in office, household, recreational, or education environments; and

e. Implementation of a program relating to clandestine methamphetamine laboratory operations, including the identification, seizure, or closure of clandestine methamphetamine laboratories.

The recipient understands and agrees that complying with NEPA may require the preparation of an Environmental Assessment and/or an Environmental Impact Statement, as directed by BJA. The recipient further understands and agrees to the requirements for implementation of a Mitigation Plan, as detailed at https://bja.gov/Funding/nepa.html, for programs relating to methamphetamine laboratory operations.

Application of This Condition to Recipient's Existing Programs or Activities: For any of the recipient's or its subrecipients' existing programs or activities that will be funded by these award funds, the recipient, upon specific request from BJA, agrees to cooperate with BJA in any preparation by BJA of a national or program environmental assessment of that funded program or activity.

Condition 52
Establishment of trust fund

If award funds are being drawn down in advance, the recipient (or a subrecipient, with respect to a subaward) is required to establish a trust fund account. Recipients (and subrecipients) must maintain advance payments of federal awards in interest-bearing accounts, unless regulatory exclusions apply (2 C.F.R. 200.305(b)(8)). The trust fund, including any interest, may not be used to pay debts or expenses incurred by other activities beyond the scope of the Edward Byrne Memorial Justice Assistance Grant Program (JAG). The recipient also agrees to obligate the award funds in the trust fund (including any interest earned) during the period of performance for the award and expend within 90 days thereafter. Any unobligated or unexpended funds, including interest earned, must be returned to OJP at the time of closeout.

Condition 53
All State and Local JAG recipients must submit quarterly Federal Financial Reports (SF-425). Additionally, State JAG and Local JAG Category Two ($25K or more) must submit semi-annual performance reports through JustGrants and Local JAG Category One (Less than $25K) must submit annual performance reports through JustGrants. Consistent with the Department's responsibilities under the Government Performance and Results Act (GPRA) and the GPRA Modernization Act of 2010, the recipient must provide data that measure the results of its work. The recipient must submit quarterly performance metrics reports through BJA's Performance Measurement Tool (PMT) website: https://bjapmt.ojp.gov/. For more detailed information on reporting and other JAG requirements, refer to the JAG reporting requirements webpage (https://bjapmt.ojp.gov/help/jagdocs.html). Failure to submit required JAG reports by established deadlines may result in the freezing of grant funds and future High Risk designation.

Condition 54
Required data on law enforcement agency training

Any law enforcement agency receiving direct or sub-awarded funding from this JAG award must submit quarterly accountability metrics data related to training that officers have received on the use of force, racial and ethnic bias, de-escalation of conflict, and constructive engagement with the public.

Condition 55
Authorization to obligate (federal) award funds to reimburse certain project costs incurred on or after October 1, 2022

The recipient may obligate (federal) award funds only after the recipient makes a valid acceptance of the award. As of the first day of the period of performance for the award (October 1, 2022), however, the recipient may choose to incur project costs using non-federal funds, but any such project costs are incurred at the recipient's risk until, at a minimum-- (1) the recipient makes a valid acceptance of the award, and (2) all applicable withholding conditions are removed by OJP (via an Award Condition Modification (ACM)). (A withholding condition is a condition in the award document that precludes the recipient from obligating, expending, or drawing down all or a portion of the award funds until the condition is removed.)

Except to the extent (if any) that an award condition expressly precludes reimbursement of project costs incurred "at-risk," if and when the recipient makes a valid acceptance of this award and OJP removes each applicable withholding condition through an Award Condition Modification (ACM), the recipient is authorized to obligate (federal) award funds to reimburse itself for project costs incurred "at-risk" earlier during the period of performance (such as project costs incurred prior to award acceptance or prior to removal of an applicable withholding condition), provided that those project costs otherwise are allowable costs under the award.

Condition 56
If award funds are used for DNA testing of evidentiary materials, any resulting eligible DNA profiles must be uploaded to the Combined DNA Index System ("CODIS," the DNA database operated by the FBI) by a government DNA laboratory with access to CODIS. With the exception of Forensic Genetic Genealogy, no profiles generated under this award may be entered or uploaded into any non-governmental DNA database without prior express written approval from BJA. Award funds may not be used for the purchase of DNA equipment and supplies unless the resulting DNA profiles may be accepted for entry into CODIS. Booking agencies should work with their state CODIS agency to ensure all requirements are met for participation in Rapid DNA (see National Rapid DNA Booking Operational Procedures Manual).

Condition 57
Recipients utilizing award funds for forensic genealogy testing must adhere to the United States Department of Justice Interim Policy Forensic Genealogical DNA Analysis and Searching (https://www.justice.gov/olp/page/file/1204386/download), and must collect and report the metrics identified in Section IX of that document to BJA.

Condition 58
Submission of eligible records relevant to the National Instant Background Check System

Consonant with federal statutes that pertain to firearms and background checks -- including 18 U.S.C. 922 and 34 U.S.C. ch. 409 -- if the recipient (or any subrecipient at any tier) uses this award to fund (in whole or in part) a specific project or program (such as a law enforcement, prosecution, or court program) that results in any court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the National Instant Background Check System (NICS), or that has as one of its purposes the establishment or improvement of records systems that contain any court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the NICS, the recipient (or subrecipient, if applicable) must ensure that all such court dispositions, information, or other records that are "eligible records" (under federal or State law) relevant to the NICS are promptly made available to the NICS or to the "State" repository/database that is electronically available to (and accessed by) the NICS, and -- when appropriate -- promptly must update, correct, modify, or remove such NICS-relevant "eligible records".

In the event of minor and transitory non-compliance, the recipient may submit evidence to demonstrate diligent monitoring of compliance with this condition (including subrecipient compliance). DOJ will give great weight to any such evidence in any express written determination regarding this condition.

Condition 59
Prohibition on use of award funds for match under BVP program

JAG funds may not be used as the 50% match for purposes of the DOJ Bulletproof Vest Partnership (BVP) program.

Condition 60
Extreme risk protection programs funded by JAG must include, at a minimum: pre-deprivation and post-deprivation due process rights that prevent any violation or infringement of the Constitution of the United States, including but not limited to the Bill of Rights, and the substantive or procedural due process rights guaranteed under the Fifth and Fourteenth Amendments to the Constitution of the United States, as applied to the States, and as interpreted by State courts and United States courts (including the Supreme Court of the United States). Such programs must include, at the appropriate phase to prevent any violation of constitutional rights, at minimum, notice, the right to an in-person hearing, an unbiased adjudicator, the right to know opposing evidence, the right to present evidence, and the right to confront adverse witnesses; the right to be represented by counsel at no expense to the government; pre-deprivation and post-deprivation heightened evidentiary standards and proof which mean not less than the protections afforded to

a similarly situated litigant in Federal court or promulgated by the State's evidentiary body, and sufficient to ensure the full protections of the Constitution of the United States, including but not limited to the Bill of Rights, and the substantive and procedural due process rights guaranteed under the Fifth and Fourteenth Amendments to the Constitution of the United States, as applied to the States, and as interpreted by State courts and United States courts (including the Supreme Court of the United States). The heightened evidentiary standards and proof under such programs must, at all appropriate phases to prevent any violation of any constitutional right, at minimum, prevent reliance upon evidence that is unsworn or unaffirmed, irrelevant, based on inadmissible hearsay, unreliable, vague, speculative, and lacking a foundation; and penalties for abuse of the program.

Condition 61
Expenditures prohibited without waiver

No funds under this award may be expended on the purchase of items prohibited by the JAG program statute, unless, as set forth at 34 U.S.C. 10152, the BJA Director certifies that extraordinary and exigent circumstances exist, making such expenditures essential to the maintenance of public safety and good order.

Condition 62
Exceptions regarding Prohibited and Controlled Equipment under OJP awards

Notwithstanding any provision to the contrary in the other terms and conditions of this award, including in the condition regarding "Compliance with restrictions on the use of federal funds--prohibited and controlled equipment under OJP awards," the requirements for the “Transfer/Sale of Award-Funded Controlled Equipment to Other LEAs” and the requirements for the “Transfer/Sale of Award-Funded Controlled Equipment to NON-LEAs” do not apply to this award.

Condition 63
Use of program income

Program income (as defined in the Part 200 Uniform Requirements) must be used in accordance with the provisions of the Part 200 Uniform Requirements. Program income earnings and expenditures both must be reported on the quarterly Federal Financial Report, SF 425.

Condition 64
Initial period of performance; requests for extension.

The recipient understands that for award amounts of less than $25,000 under JAG (Category 1), the initial period of performance of the award is two years. The recipient further understands that any requests for an extension of the period of performance for an award of less than $25,000 will be approved automatically for up to a total of two additional years, pursuant to 34 U.S.C. 10152(f) and in accordance with the program solicitation associated with this award.

Any request for an extension of the period of performance beyond a four-year award period will require approval, and the approval (if any) will be at the discretion of the Director of BJA.

Condition 65
Withholding of funds for Required certification from the chief executive of the applicant government

The recipient may not expend or draw down any award funds until the recipient submits the required "Certifications and Assurances by the Chief Executive of the Applicant Government," properly-executed (as determined by OJP), and an Award Condition Modification has been issued to remove this condition.

Condition 66
The recipient agrees to comply with all Federal, State, and local environmental laws and regulations applicable to the development and implementation of the activities to be funded under this award.

Environmental Assessment (EA): The recipient agrees and understands that funded activities (whether conducted by the recipient or subrecipients or contractors) may require the preparation of an EA as defined by the Council on

Environmental Quality's Regulations for implementing the Procedural Provisions of the National Environmental Policy Act (NEPA), found at 40 CFR Part 1500. An EA is a concise public document that briefly provides sufficient analysis for determining whether to prepare an environmental impact statement (EIS) or a finding of no significant impact for the proposed activity. If in completing an EA for a proposed activity, potential adverse environmental impacts are identified, the EA will serve as a vehicle for developing either alternative approaches or mitigation measures for avoiding or reducing the identified adverse environmental impacts.

Modifications: Throughout the term of this award, the recipient agrees that for any activity that is the subject of a completed EA, it will inform BJA of-- (1) any change(s) that it is considering making to the previously assessed activity that may be relevant to environmental impact; or (2) any proposed new activities or changed circumstances that may require assessment as to environmental impact, such as new activities that involve the use of chemicals or involve construction or major renovation. The recipient will not implement a proposed change or new activity until BJA, with the assistance of the recipient, has determined whether the proposed change or activity (or changed circumstances) will require additional review under NEPA. Approval for implementation will not be unreasonably withheld as long as any requested modification(s) is consistent with eligible program purposes and found acceptable under a BJA-conducted environmental impact review process.

Condition 67
NEPA Environmental Assessment - Withholding

The recipient agrees not to expend or draw down any award funds until the program office has verified that the recipient has submitted all necessary documentation required to comply with the Department of Justice Procedures for Implementing the National Environmental Policy Act found at 28 CFR Part 61 and an Award Condition Modification (ACM) has been issued removing this condition.

[X] *I have read and understand the information presented in this section of the Federal Award Instrument.*

Award Acceptance

Declaration and Certification to the U.S. Department of Justice as to Acceptance

By checking the declaration and certification box below, I--

A. Declare to the U.S. Department of Justice (DOJ), under penalty of perjury, that I have authority to make this declaration and certification on behalf of the applicant.

B. Certify to DOJ, under penalty of perjury, on behalf of myself and the applicant, to the best of my knowledge and belief, that the following are true as of the date of this award acceptance: (1) I have conducted or there was conducted (including by applicant's legal counsel as appropriate and made available to me) a diligent review of all terms and conditions of, and all supporting materials submitted in connection with, this award, including any assurances and certifications (including anything submitted in connection therewith by a person on behalf of the applicant before, after, or at the time of the application submission and any materials that accompany this acceptance and certification); and (2) I have the legal authority to accept this award on behalf of the applicant.

C. Accept this award on behalf of the applicant.

D. Declare the following to DOJ, under penalty of perjury, on behalf of myself and the applicant: (1) I understand that, in taking (or not taking) any action pursuant to this declaration and certification, DOJ will rely upon this declaration and certification as a material representation; and (2) I understand that any materially false, fictitious, or fraudulent information or statement in this declaration and certification (or concealment or omission of a material fact as to either) may be the subject of criminal prosecution (including under 18 U.S.C. §§ 1001 and/or 1621, and/or 34 U.S.C. §§ 10271-10273), and also may subject me and the applicant to civil penalties and administrative remedies under the federal False Claims Act (including under 31 U.S.C. §§ 3729-3730 and/or §§ 3801-3812) or otherwise.

Agency Approval

Title of Approving Official	Name of Approving Official	Signed Date And Time
Acting Assistant Attorney General	Brent J. Cohen	12/1/24 6:19 PM

Authorized Representative

[X]

Entity Acceptance

Title of Authorized Entity Official
City Manager

Name of Authorized Entity Official
Vontray Norris

Signed Date And Time
2/5/2025 2:18 PM

RESOLUTION NO. 8532

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, APPROVING, AUTHORIZING, APPROVING AND RATIFYING THE ACCEPTANCE OF GRANT YEAR 2023-2027 BJA FY 24 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM, AWARD NUMBER 15PBJA-24-GG-05048-JAGX , TOTALING $43,507.00

WHEREAS, The Edward Byrne Memorial Justice Assistance Grant Program (JAG) allows states and local governments to support a broad range of activities to prevent and control crime and to improve the criminal justice system, some of which could have environmental impacts; and

WHEREAS, by Resolution Number 8532, the City of Hawthorne accepts $43,507.00 under the 2023-2027 JAG grant; and

WHEREAS, the City Council of the City of Hawthorne may approve, authorize and ratify the acceptance of the 2023-2027 JAG grant and acceptance of the related funds.

The City Council of Hawthorne, California, hereby resolves as follows:

Section 1. The City Council of the City of Hawthorne authorizes, approves and ratifies the receipt of the grant award in the amount of $43,507.00 and authorizes the said amount to be applied towards the prior purchase of Automated License Plate Reader (ALPR) equipment, licensing and storage.

Section 2. The City Manager or the Chief of Police is further authorized to execute and all documents necessary to apply for and receive grant funding through the JAG, including all amendments thereto, subject to minor clerical changes by the City Attorney

Section 3. The City clerk shall certify the adoption of this Resolution and shall cause this Resolution and the certification to be entered in the book of resolutions of the Council of the City of Hawthorne.

Section 4. This Resolution shall be in full force and effect immediately upon its passage and adoption thereof.

PASSED, APPROVED, and ADOPTED this 27th day of May, 2025.

_____

ALEX VARGAS, Mayor
City of Hawthorne, California

ATTEST:

_____

DAYNA WILLIAMS-HUNTER, City Clerk
City of Hawthorne, California

APPROVED AS TO FORM:

_____

ROBERT M. KIM, City Attorney
City of Hawthorne, California

EXHIBIT "A"

BJA FY 24 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGAM

AGENDA ITEM NO. 11.

CITY OF HAWTHORNE
Successor Agency
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Attorney

Exec. Director: **Legal Counsel:**

SUBJECT:
RESOLUTION NO. 2025-03 OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE APPROVING AN OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING CERTAIN RELATED ACTIONS IN CONNECTION WITH THE SUCCESSOR AGENCY'S TAX ALLOCATION REFUNDING BONDS, SERIES 2025.

RECOMMENDED MOTION:

Staff Recommends That The Board Of Directors Of The Successor Agency To The Community Redevelopment Agency Of The City Of Hawthorne Adopt Resolution No. 2025-03 Approving An Official Statement, Bond Purchase Agreement, Continuing Disclosure Certificate, And Authorizing Certain Related Actions In Connection With The Successor Agency's Tax Allocation Refunding Bonds, Series 2025.

DISCUSSION:
OBJECTIVE: To refund (refinance) certain outstanding tax allocation bonds at lower interest rates, for debt service savings

BACKGROUND: In 2016, the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "Agency") issued its $29,785,000 Subordinate Tax Allocation Refunding Bonds, Series 2016 (the "2016 Bonds"). The current outstanding amount of the 2016 Bonds is $15,625,000. The interest rate on the outstanding 2016 Bonds is 5.00% with the longest maturity being September 1, 2036.

Due to the dissolution of redevelopment agencies, the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "Successor Agency") has responsibility for payment of the outstanding Bonds. Per AB 1484, the Successor Agency may refund existing bonds, with approval of the Los Angeles County Second District Consolidated Oversight Board (the "Oversight Board") and the State Department of Finance ("DOF"), for the purpose of generating a debt service savings.

By issuing its Tax Allocation Refunding Bonds, Series 2025 (the "2025 Bonds") to refinance the outstanding 2016 Bonds at current market interest rates, the Successor Agency can generate total debt service savings of approximately $1,175,611 of which approximately $132,785 will go to the City's general fund, pursuant to tax-sharing formulas affected by Redevelopment Dissolution Law. The savings estimate is inclusive of costs to issue the 2025 Bonds. Actual savings will be determined when the 2025 Bonds are priced in June. City staff intends to issue the 2025 Bonds so long as the net present value savings are at least greater than 5% of the amount of the bonds to be refunded. This target would exceed the City's Debt Policy minimum of 3% net present value savings.
On March 11, 2025, the Successor Agency adopted Resolution No 2025-01, approving the issuance of

the 2025 Bonds. On March 17, 2025, in accordance with the Dissolution Act, the Oversight Board approved the Successor Agency's issuance of the 2025 Bonds pursuant to its Resolution OB2025-1. The State Department of Finance ("DOF") then has approximately 60 days to review any actions of the Oversight Board to approve refunding bonds, which the DOF approved on May 16, 2025..
The Successor Agency must now approve the forms of the Preliminary Official Statement, the Bond Purchase Agreement and the Continuing Disclosure Certificate related to the 2025 Bonds.
The Preliminary Official Statement is provided to potential investors and describes the terms of the Bonds, the Indenture, the Redevelopment Project Areas and the security for the payment of debt service on the Bonds.
The Bond Purchase Agreement is between the Successor Agency and the Underwriter and described the terms pursuant to which the Underwriter will purchase the 2025 Bonds from the Successor Agency, including certain closing conditions, as well as the interest rate and purchase price of the 2025 Bonds.
The Continuing Disclosure Certificate is required pursuant to the securities laws and requires the Successor Agency to provide annual disclosure reports for the term of the 2025 Bonds.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
n/a

FISCAL IMPACT:
At current market interest rates, the total debt service savings amount that will be generated by refunding the outstanding 2016 Bonds is estimated to be $1,175,611. The City general fund share of the estimated total debt service savings is estimated to be approximately $132,785. The savings estimate is inclusive of costs to issue the 2025 Bonds. Actual savings will be determined when the 2025 Bonds are priced in June. City staff intends to issue the 2025 Bonds so long as the net present value savings are at least greater than 5% of the amount of the bonds to be refunded. This target would exceed the City's Debt Policy minimum of 3% net present value savings.
The repayment of principal and interest on the 2025 Bonds will be secured solely by the pledged tax revenues, which are tax increment revenues from the (former) redevelopment project area, net of certain administrative and pass-through payments. The 2025 Bonds will not be a debt of the City's general fund. All costs associated with the issuance of the 2025 Bonds will be paid from bond proceeds.

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act.

ATTACHMENTS
Resolution No. 2025-03
Preliminary Official Statement ("POS") with Continuing Disclosure Agreement (Appendix F)
Bond Purchase Agreement
Resolution No. 2025-01 (March 11, 2025)

RESOLUTION NO. 2025-03

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE APPROVING AN OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING CERTAIN RELATED ACTIONS IN CONNECTION WITH THE SUCCESSOR AGENCY'S TAX ALLOCATION REFUNDING BONDS, SERIES 2025

RECITALS:

WHEREAS, the Community Redevelopment Agency of the City of Hawthorne (the "**Former Agency**") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "**Redevelopment Law**"), and the powers of the Former Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, Project Area No. 2 (the "**Original Project Area**") in the City of Hawthorne (the "**City**"), was created by Ordinance No. 1330, adopted by the Hawthorne City Council on November 26, 1984. On September 22, 2003, the City Council adopted Ordinance No. 1785 annexing an additional 64 acres of land to the Original Project Area No. 2 (the "**Annexation Area**" and together with the Original Project Area, the "**Project Area No. 2**"); and

WHEREAS, pursuant to Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code (the "**Dissolution Act**"), enacted by AB X1 26 in June 2011, and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011)*, the Former Agency was dissolved as of February 1, 2012; and

WHEREAS, pursuant to the Dissolution Act, the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "**Successor Agency**") was constituted as a separate public entity from the City, and an Oversight Board to the Successor Agency (the "**Oversight Board**") was established; and

WHEREAS, Section 34177.5(a)(1) of the Dissolution Act specifically authorizes the issuance of refunding bonds by the Successor Agency to refund outstanding bonds for the purpose of reducing debt service and providing savings to the Successor Agency; and

WHEREAS, pursuant to an Indenture of Trust, dated as of January 1, 2016 (the "**2016 Indenture**"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), the Successor Agency issued its $29,785,000 initial principal amount of Subordinate Tax Allocation Refunding Bonds, Series 2016, currently outstanding in the amount of $15,625,000 (the "**2016 Bonds**"), for the purpose of refinancing redevelopment projects within or of benefit to the Project Area; and

WHEREAS, for the purpose of reducing debt service and providing savings to the Successor Agency, the Successor Agency desires to issue its Tax Allocation Refunding Bonds, Series 2025 (the "**2025**

Bonds"), in order to current refund the 2016 Bonds, to be secured by a pledge of property tax revenues authorized by Sections 34177.5(a) and (g) of the Health and Safety Code, and pursuant to and secured by an Indenture to be entered into by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "**2025 Indenture**"), all pursuant to the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Bond Law**"); and

WHEREAS, at its meeting on March 11, 2025, the Successor Agency adopted Resolution No. 2025-01 approving the issuance of the 2025 Bonds in an aggregate principal amount not to exceed $16,000,000, to be issued as a single issue, or in separate series, as determined by the Successor Agency in consultation with Bond Counsel to comply with federal tax laws, and approving the forms of the 2025 Indenture and an Escrow Agreement,; and

WHEREAS, pursuant to Health and Safety Code Sections 34177.5(f) and 34180, the issuance of the 2025 Bonds is subject to the Oversight Board's prior approval, which the Oversight Board approved on March 17, 2025 pursuant its Resolution OB2025-1; and

WHEREAS, in connection with the issuance of the 2025 Bonds, the Successor Agency desires at this time to approve the forms of a Bond Purchase Agreement, a Preliminary Official Statement, and a Continuing Disclosure Certificate regarding the 2025 Bonds, the forms of which are on file with the City Clerk of the City;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Each of the foregoing recitals is true and correct and is a substantive part of this Resolution.

Section 2. The Bond Purchase Agreement (the "**Bond Purchase Agreement**"), proposed to be entered into by and between the Successor Agency and Samuel A. Ramirez & Co., Inc. (the "**Underwriter**"), in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Each of the Chair, the Vice Chair and the Executive Director of the Successor Agency (the "**Authorized Officers**"), acting individually, is authorized, for and in the name and on behalf of the Successor Agency, to execute and deliver the Bond Purchase Agreement in the form presented at this meeting, with such changes, insertions and omissions as may be approved by the Authorized Officer executing the same in consultation with Bond Counsel, said execution being conclusive evidence of such approval; provided, however, that the Bond Purchase Agreement shall be signed only if the terms of the agreement are such that (i) the total interest cost to maturity on the 2025 Bonds plus the principal amount of the 2025 Bonds will not exceed the total remaining interest cost to maturity on the Refunded Bonds plus the remaining principal of the Refunded Bonds, and (ii) the principal amount of the 2025 Bonds will not exceed the amount required to defease the Refunded Bonds, to establish a customary debt service reserve fund, and to pay related costs of issuance; provided, further however, that the Underwriter's discount shall not exceed 1.5%.

Section 3. The Preliminary Official Statement relating to the 2025 Bonds (the "**Preliminary Official Statement**"), in substantially the form presented and on file with the City Clerk, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name

and on behalf of the Successor Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934 ("**Rule 15c2-12**"). The Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the 2025 Bonds in substantially the form hereby approved, together with such additions thereto and changes therein as are determined necessary by any one of the Authorized Officers to make the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading.

Section 4. The preparation and delivery of an Official Statement, and its use by the Successor Agency and the Underwriter, in connection with the offering and sale of the 2025 Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be requested by Bond Counsel, Disclosure Counsel, or the Underwriter and approved by any one of the Authorized Officers, such approval to be conclusively evidenced by the execution and delivery thereof by such Authorized Officer. Each Authorized Officer, acting singly, is hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, for and in the name and on behalf of the Successor Agency, and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter. The Underwriter is further authorized to distribute the final Official Statement for the 2025 Bonds and any amendment or supplement thereto to the purchasers of the 2025 Bonds upon its execution on behalf of the Successor Agency as described above.

Section 5. The Continuing Disclosure Certificate relating to the 2025 Bonds (the "**Continuing Disclosure Certificate**") in substantially the form attached hereto is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Continuing Disclosure Certificate in the form presented at this meeting with such changes, insertions and omissions as may be approved by such Authorized Officer in consultation with Disclosure Counsel, said execution being conclusive evidence of such approval.

Section 6. The Authorized Officers, the Finance Director, and all other officers of the Successor Agency, are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents and instruments, relating to the 2025 Bonds, and to do and cause to be done any and all acts and things (including, but not limited to, obtaining a reserve fund surety bond, a bond insurance policy or other types of credit enhancement, and an escrow bidding agent for the escrow fund, if necessary), which they may deem necessary or proper to effectuate the purposes of this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 7. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, and ADOPTED by the Board of Directors of the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne at a meeting duly held on the _____ day of May, 2025.

_____
Chair

ATTEST:

_____
Secretary

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the dated date of the Official Statement in its final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: "__" (Insured)
S&P: "__-" (Underlying)
See "RATINGS" herein

In the opinion of Nossaman LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, interest on the Bonds is included in the calculation of adjusted financial statement income of certain corporations, and (ii) interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$[Principal Amount][1*]
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

Dated: Date of Delivery **Due: September 1, as shown on the inside cover**

The $[principal amount] Successor Agency to the Community Redevelopment Agency of the City of Hawthorne Subordinate Tax Allocation Refunding Bonds, Series 2025 (the "Bonds") are being issued by the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "Successor Agency") pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code (collectively, the "Refunding Bond Law"), a resolution adopted by the Successor Agency on March 11, 2025 and an Indenture of Trust, dated as of June 1, 2025 (the "Indenture"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), to: (a) refund the Successor Agency's Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the principal amount of $15,625,000, the proceeds of which were used to refinance redevelopment activities of the former Community Redevelopment Agency of the City of Hawthorne (the "Former Agency"), (b) [purchase a municipal bond insurance policy in lieu of funding a debt service reserve fund for the Bonds,] and (c) pay costs of issuance of the Bonds.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Principal of and semiannual interest on the Bonds due on March 1 and September 1 of each year, commencing [March 1, 2026], will be payable by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "THE BONDS."

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are payable from and secured by a first lien on the Tax Revenues, as defined in the Indenture, and moneys in certain funds and accounts established under the Indenture, as further described in this Official Statement. See "SECURITY FOR THE BONDS" herein. While the Bonds are secured by a first lien on Tax Revenues, the definition of Tax Revenues excludes the amounts required to pay certain statutory pass-through obligations of the Successor Agency described in this Official Statement.

The scheduled payment of principal of and interest on the Bonds, when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ____.

[Bond Insurer Logo]

The Bonds and interest thereon are not a debt of the City of Hawthorne (the "City"), Los Angeles County (the "County"), the State of California (the "State") or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The Bonds and interest thereon are not payable out of any funds or properties other than those pledged to their payment under the Indenture. Neither the members of the Successor Agency, the Oversight Board (as defined herein), the County Board of Supervisors nor any persons executing the Bonds are liable personally on the Bonds. The Successor Agency has no taxing power.

MATURITY SCHEDULE
(see inside cover)

This cover page and the inside cover page hereof contain information for quick reference only. They are not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision with respect to the Bonds.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Nossaman LLP, Los Angeles, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Nossaman LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed on for the Successor Agency by Robert Kim, Esq., the Hawthorne City Attorney, acting as general counsel to the Successor Agency, and for the Underwriter by Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about June __, 2025.

Ramirez & Co., Inc.

This Official Statement is dated ___, 2025

[*] Preliminary, subject to change.

$[Principal Amount][2*]
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF HAWTHORNE
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

MATURITY SCHEDULE

Maturity Date (September 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP[3†] (Base 42051P)

* Preliminary, subject to change.

† Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the Successor Agency nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds.

SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

Successor Agency Governing Board/City Council[4*]

Alex Vargas, *Chair/Mayor*
Alex Monteiro, *Vice Chair/Mayor Pro Tem*
Katrina Manning, *Boardmember/Councilmember*
Angie Reyes English, *Boardmember/Councilmember*
Faye Johnson, *Boardmember/Councilmember*

Successor Agency/City Officials

Vontray Norris, *Executive Director/City Manager*
Felice Lopez, *Finance Director*
Robert Kim, *Successor Agency Counsel/City Attorney*
Dayna Williams-Hunter, *Secretary/City Clerk*

SPECIAL SERVICES

Municipal Advisor
CSG Advisors Incorporated
San Francisco, California

Bond Counsel and Disclosure Counsel
Nossaman LLP
Los Angeles, California

Fiscal Consultant
Harris & Associates
Irvine, California

Trustee and Escrow Agent
U.S. Bank Trust Company, National Association
Los Angeles, California

Verification Agent
Causey Public Finance, LLC P.C.
Denver, Colorado

* The City Council of the City of Hawthorne serves as the Governing Board of the Successor Agency.

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APPENDIX E – AUDITED FINANCIAL STATEMENTS OF THE CITY OF HAWTHORNE FOR THE FISCAL YEAR ENDED JUNE 30, 2024
APPENDIX F – CITY OF HAWTHORNE AND LOS ANGELES COUNTY SUPPLEMENTAL INFORMATION
APPENDIX G – FISCAL CONSULTANT'S REPORT
APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Project Areas since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may over-allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

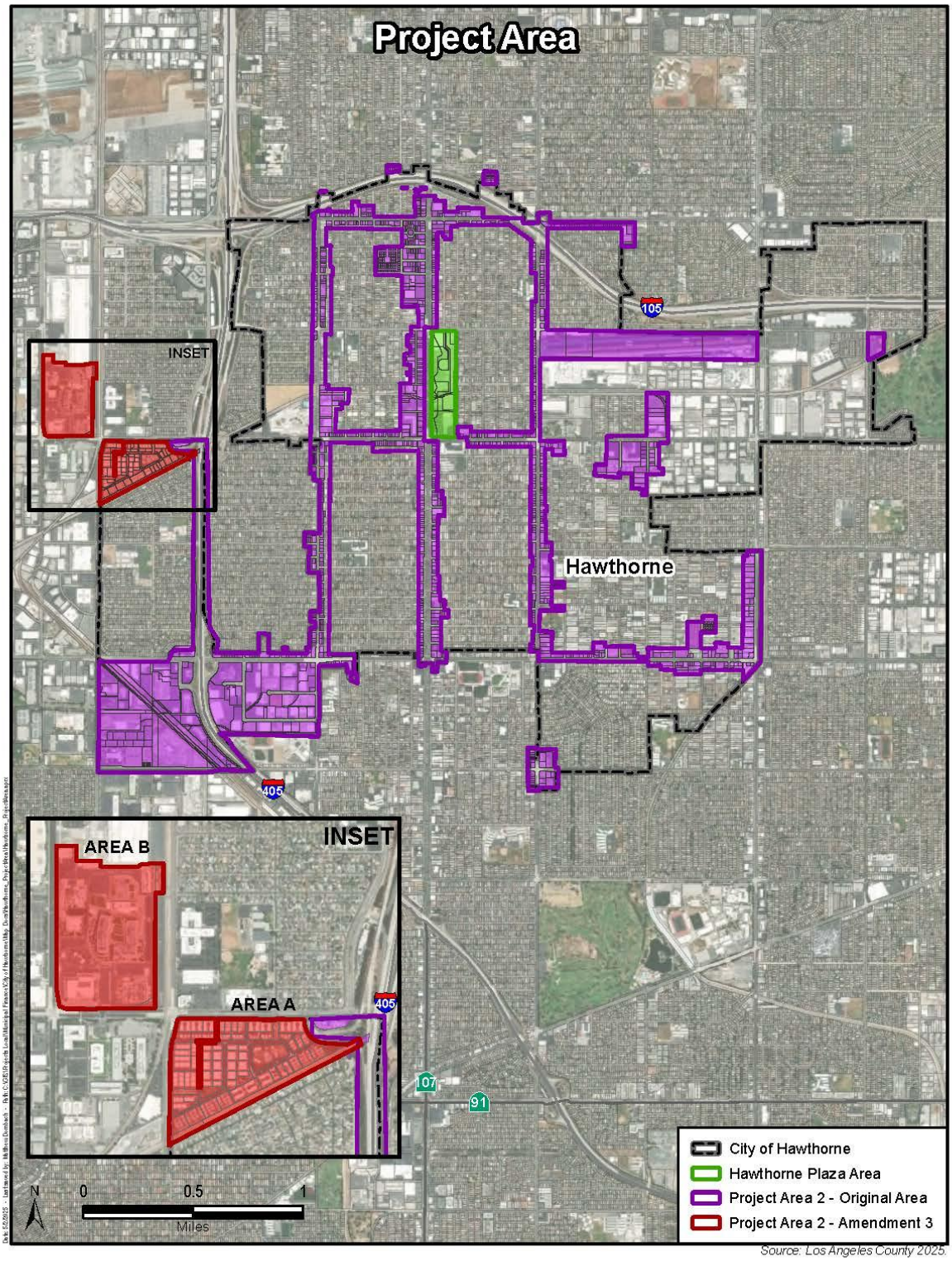
Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under section 3(a)(2) of the Securities Act of 1933 and section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, section 21E of the United States Securities Exchange Act of 1934, as amended, and section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SUCCESSOR AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

Municipal Bond Insurance. ____ (the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX H—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

The following map shows the boundaries of the Project Areas:



OFFICIAL STATEMENT

$[principal amount][5*]
SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF HAWTHORNE
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

INTRODUCTION

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "Successor Agency") of its $[principal amount]* Successor Agency to the Community Redevelopment Agency of the City of Hawthorne, Tax Allocation Refunding Bonds, Series 2025 (the "Bonds").

Authority and Purpose

The Successor Agency is issuing the Bonds pursuant to authority granted by section 34177.5(a)(1) of the Health & Safety Code of the State of California and Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Refunding Bond Law"), Resolution No. 2025-01 adopted by the Successor Agency on March 11, 2025, and an Indenture of Trust, dated as of June 1, 2025 (the "Indenture") by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). See "THE BONDS—Authority for Issuance."

The Successor Agency is issuing the Bonds to: (a) refund the Successor Agency's Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the principal amount of $15,625,000 (the "2016 Bonds"), the proceeds of which were used to refinance redevelopment activities of the former Community Redevelopment Agency of the City of Hawthorne (the "Former Agency"), (b) [purchase a municipal bond insurance policy in lieu of funding a debt service reserve fund for the Bonds,] and (c) pay costs of issuance of the Bonds.

The City and the Successor Agency

City. The City of Hawthorne, California (the "City") is a general law city located in Los Angeles County (the "County"). The City was incorporated in 1922 and encompasses six square miles. The City is located in the South Bay region of Los Angeles County, approximately three miles from the Pacific Ocean and 17 miles west of downtown Los Angeles, and five miles east of Los Angeles International Airport (LAX). The neighboring communities include Gardena, Lawndale and Redondo Beach. For certain information with respect to the City and the County, see APPENDIX F—CITY OF HAWTHORNE AND LOS ANGELES COUNTY SUPPLEMENTAL INFORMATION.

Former Agency. The Former Agency was a redevelopment agency activated in 1968 by ordinance of the City Council of the City with all of the powers vested in such organizations under the Community Redevelopment Law (which is referred to in this Official Statement as the "Redevelopment Law"). The City Council of the City was the governing board of the Former Agency.

---

[*] Preliminary, subject to change.

Dissolution Act. On June 29, 2011, Assembly Bill No. 26 ("AB 1X 26") was enacted together with a companion bill, Assembly Bill No. 27 ("AB 1X 27"). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, California Redevelopment Association, et al., v. Matosantos, et al., 53 Cal. 4th 231 (2011), challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2011, in its decision in that lawsuit, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in Parts 1.8 (commencing with section 34161) and 1.85 (commencing with section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act").

Successor Agency. Pursuant to section 34173 of the Dissolution Act, the City Council of the City adopted Resolution No. 7419 on January 10, 2012, pursuant to which the City made an election to serve as the Successor Agency to the Former Agency. Subdivision (g) of section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate legal entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Project Areas

Project Area No. 2. The Former Agency's Project Area No. 2 was established on November 26, 1984 by Ordinance No. 1330 of the City Council, as amended by Ordinance No. 1580 adopted on December 27, 1994 and by Ordinance No. 1639 adopted on August 11, 1997, and includes approximately 962 acres (the "Original Project Area No. 2"), consisting of commercial frontage along the City's major arterial streets, including El Segundo Boulevard, Imperial Highway, Inglewood Avenue and Hawthorne Boulevard. On September 22, 2003, the City Council adopted Ordinance No. 1785 (the "Amending Ordinance") annexing an additional 64 acres of land from which the Agency may derive tax increment revenues (the "Project Area No. 2 Annexation Area") to the Original Project Area. The Project Area No. 2 Annexation Area includes property converted from a former airforce base to residential uses. The Original Project Area No. 2 and the Project Area No. 2 Annexation Area are collectively referred to herein as "Project Area No. 2."

Hawthorne Plaza Project. In addition to Project Area No. 2, the Former Agency established an additional project area, the Hawthorne Plaza Project (the "Hawthorne Plaza Project Area"). The Hawthorne Plaza Project Area was established on June 9, 1969 by Ordinance No. 936 of the City Council, and includes approximately 34 acres encompassing the Hawthorne Plaza Shopping Center, a regional shopping center completed in 1977. Although the Redevelopment Plan for the Hawthorne Plaza Project Area expired on June 8, 1999, the Successor Agency continues to receive tax revenues from the Hawthorne Plaza Project Area to pay enforceable obligations, such as the Bonds, pursuant to the Dissolution Act.

See "THE PROJECT AREAS" herein for more information regarding the Original Project Area No. 2, the Project Area No. 2 Annexation Area and the Hawthorne Plaza Project Area (collectively, the "Project Areas").

Tax Allocation Financing

Prior to the enactment of AB 1X 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

Authority to Issue Refunding Bonds

The Dissolution Act authorizes each successor agency to issue refunding bonds secured by a pledge of, and lien on, and repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established and held by the County Auditor-Controller for the Successor Agency by the Dissolution Act (the "Redevelopment Property Tax Trust Fund"). Section 34177.5(a)(1) of the Dissolution Act authorizes the issuance of refunding bonds, to be secured by a pledge of moneys deposited from time to time in the applicable Redevelopment Property Tax Trust Fund to provide savings to the successor agency, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance.

Security for the Bonds

The Bonds are limited obligations of the Successor Agency issued pursuant to Resolution No. 2025-01 adopted by the Successor Agency on March 11, 2025 and the Indenture. The Bonds are entitled to the benefits of the Indenture and are payable solely from and secured by Tax Revenues, moneys on deposit in the Debt Service Fund and the accounts therein, and the Reserve Account Insurance Policy held for the benefit of the Reserve Account. See "SECURITY FOR THE BONDS—Pledge Under the Indenture."

The Dissolution Act requires the Los Angeles County Auditor-Controller (the "County Auditor-Controller") to determine the amount of property taxes that would have been allocated to the Former Agency from the Project Areas had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency. The Dissolution Act provides that any bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the bonds or other indebtedness had been issued prior to the effective date of AB 1X 26, in full

conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

The Dissolution Act further provides that bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the successor agency pursuant to the provisions of the Redevelopment Law and the California State Constitution.

Property tax revenues will be allocated to the Successor Agency on an annual basis based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the "Oversight Board") and the California Department of Finance (the "DOF"). The County Auditor-Controller will distribute funds from the Redevelopment Property Tax Trust Fund in the order specified in the Dissolution Act. See "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

In accordance with the Dissolution Act, the term "Tax Revenues" is defined under the Indenture to mean all monies that are deposited from time to time into the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Dissolution Act, and as provided in Section 34183(a)(2) of the Dissolution Act, for transfer to the Successor Agency for deposit into the Redevelopment Obligation Retirement Fund, excluding (a) Statutory Pass-Through Amounts, and (b) Negotiated Pass-Through Amounts to the extent not subordinated to the use of Tax Revenues to repay the Bonds. It is acknowledged that the Negotiated Pass-Through Amounts have been subordinated to the use of Tax Revenues to repay the Bonds issued on the Closing Date. As more fully described under "THE PROJECT AREAS—Pass-Through Obligations," the Successor Agency has taken all actions needed to subordinate the Negotiated Pass-Through Amounts to the payment of debt service on the Bonds.

If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Redevelopment Law, or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See "RISK FACTORS."

Bond Insurance

Concurrently with the issuance of the Bonds, the Bond Insurer will issue its Municipal Bond Insurance Policy to guarantee the scheduled payment of the principal of, and interest on, the Bonds when due. See "BOND INSURANCE."

Reserve Account

A Reserve Account for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement of $___, which will be satisfied by the delivery of the Reserve Policy by the Bond Insurer. See "SECURITY FOR THE BONDS – Reserve Account".

Limited Obligation

The Bonds are limited obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal and interest from Tax Revenues and other funds pledged therefore under the Indenture. The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The Bonds, and the interest thereon are not payable out of any funds other than those pledged to the payment of the Bonds in the Indenture. No member of the Governing Board of the Successor Agency, officer, agent, or employee of the Successor Agency, or member of the Governing Board of the Oversight Board, or of the County Board of Supervisors, or any person executing the Bonds, is liable personally on the Bonds by reason of their issuance.

Parity Debt

The Indenture permits the issuance of Parity Debt under certain circumstances, but only to refund the Bonds or to refund other existing Parity Debt. See "THE BONDS—Parity Debt."

Professionals Involved in the Offering

CSG Advisors Incorporated, San Francisco, California (the "Municipal Advisor"), has served as municipal advisor to the Successor Agency with respect to the Bonds. See "MUNICIPAL ADVISOR." Payment of the fees and expenses of the Municipal Advisor is contingent upon the sale and delivery of the Bonds.

Harris & Associates, Irvine, California, has acted as fiscal consultant to the Successor Agency (the "Fiscal Consultant") and advised the Successor Agency as to the taxable values and Tax Revenues projected to be available to pay debt service on the Bonds as referenced in this Official Statement. The report prepared by the Fiscal Consultant is referred to as the "Fiscal Consultant Report." See APPENDIX G—FISCAL CONSULTANT'S REPORT.

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee with respect to the Bonds and as Escrow Agent with respect to the refunding of the 2016 Bonds. Sufficiency of the deposits to defease the 2016 Bonds will be verified by Causey Public Finance, LLC, P.C., Denver, Colorado.

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Nossaman LLP, Los Angeles, California, Bond Counsel to the Successor Agency for the Bonds. Nossaman LLP is also acting as Disclosure Counsel to the Successor Agency for the Bonds. Robert Kim, Esq., the City Attorney, will render certain opinions on behalf of the Successor Agency as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock, LLP, Irvine, California, acting as Underwriter's Counsel. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the Bonds.*

Further Information

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Bond Law, the Bonds, the Indenture, the Escrow Agreement (as defined below), the Successor Agency, the Former Agency, the County and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Bond Law, the Bonds, the Indenture, the Escrow Agreement, the Constitution and the laws of the State, as well as the proceedings of the Former Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References in this Official Statement to the Bonds are qualified in their entirety by the form of the Bonds included in the Indenture and by the provisions of the Indenture.

During the period of the offering of the Bonds, copies of the forms of all documents described herein are available upon written request from the Finance Director, City of Hawthorne, 4455 West 126th Street, Hawthorne, CA 90250. The City may impose a charge for copying, mailing and handling.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized below.

Sources:	
Principal Amount of Bonds	$
[Plus/Less]: Original Issue [Premium/Discount]	
Transfer from 2016 Bonds funds and accounts	
Total Sources	**$**
Uses:	
Escrow Fund Deposit[(1)]	$
Costs of Issuance[(2)]	
Total Uses	**$**

(1) See "REFUNDING PLAN".

(2) Costs of Issuance include the Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Fiscal Consultant, the Trustee, Escrow Agent, Verification Agent, printing expenses, rating fees, the premiums for the Municipal Bond Insurance Policy and the Reserve Account Insurance Policy and other costs related to the issuance of the Bonds.

In addition to the disposition of the funds described above, the Reserve Account Insurance Policy obtained with Bond proceeds will be held for the benefit of the Reserve Account. See "SECURITY FOR THE BONDS – Reserve Account."

REFUNDING PLAN

Refunding of the 2016 Bonds

The Successor Agency will apply a portion of the proceeds of the Bonds, together with other available amounts, to pay at maturity and refund on September 1, 2025, the Successor Agency's Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the principal amount of $15,625,000 (the "2016 Bonds"). On the date of issuance of the Bonds, a portion of the proceeds of the Bonds and other available funds of the Successor Agency will be transferred to U.S. Bank Trust Company,

cash and securities and applied by the Escrow Bank to the payment, redemption and defeasance of the 2016 Bonds. Amounts on deposit with the Escrow Bank are expected to be sufficient to make the payment of principal of and interest on the 2016 Bonds due on September 1, 2025, and to redeem the then outstanding 2016 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to such date.

The sufficiency of the deposits in the Escrow Fund to defease the 2016 Bonds will be verified by Causey Public Finance, LLC, P.C. (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL COMPUTATIONS." Assuming the accuracy of the Verification Agent's computations, the 2016 Bonds will be legally defeased on the date of issuance of the Bonds.

The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of amounts due and payable by the Successor Agency on the 2016 Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service on the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service schedule for the Bonds prior to their respective maturities.

Bond Year Ending September 1	Principal	Interest	Total
Totals	**$**		

THE BONDS

Authority for Issuance

The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. 2025-01, adopted on March 11, 2025 (the "Successor Agency Resolution"), and such issuance was approved by the Oversight Board pursuant to Resolution No. OB2025-1, adopted on March 17, 2025 (the "Oversight Board Resolution").

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF on March 21, 2025. On May 16, 2025, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the DOF.

Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of its oversight board and the DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedules and are not subject to further review and approval by the DOF or the California State Controller.

Description of the Bonds

The Bonds will be issued and delivered in fully-registered form without coupons in the denomination of $5,000 or any integral multiple thereof for each maturity, registered initially in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, as registered owner of all of the Bonds. The initially executed and delivered Bonds will be dated the date of delivery (the "Closing Date") and will mature on September 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year, commencing on [March 1, 2026], by check mailed to the registered owners thereof or upon the request of the Owners of $1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the applicable Record Date. Record Date is defined in the Indenture as, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX C—BOOK-ENTRY ONLY SYSTEM.

Redemption

No Optional Redemption.[6*] The Bonds are not subject to redemption prior to maturity.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX C- BOOK-ENTRY ONLY SYSTEM " for further information regarding DTC and its book-entry system.

THE DISSOLUTION ACT

The Dissolution Act requires that the County Auditor-Controller determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to

[*] Preliminary, subject to change.

the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of section 33670 of the Redevelopment Law and section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of section 33670 of the Redevelopment Law and section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Project Areas each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective dates of the ordinances approving the respective Redevelopment Plans, or the respective effective dates of ordinances approving amendments to the Redevelopment Plans that added territory are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Areas as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving the amendment to the Redevelopment Plan for Project Area No. 2 that added territory to Project Area No. 2, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special

fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

In addition, pursuant to section 34187 of the Dissolution Act, funds associated with retired enforceable obligations are required to be reallocated to taxing agencies as regular property taxes and are not deposited into the Redevelopment Property Tax Trust Fund for the Successor Agency (however, section 34187(a)(2) of the Dissolution Act provides for retention of funds by the Successor Agency to the extent needed for payment of enforceable obligations upon authorization by the DOF).

Recognized Obligation Payment Schedules

Submission of Annual Recognized Obligation Payment Schedule. Commencing with the Recognized Obligation Payment Schedule covering the period from July 1, 2016, to June 30, 2017, inclusive, and for each period from July 1 to June 30, inclusive, thereafter, the Dissolution Act requires a Successor Agency to submit an oversight board-approved Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") to the DOF and to the County Auditor-Controller no later than February 1, 2016, and each February 1 thereafter, pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Payment of Amounts Listed on the Recognized Obligation Payment Schedule. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

Sources of Payments for Enforceable Obligations. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than $250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

Order of Priority of Distributions from Redevelopment Property Tax Trust Fund. Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, and despite the provisions of the Dissolution Act which now provide for annual submissions by successor agencies of Recognized Obligation Payment Schedules (see discussion above under "Submission of Recognized Obligation Payment Schedules"), a county auditor-controller is to distribute funds for each six-month period in the following order specified in section 34183 of the Dissolution Act:

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act, if any (as described above under "SECURITY FOR THE BONDS—Statutory Pass-Through Payments" and "—Pass-Through Agreements") and no later than each January 2 and June 1, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

Failure to Submit a Recognized Obligation Payment Schedule. The Recognized Obligation Payment Schedule must be approved by the oversight board, and the oversight board-approved Recognized Obligation Payment Schedule must be submitted by a successor agency to the county auditor-controller and the DOF by by February 1 of each year. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the city or county that established the former redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, if a successor agency does not submit a Recognized Obligation Payment Schedule within 10 days of the deadline, the successor agency's maximum administrative cost for the applicable period is reduced by twenty-five percent.

However, the Dissolution Act provides that, if a successor agency fails to submit a Recognized Obligation Payment Schedule by the deadline, any creditor of the successor agency or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the successor agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS—Recognized Obligation Payment Schedule."

SECURITY FOR THE BONDS

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Health and Safety Code, including *inter alia* Health and Safety Code section 34183 and 34170.5(b). The Bonds are payable from and secured by the Tax Revenues to be derived from the Project Areas consisting of a portion of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

Pledge Under the Indenture

Except as described in "—Redevelopment Obligation Retirement Fund" below and as required to compensate or indemnify the Trustee, the Bonds and any Parity Debt are equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund, and by a first and exclusive pledge and lien upon all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account and the Redemption Account) without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds are also equally secured by the pledge and lien created with respect to the Bonds by section 34177.5(g) of the Dissolution Act on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. The Bonds (and not any Parity Debt) are also secured by an exclusive pledge of, security interest in, and lien on amounts in, as well as the Reserve Account Insurance Policy held for the benefit of, the Reserve Account. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

In consideration of the acceptance of the Bonds by purchasers of the Bonds, the Indenture will be deemed to be and will constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency are for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Tax Revenues

"Tax Revenues" means all taxes annually allocated to the Successor Agency with respect to the Project Areas under Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California (the "State") and as provided in the Redevelopment Plans for the Project Areas, and that are deposited into the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of section 34172 of the Dissolution Act, as provided in paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act, for transfer to the Successor Agency for deposit into the Successor Agency's Redevelopment Obligation Retirement Fund established pursuant to section 34170.5 of the Dissolution Act, excluding: (a) Statutory Pass-Through Amounts, and (b) Negotiated Pass-Through Amounts to the extent not subordinated to the use of Tax Revenues to repay the Bonds. As more fully described under "THE PROJECT AREAS—Pass-Through Obligations," the Successor Agency has taken all actions needed to subordinate the Negotiated Pass-Through Amounts to the payment of debt service on the Bonds.

If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Redevelopment Law, or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

Before it was amended by the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Project Areas into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as "Housing Set-Aside."

The Dissolution Act eliminated the Housing Set-Aside requirement. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated due diligence review. The amounts found to be unencumbered through this due diligence review have been paid to the County and these funds have been allocated to the applicable taxing entities with respect to the Project Areas.

Since a deduction for the Housing Set-Aside is no longer required, amounts that were previously required to be deposited in the housing fund are now included in Tax Revenues.

Flow of Funds Under the Indenture

General. The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to section 34170.5(a) of the Dissolution Act and has agreed in the Indenture to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding.

Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund. The Indenture provides that the Successor Agency shall deposit all of the Tax Revenues received in any Bond Year into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter the Successor Agency shall transfer amounts received therein to the Debt Service Fund established and held by the Trustee under the Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund equal the aggregate amounts required by the Indenture to be deposited by the Trustee into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account of the Debt Service Fund in such Bond Year and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

Deposit of Amounts by Trustee. There is established by the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee under the Indenture in trust and the Indenture creates within the Debt Service Fund the Interest Account, the Principal Account, the Reserve Account and the Redemption Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts in the Debt Service Fund, and in the following order of priority:

Interest Account. On or before the fifth Business Day preceding each Interest Payment Date, commencing with the fifth Business Day prior to _____ 1, 202__, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the

Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable.

Principal Account. On or before the fifth Business Day preceding each Interest Payment Date, commencing September 1, [2026], to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments becoming due and payable on Outstanding Bonds and Parity Debt on the next September 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next September 1 on all Outstanding Bonds and Parity Debt. Subject to the Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Debt as it becomes due and payable.

Reserve Account. The Reserve Account Requirement will be satisfied by the issuance of the Reserve Account Insurance Policy by the Bond Insurer and not by any deposit of cash in the Reserve Account. The Successor Agency has no obligation to replace the Reserve Account Insurance Policy or to fund the Reserve Account with cash if, at any time the Bonds are outstanding, amounts are unavailable under the Reserve Account Insurance Policy.

In the event moneys on deposit in the Debt Service Fund on any Interest Payment Date are less than the full amount of the interest and principal payments required to be deposited by the Trustee in order to pay the scheduled debt service on the Bonds, the Trustee will draw on the Reserve Account Insurance Policy an amount equal to any such deficiency and will notify the Successor Agency of any such withdrawal. The Reserve Account Insurance Policy can only be drawn upon to make payments on the Bonds (and not on any Parity Debt) in the event of a shortfall in amounts in the Debt Service Fund available to pay the scheduled debt service on the Bonds.

Reserve Account

Initial Deposit into the Reserve Account. On the date of issuance of the Bonds, in lieu of a cash deposit to the Reserve Account, the Bond Insurer will issue the Reserve Account Insurance Policy, in an amount equal to the initial "Reserve Requirement" for the Bonds, being $___. The Reserve Account Insurance Policy can only be drawn upon to make payments on the Bonds (and not on any Parity Debt) in the event of a shortfall in amounts in the Debt Service Fund available to pay the scheduled debt service on the Bonds.

Definition of Reserve Requirement. The Indenture defines "Reserve Requirement" to mean, as of any date of calculation, an amount equal to the least of (a) Maximum Annual Debt Service on the Bonds for the then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service on the

Bonds for the then current and every subsequent Bond Year, and (c) 10% of the original principal amount of the Bonds.

Relationship to Parity Debt. The Reserve Account Insurance Policy, and any funds held in the Reserve Fund, will be held by the Trustee solely for the benefit of the Owners of the Bonds issued on the Closing Date, and such policy and any such funds will not be drawn upon to pay debt service on any Parity Debt.

Limited Obligation

The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency (and then only to the limited extent set forth in the Indenture), and none of the City, the County, the State or any of their political subdivisions except the Successor Agency (and then only to the limited extent set forth in the Indenture) are liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Governing Board of the Successor Agency, member of the Governing Board of the Oversight Board or member of the Board of Supervisors of the County shall be individually or personally liable for the payment of the principal of or interest or redemption premium (if any) on the Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

Recognized Obligation Payment Schedules

Dissolution Act Covenant by the Successor Agency. The Successor Agency covenants in the Indenture that it will comply with all the applicable requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees in the Indenture to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture.

In the Indenture the Successor Agency covenants and agrees that it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds (including any Parity Debt), as well as any amount required under this Indenture to replenish the Reserve Account of the Debt Service Fund, in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County's Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Redevelopment Obligation Retirement Fund on each January 2 and June 1 (each, an "RPTTF Distribution Date") amounts required for the Successor Agency to pay principal of, and interest on, the Bonds and any Parity Bonds coming due in the respective ROPS Payment Period corresponding to such RPTTF Distribution Date pursuant to the Dissolution Act (including but not limited to Section 34177 therein).

Without limiting the generality of the foregoing, the Successor Agency additionally covenants and agrees that it will place on each periodic Recognized Obligation Payment Schedule for distribution to the Successor Agency on the January 2 RPTTF Distribution Date covered by such Recognized Obligation Payment Schedule and for approval by the Oversight Board and the State Department of Finance, amounts equal to the Annual Debt Service (including any amounts required to replenish the Reserve Account or to pay amounts due to the Bond Insurer in connection with its issuance of the Reserve Account Insurance Policy) coming due and payable on the Bonds (including any then outstanding Parity Debt) in the then current Bond Year that commenced on the September 2 immediately succeeding such January 2 (which includes the March 1 interest payment and the September 1 principal and interest payment on the Bonds, including any then outstanding Parity Debt for such Bond Year). The Successor Agency further covenants

and agrees that it will categorize and describe, as a separate line item, the portion of such Annual Debt Service that is due and payable on September 1 of such Bond Year on such Recognized Obligation Payment Schedule (and with respect to the January 2 RPTTF Distribution Date) as a "reserve" to be held by the Successor Agency until the ROPS Payment Period corresponding to the next RPTTF Distribution Date, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act. To the extent amounts actually allocated to the Successor Agency on any January 2 RPTTF Distribution Date are insufficient for the Annual Debt Service for the applicable Bond Year, the Successor Agency will place the amount of the insufficiency for funding from the Redevelopment Property Tax Trust Fund on the next Recognized Obligation Payment Schedule, relating to the succeeding June 1 RPTTF Distribution Date, for approval by the Oversight Board and the State Department of Finance.

In addition, the Successor Agency covenants that, if the amount of Tax Revenues expected to be available with respect to a ROPS Payment Period will be insufficient to pay required debt service on the Bonds and all other required amounts payable from the Redevelopment Obligation Retirement Fund during such ROPS Payment Period, it shall, on or before the May 1 or December 1, as applicable, preceding such ROPS Payment Period (or such other date as otherwise may be specified in the Dissolution Act), file a Notice of Insufficiency with the County Auditor-Controller in accordance with the Dissolution Act (including, but not limited to, paragraph (b) of Section 34183 therein).

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds (see "RISK FACTORS").

History of Submission of the Recognized Obligation Payment Schedules. The Successor Agency has policies and procedures in place to ensure full and timely compliance with the above-described covenant. The Successor Agency has submitted its Recognized Obligation Payment Schedules on or before the statutory deadlines. See "RISK FACTORS—Recognized Obligation Payment Schedule" for a description of penalties that may apply if the Successor Agency does not timely file its annual Recognized Obligation Payment Schedule as required by the Dissolution Act.

Last and Final ROPS. The Dissolution Act permits the Successor Agency to submit a Last and Final ROPS (or "Last and Final ROPS") at any time on or after January 1, 2016, to the Oversight Board and the DOF for approval. In particular, successor agencies that have received a Finding of Completion and the concurrence of the California Department of Finance as to the items that qualify for payment, among other conditions, may at their option, file a Last and Final ROPS. Pursuant to the template provided by the DOF, the Successor Agency must list on the Last and Final ROPS the enforceable obligations, the amounts of the payments and the source of payments for each six month ROPS Payment Period up to the date of the last payment by the Successor Agency. Before filing a Last and Final ROPS, the Successor Agency must meet the following conditions:

(i) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules,

(ii) all remaining obligations have been previously listed on a ROPS and approved by the DOF, and

(iii) the Successor Agency is not a party to any outstanding or unresolved litigation.

The DOF will have 100 days to review a Last and Final ROPS submitted for approval. If the DOF approves the Last and Final ROPS, the Last and Final ROPS will establish the maximum amount of RPTTF to be distributed to the Successor Agency for each remaining fiscal year until the approved obligations have been fully paid.

After the DOF approves a Last and Final ROPS, the Last and Final ROPS will become effective on the first day of the immediately next RPTTF Distribution Date (*i.e.*, the following January 1 or July 1, as applicable); provided that if Last and Final ROPS is approved less than 15 days before the next RPTTF Distribution Date (*i.e.*, the following January 2 or June 1), then the Last and Final ROPS will not become effective until the subsequent RPTTF Distribution Date. Upon the Last and Final ROPS taking effect, the Successor Agency will no longer have to submit any further annual ROPS. The County Auditor-Controller will make distributions from the RPTTF to the Successor Agency pursuant to the Last and Final ROPS until the aggregate amount of property tax allocated to the Successor Agency equals the total outstanding obligation approved in the Last and Final ROPS. Any revenues, interest and earnings of the Successor Agency not authorized for use pursuant to the DOF-approved Last and Final ROPS and all proceeds from the disposition of real property subsequent to the approval of the Last and Final ROPS will be remitted to the County Auditor-Controller for distribution to the affected taxing entities.

After the effective date of a DOF-approved Last and Final ROPS, resolutions adopted by the Oversight Board will become effective without additional submission to, and approval by, the DOF, with the exception of resolutions relating to refunding bonds, long range property management plans, amendments to the Last and Final ROPS or dissolution of the Successor Agency.

A Last and Final ROPS may only be amended twice, and only with approval of the California Department of Finance and the county auditor-controller. After the DOF's approval of the Last and Final ROPS, the Successor Agency may submit no more than two requests to amend the Last and Final ROPS. Each amendment request must be approved by the Oversight Board before submission to the DOF. The DOF will then have 100 days to approve or deny the request.

If the successor agency reports to the county auditor-controller that the total available amounts in the RPTTF will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act.

The Successor Agency does not currently intend to submit a Last and Final ROPS. The Successor Agency has covenanted in the Indenture to obtain prior written consent of the Bond Insurer prior to filing a Last and Final ROPs. See "THE DISSOLUTION ACT – Recognized Obligations Payment Schedule" above.

County Administrative Fees

Chapter 466, Statutes of 1990 (referred to as SB 2557), permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to

be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund.

The County's administrative charge to the Successor Agency for the last three fiscal years is shown below:

Fiscal Year	County Administrative Charge	County Administration as a Percent of Total Property Tax Revenues
2021-22	$429,006	1.65%
2022-23	429,228	1.41
2023-24	453,516	1.55
	Three Year Average	**1.53%**

Source: Harris & Associates.

For purposes of showing debt service coverage, the Fiscal Consultant has assumed that the County administrative fees are senior to the Successor Agency's pledge of Tax Revenues to its obligation to make debt service payments on the Bonds.

Pass-Through Obligations

Under the Redevelopment Law, there are three types of pass-through obligations with respect to property tax distributions to affected taxing agencies: negotiated pass-throughs (former section 33401) for redevelopment project areas formed prior to January 1, 1994; inflationary pass-throughs (section 33676) also applicable to project areas formed prior to January 1, 1994; and statutory pass-throughs (sections 33607.5 and 33607.7) applicable to project areas formed on or after January 1, 1994, as well as project areas where certain amendments have been made to an applicable redevelopment plan. Original Project Area No. 2 was established pursuant to a pre-1994 redevelopment plan that pays negotiated pass-throughs to certain taxing entities as described below. In October 2003, the Redevelopment Plan for the Original Project Area No. 2 was amended to eliminate the time limit in which the Original Project Area No. 2 could incur debt, but that amendment triggered statutory payments to any taxing agencies that did not then have a negotiated pass-through agreement in place in respect of the Original Project Area No. 2.

Negotiated Pass-Throughs. The Former Agency entered into three negotiated pass-through agreements that provide for the sharing of property tax revenue from the Original Project Area No. 2. There are no negotiated pass-through agreements applicable to the Hawthorne Plaza Project Area or the Project Area No. 2 Annexation Area.

The negotiated pass-through agreements applicable to the Original Project Area No. 2 are as follows:

El Camino Community College District. On December 22, 1986, the El Camino Community College District and the Former Agency entered into a tax sharing agreement. Pursuant to such agreement, the El Camino Community College District is to receive 100% of its 1.57% share of the property tax levy in the Original Project Area No. 2.

Hawthorne School District. On January 27, 1986, the Hawthorne School District and the Former Agency entered into a tax sharing agreement. The agreement with the Hawthorne School District

requires that the full share (100%) of the Hawthorne School District's share of tax revenues from the Original Project Area No. 2 be passed through on an annual basis. Pursuant to such agreement, the Hawthorne School District's share of property tax collections from the Original Project Area No. 2 is 6.93%.

County of Los Angeles. In 1986, the County of Los Angeles ("County") and the Former Agency entered into a tax increment sharing agreement regarding revenues generated in the Original Project Area No. 2. It was agreed that the County would receive 55.4% of the property tax general levy. The Former Agency retained property tax allocations attributable to increases in tax revenue in the Original Project Area No. 2 arising from redevelopment activities of the Former Agency, and the Former Agency passed all other tax revenues from the Original Project Area No. 2 to the County. Pursuant to such agreement, the County's current share is [56.37%.] The County's share includes tax revenues for the County Consolidated Fire Protection District.

All three agreements discussed above include provisions to give the Successor Agency the right to issue bonds and pledge tax revenue on a basis senior to its obligations under the agreements, and the Successor Agency has taken all actions required to subordinate its obligations under the agreements to the payment of debt service on the Bonds.

Statutory Taxing Agency Payments. Pursuant to Section 33607.7 of the Redevelopment Law, certain redevelopment plan amendments trigger statutory pass-through payments to taxing entities with which a redevelopment agency did not have a pass-through agreement. Statutory pass-through payments are implemented in the following manner: in the year that the original time limit to incur debt is exceeded, section 33607.7 of the Redevelopment Law establishes an adjusted base year by which to calculate and apply the statutory pass-through payments. These statutory pass-through payments are based upon new incremental revenue, above that which was received in the year the old limit is exceeded ("Adjusted Base Year Revenue"). A redevelopment agency is required to begin to make statutory pass-through payments in the first year following the year in which the time limit to incur debt is exceeded.

The Former Agency eliminated the time period to incur debt on October 13, 2003 for the Original Project Area No. 2 by adopting Ordinance No. 1789. Because of that action, the Original Project Area No. 2 is subject to the payment of statutory pass-throughs when the Original Project Area No. 2 exceeds the original time limit to incur debt that was in the Redevelopment Plan for the Original Project Area No. 2 (November, 26, 2004). The amount of statutory pass-through payments is a portion of the Successor Agency's property tax revenue from the Original Project Area No. 2 (net of housing set-aside) based on a series of adjusted base year assessed valuations. The first adjusted base year assessed valuation is the assessed valuation as it existed when the time limit to incur debt expired; in this case, the 2004-05 fiscal year.

The Fiscal Consultant has advised that the calculations are as follows:

(a) The taxing agency's respective share of 25%, after deduction of the 20% former Housing Fund set-aside, of the tax increment received based on the difference between the assessed valuation in such year compared to the first adjusted base year assessed valuation; plus

(b) Starting in the 11th year of payments, the payment is equal to the amount calculated pursuant to (a) above plus the taxing agency's respective share of 21% (after deduction of the 20% former Housing Fund set aside) of the tax increment received based on the difference

between assessed valuation in such year compared to a second adjusted based year assessed valuation which is the assessed valuation as of Year 10; plus

(c) Starting in the 31st year of payments, the payment is equal to amounts calculated pursuant to (a) and (b) above, plus the taxing agency's respective share of 14% (after deduction of the 20% former Housing Fund set aside) of the tax increment received based on the difference between assessed valuation in such year compared to a third adjusted based year assessed valuation which is the assessed valuation as of Year 30.

The collective total of the tax rate for those taxing agencies that did not have an existing tax sharing agreement in place prior to the amendment to the Redevelopment Plan for the Original Project Area No. 2 represent 55.1% of the 1% general levy for the Original Project Area No. 2 (based on 2024-25 tax rate allocations).

Successor Agency Subordinate Obligations

On September 13, 1999, the Former Agency entered into a Disposition and Development Agreement with VHB Associates, Inc., AutoNation USA Corporation, Costco Wholesale Corporation and Roseway Partners, Ltd. pursuant to which the Former Agency agreed, among other provisions, to use tax increment revenues arising from certain properties in the Original Project Area No. 2 to make payments on a note of the Successor Agency. On July 23, 2001, the Former Agency entered into an Agreement to be Recorded Affecting Real Property with Oceangate Properties, Inc. ("Oceangate") pursuant to which the Former Agency agreed, among other provisions, to pay to Oceangate tax increment revenues arising from certain other properties in the Original Project Area No. 2. The Successor Agency has taken all actions required under the two agreements to subordinate its obligations to use tax increment revenues to make payments thereunder to its obligation to use Tax Revenues to pay the debt service on the Bonds.

Parity Debt

"Parity Debt" means any loans, advances or indebtedness issued or incurred by the Successor Agency and payable from Tax Revenues on a parity with the Bonds, as authorized by the Indenture. The Indenture permits the issuance of Parity Debt only to refund the Bonds and/or any existing Parity Debt. With respect to any such Parity Debt, among other requirements set forth in the Indenture, the Successor Agency is required to deliver a certificate or opinion of an Independent Financial Consultant stating that the total net interest cost to maturity of the Parity Debt plus the principal amount of the Parity Debt will not exceed the total net interest cost to maturity of the Bonds or previously issued Parity Debt to be refunded plus the principal amount of the Bonds or previously issued Parity Debt to be refunded. See APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

MUNICIPAL BOND INSURANCE

[TO COME]

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll

maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, ad valorem taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (e.g., cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Funds.

Collections. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for recording in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property due on November 1 and February 1 become delinquent on the following December 10 and April 10, respectively. Taxes on unsecured property are due January 1 and become delinquent August 31.

Supplemental Assessments. California Revenue and Taxation Code section 75.70 provides for the reassessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and

taxing entities in the same manner as the general property tax. The receipt of Supplemental Assessment revenues by taxing entities typically follows the change of ownership by a year or more. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. If a change in ownership results in a decrease in assessed value, a negative supplemental assessment may occur, requiring a refund of taxes paid to the property owner. To the extent such supplemental assessments occur within the Project Areas, tax increment may increase or decrease. Revenues resulting from Supplemental Assessments have not been included in the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds.

County Property Tax Collection and Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the costs of administering the provisions of the Dissolution Act. For fiscal year 2023-24, the County charges were 1.55% of gross tax increment within the Project Areas. For purposes of the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds, the Fiscal Consultant assumed that the County will charge the Successor Agency for property tax collection and administration at the percentage rate of 1.53%, which is the average rate for the three most recent fiscal years. Such administrative costs are deducted from property tax revenues before moneys are deposited into the RPTTF to pay debt service on the Bonds.

No Teeter Plan

The County has not adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Consequently, collections of property tax revenues from the Project Areas will reflect actual delinquencies, adjustment for delinquencies, redemption payments or roll adjustments. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Tax Revenues, although the Tax Revenues provide substantial debt service coverage on the Bonds. See "- Projected Available Net Tax Increment and Estimated Debt Service Coverage" below. According to the Fiscal Consultant's report, delinquencies have had a negligible impact on collection of Tax Revenues for the last ten fiscal years. See "APPENDIX G – FISCAL CONSULTANT'S REPORT = Delinquency Rates".

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the State Board of Equalization are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity county-wide as follows: (i) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (ii) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro rata county wide; and (iii) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of a project area. Consequently, the base year values of project areas are reduced by the amount of utility value that existed originally in the base years. The Auditor Controller allocated a total of $233,945 of unitary tax revenue to the Project Areas for fiscal year 2024-25 (the latest year for which relevant data was available to the Fiscal Consultant). For purposes of the Fiscal Consultant's projection of tax revenues available to pay debt service on the Bonds, the Fiscal Consultant assumed that the amount of unitary revenue allocated for fiscal year 2024-25 will continue to be allocated to the Project Areas in the same amount for the life of the projection.

Article XIIIA of the State Constitution

Article XIIIA limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIIIA (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature's action, the growth of property tax revenues may decline.

Legislation enacted by the Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Each year the Board of Equalization announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2024-25 there have been several occasions when the inflation factor was less than 2%. The table below reflects the inflation adjustment factors for the prior 10 fiscal years.

Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adjustment Factor
2015-16	2.00%
2016-17	1.53
2017-18	2.00
2018-19	2.00
2019-20	2.00
2020-21	2.00
2021-22	1.04
2022-23	2.00
2023-24	2.00
2024-25	2.00

For purposes of the Fiscal Consultant's projection of tax revenues available to pay debt service on the Bonds, the Fiscal Consultant has assumed no growth in secured and unsecured assessed values over those for fiscal year 2024-25.

Appropriations Limitation—Article XIIIB

Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978-79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by a redevelopment agency of proceeds of taxes levied by or on behalf of a redevelopment agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body

within the meaning or for the purpose of the Constitution and laws of the State, including section 33678 of the Redevelopment Law. The constitutionality of section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

See "THE PROJECT AREAS—Assessment Appeals" for information regarding historical and pending appeals of assessed valuations by property owners in the Project Areas.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value

compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the Assessor is required to review the property's market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIIIA of the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

For a summary of the recent history of Proposition 8 reductions in the Project Areas, see "THE PROJECT AREAS—Assessment Appeals."

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution.

Tax Revenues securing the Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and Proposition 26.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

As described under the heading "INTRODUCTION—The City and the Successor Agency," the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

Successor Agency Powers

All powers of the Successor Agency are vested in its five members who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

Status of Compliance with Dissolution Act

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency's low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency has completed the due diligence process and received its Finding of Completion from the DOF on April 26, 2013.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and the DOF will review these plans as submitted on a rolling basis.

The Successor Agency submitted its Long Range Property Management Plan to the DOF on September 27, 2013, and a revised Long Range Property Management Plan was submitted on October 3, 2014. The DOF approved the Successor Agency's Long Range Property Management Plan on November 25, 2014.

THE PROJECT AREAS

General

The City Council of the City established two redevelopment project areas under the Redevelopment Law. The Former Agency's Project Area No. 2 was established on November 26, 1984 by Ordinance No. 1330 of the City Council, and includes approximately 962 acres (the "Original Project Area No. 2"), consisting of commercial frontage along the City's major arterial streets, including El Segundo Boulevard, Imperial Highway, Inglewood Avenue and Hawthorne Boulevard. On September 22, 2003, the City Council adopted Ordinance No. 1785 (the "Amending Ordinance") annexing an additional 64 acres of land from which the Agency may derive tax increment revenues (the "Project Area No. 2 Annexation Area") to the Original Project Area. The Project Area No. 2 Annexation Area includes property converted from a former airforce base to residential uses. The Amending Ordinance also added other territory to the Original Project Area No. 2, but that property remains within the jurisdiction of an adjacent City, so that the Successor Agency does not derive any property tax revenues from that property.

In addition to Project Area No. 2, the Former Agency established an additional project area, the Hawthorne Plaza Project (the "Hawthorne Plaza Project Area"). The Hawthorne Plaza Project Area was established on June 9, 1969 by Ordinance No. 936 of the City Council, and includes approximately 34 acres encompassing the Hawthorne Plaza Shopping Center, a regional shopping center completed in 1977. Although the Redevelopment Plan for the Hawthorne Plaza Project Area expired on June 8, 1999, the Successor Agency continues to receive tax revenues from the Hawthorne Plaza Project Area to pay enforceable obligations, pursuant to the Dissolution Act.

Plan Limits No Longer Applicable

The former Redevelopment Law required redevelopment agencies to include certain time and financial limits in their redevelopment plans for redevelopment project areas. However, recent amendments to the Dissolution Act eliminated the provisions of the former Redevelopment Law that required any such time and financial limits. Accordingly, the limitations in the redevelopment plans for the Project Areas no longer apply to the payment of enforceable obligations of the Successor Agency, including the Bonds and any Parity Debt.

Land Use

The following table provides a summary of the distribution of parcels in the Project Areas by type of land use.

TABLE 1
Secured Assessed Valuation by Land Use
(All Project Areas)
(Fiscal Year 2024-25)

Land Use	Number of Parcels[1]	% of Total Parcels	Fiscal Year 2024-25 Secured Assessed Value[2]	% of Total Project Area Fiscal Year 2024-25 Secured Assessed Value
Commercial	711	28.6%	$1,349,573,062	48.5%
Residential	1,366	55.0	1,059,930,322	38.1
Industrial	157	6.3	266,461,827	9.6
Total Vacant	210	8.5	44,707,514	1.6
Vacant Commercial	157	6.3	21,406,096	0.8
Vacant Residential	13	0.5	6,791,857	0.2
Vacant Industrial	38	1.5	13,721,791	0.5
Vacant Agricultural	2	0.1	2,787,770	0.1
Institutional	9	0.4	28,714,027	1.0
Recreational	24	1.0	32,983,126	1.2
Unknown[3]	6	0.2	2,220,957	0.1
Total	**2,483**	**100.0%**	**$2,784,590,835**	**100.0%**

1 This analysis excludes non-taxable government-owned parcels and parcels used for railways and utilities.

2 The assessed valuation amounts provided are (a) net of all exemptions except homeowners' exemptions, and (b) based on the Assessor's fiscal year 2024-25 secured assessment roll. The sum of the gross secured assessed valuation for each parcel record in the fiscal year 2024-25 secured assessment roll is less than the gross secured assessed valuation in the project area as reported by the Auditor-Controller. This discrepancy is due to taxable possessory interest (which occurs when a person or entity leases, rents, or uses real estate owned by a government agency for its exclusive use), public utility value, lifts/fixtures value and business late filing penalties, and mobile (manufactured) homes value, all of which is excluded from the secured assessment roll but included in the Auditor-Controller's reported secured assessed valuation.

3 The "zoning code" and "use code" columns in the Assessor's fiscal year 2024-25 secured assessment roll are blank for these parcel.

Source: County of Los Angeles 2024-25 Secured Assessment Roll, as reported by the Fiscal Consultant.

For further information about the distribution of land uses in each of the Original Project Area No. 2, the Project Area No. 2 Annexation Area and the Hawthorne Plaza Project Area, see APPENDIX G—FISCAL CONSULTANT'S REPORT.

Tax Rate

The tax rates which are applied to taxable values consist of two components: the General Tax Rate of $1.00 per $100 of taxable values and the Override Tax Rate which is levied to pay voter approved indebtedness. The basic levy tax rate may not exceed 1% ($1.00 of $100 taxable value) in accordance with Article XIIIA of the California Constitution. Prior to dissolution, the Former Agency's tax rate included the basic one percent levy and certain debt service override levies approved by voters. Commencing with dissolution, the County Auditor-Controller ceased allocating override levies to the Successor Agency's

Redevelopment Property Tax Trust Fund based on section 38183(a)(1) of the Dissolution Act. Accordingly, a one percent levy is applied in the Fiscal Consultant's tax revenue projections in its report in Appendix G.

Historical Assessed Values and Tax Revenues

The table below shows the fiscal year 2024-25 assessed value by project area broken down by secured (local secured and public utility) and unsecured value. Project Area No. 2 has the greatest assessed value at approximately $2.47 billion. Project Area No. 2 Annexation Area has more than $673 million in assessed value. The Hawthorne Plaza Area has more than $127 million in assessed value. Combined, the total assessed value of the Redevelopment Project Areas is approximately $3.27 billion, a 4.1% increase over the previous year.

TABLE 2
Assessed Values By Project Area
Fiscal Year 2024-25

	Hawthorne Plaza Area	Project Area No. 2 Original Area	Project Area No. 2 Annexation Area	All Project Areas
Secured [(1)]	$123,567,821	$2,131,790,372	$532,848,635	$2,788,206,828
Local Secured	123,567,821	2,131,556,429	532,848,635	2,787,972,885
Public Utility	--	233,943	--	233,943
Unsecured	3,779,307	336,276,743	141,007,430	481,063,480
Total Assessed Value	**$127,347,128**	**$2,468,067,115**	**$673,856,065**	**$3,269,270,308**

(1) Secured values are net of non-homeowner exemption.
Source: Harris & Associates, based on Los Angeles County Auditor Controller information.

The following table sets forth the assessed value and tax revenues history for all the Project Areas.

TABLE 3
Historical Assessed Values and Tax Revenues
Fiscal Years 2020-21 through 2024-25

All Project Areas

	Fiscal Year 2020-21	Percent Change	Fiscal Year 2021-22	Percent Change	Fiscal Year 2022-23	Percent Change	Fiscal Year 2023-24	Percent Change	Fiscal Year 2024-25	Percent Change	% Change from fiscal year 2020-21
Secured[1]	$2,331,884,426		$2,448,150,575		$2,483,127,545		$2,663,987,485		$2,787,972,885		
Public Utility	281,807		281,807		281,807		289,000		233,943		
Unsecured	423,148,408		329,670,638		420,560,369		477,271,162		481,063,480		
Total Assessed Value	**$2,755,314,641**	10.9%	**2,778,103,020**	0.8%	**2,903,969,721**	4.5%	**3,141,547,647**	8.2%	**3,269,270,308**	4.1%	19.0%
Less: Base Year	(357,797,988)		(357,440,184)		(357,768,921)		(357,768,921)		(365,769,515)		
Incremental Assessed Value	**$2,397,516,653**	12.8%	**$2,420,662,836**	1.0%	**$2,546,200,800**	5.2%	**$2,783,778,726**	9.3%	**$2,903,500,793**	4.3%	21.0%
Tax Levy Rate	1.00%		1.00%		1.00%		1.00%		1.00%		
Gross Estimated Revenue[2]	**$23,975,167**		**$24,206,628**		**$25,462,008**		**$ 27,837,787**		**$29,035,008**		
Gross Actual Revenue[3]	**$25,528,865**	18.8%	**$26,050,191**	2.0%	**$30,396,867**	16.7%	**$ 29,224,616**	-3.9%	**N/A[4]**	N/A	14.0% [5]
Actual Revenue as a Percentage of Estimated Revenue	**106%**		**108%**		**119%**		**105%**		**N/A**		

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(1) Secured values are net of non-homeowner exemptions.
(2) Inclusive of County administration fees and senior pass-through payments.
(3) Includes unitary property tax revenue, prior year collections, supplemental revenue, and miscellaneous corrections and adjustments.
(4) Actual Gross Revenue for 2024-25 will not be available until the end of the fiscal year.
(5) Percent change from fiscal year 2020-21 through 2023-24
Source: Los Angeles County Auditor/Controller, as reported by the Fiscal Consultant

Largest Taxpayers

The ten largest taxpayers in the Project Areas according to the fiscal year 2024-25 assessed valuations are shown below.

TABLE 4
Ten Largest Property Taxpayers
Fiscal Year 2024-25
(All Project Areas)

Taxpayer	Number of Parcels	Project Area(s)	Land Use(s)	Fiscal Year 2024-25 Secured Assessed Value [6]	Fiscal Year 2024-25 Unsecured Assessed Value	Fiscal Year 2024-25 Total Assessed Value	Percent of Total Project Areas fiscal year 2024-25 Assessed Value
Northrop Grumman Systems Corporation	6	Original, Amended	Unsecured	--	$149,169,204	$149,169,204	4.6%
Mogul Hospitality Partners[1]	2	Original	Commercial	$94,337,799	--	94,337,799	2.9
Ashford Hawthorne LP [2]	4	Original	Commercial and Unsecured	69,669,165	1,215,512	70,884,677	2.2
15000 Aviation Ventures, LLC	1	Original	Commercial	60,150,535	--	60,150,535	1.8
AK Hawthorne LLC[3]	2	Plaza	Commercial	50,859,446	--	50,859,446	1.6
Oceangate Property, LLC [4]	7	Original	Commercial	48,368,260	--	48,368,260	1.5
M and A Gabaee, LP	15	Plaza	Commercial	43,221,899	--	43,221,899	1.3
Konami Digital Entertainment Inc.	3	Original	Commercial and Unsecured	39,261,893	3,309,863	42,571,756	1.3
Costco Wholesale Corporation	3	Original	Commercial	40,833,049	--	40,833,049	1.2
Falcon Landing, LLC [5]	2	Original	Unsecured	--	37,813,370	37,813,370	1.2
Top Ten Subtotal	**45**			**$446,702,046**	**$ 191,507,949**	**$638,209,995**	**19.5%**
Total Assessed Value in Project Areas						**$3,269,270,308**	

(1) For Fiscal Year 2022-23, Mogul Hospitality Partners has a pending appeal for one of two owned parcels to request a reduction of approximately $14 million, equal to 17% of the total assessed valuation of $84 million for the property.

(2) Also listed on the County Assessor's Rolls as Ashford Manhattan Beach LP. For Fiscal Year 2019-20, Ashford Hawthorne LP filed an appeal for one of its four parcels to request an assessment value reduction of approximately $15 million. This represents approximately 50% of the $31 million total assessed valuation of the property. Between FY 2020-21 and FY 2023-24, Ashford Hawthorne LP filed appeals to request reductions for the same two of four parcels owned. During this period, requested reductions between the two parcels (approximately $32-34 million) were 50% of the total assessed valuations of the properties (approximately $64-66 million).

(3) AK Hawthorne, LLC has pending appeals for all its parcels (two properties) in the Hawthorne Plaza Project Area to request a reduction of approximately $20 million for fiscal year 2023-24, which is equal to 41% of the total assessed valuation of approximately $49 million of the properties.

(4) Also listed on the County Assessor's Rolls as Oceangate Property Two LLC.

(5) The City's Audited Comprehensive Financial Report for Fiscal Year 2023-24 states that Falcon Landing has pending appeals. However, a historical assessment appeals filed from Fiscal Years 2019-20 through 2023-24 show no appeals were filed by Falcon Landing within the Project Areas.

(6) The assessed valuation amounts provided are (a) net of all exemptions except homeowners' exemptions, and (b) based on the Assessor's fiscal year 2024-25 secured and unsecured assessment roll. The sum of the gross secured assessed valuation for each parcel record in the fiscal year 2024-25 secured assessment roll is less than the gross secured assessed valuation in the project areas as reported by the Auditor-Controller. This discrepancy is due to taxable possessory interest (which occurs when a person or entity leases, rents, or uses real estate owned by a government agency for its exclusive use), public utility value, lifts/fixtures value and business late filing penalties, and mobile (manufactured) homes value, all of which are excluded from the secured assessment roll but included in the Auditor-Controller's reported secured assessed valuation.

Source: County of Los Angeles 2024-25 Secured and Unsecured Assessment Rolls, as reported by the Fiscal Consultant.

In fiscal year 2024-25, Northrup Grumman was the largest property taxpayer in the Project Areas based on its unsecured assessed value. Below is a table showing Northrup Grumman's unsecured assessed value for the latest eight fiscal years and the percent change from year to year.

Northrup Grumman
Assessed Valuation

Fiscal Year	Unsecured Assessed Value[(1)]	Percent Change
2017-18	$134,685,199	-7.54%
2018-19	122,643,926	-8.94
2019-20	137,600,392	12.20
2020-21	148,131,457	7.65
2021-22	140,087,746	-5.43
2022-23	136,591,760	-2.50
2023-24	142,274,654	4.16
2024-25	149,169,204	4.85

(1) Based on items such as business fixtures, business furniture, and business equipment and machinery.
Source: Harris & Associates

Assessment Appeals

There are two types of appeals of assessed values that can have the effect of reducing the tax revenues allocated to a redevelopment agency, Proposition 8 appeals that allow for a temporary reduction in assessed values, and assessment appeals by individual property owners who believe that their taxable valuation on the County Assessor's records is above the market value of their property.

Proposition 8 Appeals. California Proposition 8 was a constitutional amendment to Proposition 13 that allows a temporary reduction in assessed valuation when a property suffers a decline in value. Proposition 8 requires the Assessor to enroll the lower of either: (a) the taxable value (market value of the property when it was acquired, plus a consumer price index adjustment of up to 2% per year and the value of any new construction); or (b) the market value as of the annual January 1st lien date. Reductions in assessed valuation under Proposition 8 are temporary and are reviewed annually until the Proposition 13 base year value is again lower than market value, at which point the Proposition 13 base year value is reinstated. Because Proposition 8 appeals do not have a sustaining effect on future tax rolls, and because of the estimated minimal impacts of pending appeals based on historical appeal adjustments, the assessed values used to generate tax revenue in the revenue projections are not adjusted for pending Proposition 8 appeals.

Assessment Appeals. The County Clerk of the Appeals Board for the County maintains records regarding "Decline-in-Value" applications filed by property owners who believe that their taxable valuation is above market valuation. The table below provides details regarding the Decline-in-Value applications that were filed for the last five tax years. As shown in Table 5 below, of the 290 settled appeals in all of the Project Areas between fiscal year 2019-20 and fiscal year 2023-24, 197 of the settled appeals were withdrawn or denied, and 93 of the settled appeals resulted in a stipulation or reduction in an amount equal to approximately $127,296,868 over the five-year review period. As of May 1, 2025, 69 appeals are still pending and could result in a total reduction of approximately $314,105,055 in assessed value across all of the Project Areas if 100% of these 69 applicants are granted the requested reductions. If 100% of the reduction requests were granted across all of the Project Areas over the last five years, this could result in a reduction of $828,200,710 in assessed value. However, of the total requested reductions in assessment appeals over the past five years, 32.1% of the requested reductions were granted. See "APPENDIX G—FISCAL CONSULTANT'S REPORT".

TABLE 5
Five Year Assessment Appeals History
(All Project Areas)

Fiscal Year	2019-20	2020-21	2021-22	2022-23	2023-24	5-Year Total [1]
Project Area Total Assessed Value	$2,484,719,827	$2,755,314,641	$2,778,103,020	$2,903,969,721	$3,141,547,647	N/A
All Appeals						
Total Number of Appeals [2]	53	90	96	53	67	359
Total Requested Reduction of All Appeals	$49,994,739	$254,590,587	$185,867,045	$148,155,356	$189,592,983	$828,200,710
Number of Withdrawn / Denied Appeals	31	54	71	24	17	197
Number of Stipulated (Successful) Appeals	20	27	17	16	13	93
Total Number of Finalized Appeals	51	81	88	40	30	290
Number of Appeals Pending Decisions	2	9	8	13	37	69
Rate of Successful Appeals [3]	39.2%	33.3%	19.3%	40.0%	43.3%	32.1%
Total Assessed Value of Finalized Appeals	$1,042,203,087	$95,399,559	$393,004,346	$292,867,232	$143,032,519	$1,966,506,743
Granted Reductions						
Requested Reduction Amount	$6,208,134	$155,912,678	$7,733,748	$3,161,393	$23,020,121	$196,036,074
Granted Reduction Amount	$3,352,826	$116,614,930	$3,228,888	$1,001,167	$3,099,057	$127,296,868
Total Granted Reduction Amount versus Requested Reduction Amount [4]	6.7%	45.8%	1.7%	0.7%	1.6%	15.4%
Granted Reduction as a Percentage of Total Assessed Value[5]	0.1%	4.2%	0.1%	0.0%	0.1%	N/A
Granted Reduction as a Percentage of Total Assessed Value of Finalized Appeals [6]	0.3%	122.2%	0.8%	0.3%	2.2%	N/A
Appeals Pending Decision						
Total Assessed Value of Pending Appeals	$32,686,107	$119,161,968	$128,465,927	$209,569,227	$237,434,435	$727,317,664
Requested Reduction Amount	$16,343,052	$46,762,696	$51,947,210	$72,816,432	$126,235,665	$314,105,055
Requested Reduction as a Percent of Total Assessed Value [7]	0.7%	1.7%	1.9%	2.5%	4.0%	N/A

(1) The 5-year total represents the five most recently completed fiscal years, Fiscal Year 2019-20 to 2023-24.
(2) Total appeals filed from 2019 through 2024. Appeals where the applicant requested a higher value than the current assessed value were excluded because of potential flaws in the data.
(3) The number of stipulated appeals versus the total number of finalized appeals.
(4) The total value of all granted reductions versus the total value of all requested reductions, regardless of decision status.
(5) The granted reduction amount versus the total Project Area assessed value.
(6) The granted reduction amount versus the total assessed value for finalized appeals.
(7) The pending requested reduction amount versus the total project area assessed value.
Sources: County of Los Angeles Assessment Appeals Board's appeals database, County of Los Angeles Auditor-Controller Assessed Valuation Reports, as reported by the Fiscal Consultant.

PROJECTED AVAILABLE TAX REVENUES AND ESTIMATED DEBT SERVICE COVERAGE

The table below shows projected net Tax Revenues from the Project Areas, assumes 0% growth in assessed value from fiscal year 2024-25 and projected debt service on the Bonds.

TABLE 6
Projection of Tax Revenues and Debt Service Coverage
All Project Areas

Fiscal Years	HAWTHORNE PLAZA AREA Total Net Tax Revenue[1]	ORIGINAL PROJECT AREA NO. 2 Total Net Tax Revenue[1]	PROJECT AREA NO. 2 ANNEXATION AREA Total Net Tax Revenue[1]	TOTAL PROJECT AREAS Total Net Tax Revenues[1]	Bonds Debt Service*[2]	Bonds Debt Service Coverage*
2025-26	$1,134,495	$18,412,270	$4,470,234	$24,017,000	$1,633,567	14.70x
2026-27	1,134,495	18,412,270	4,470,234	24,017,000	1,636,000	14.68
2027-28	1,134,495	18,412,270	4,470,234	24,017,000	1,630,750	14.73
2028-29	1,134,495	18,412,270	4,470,234	24,017,000	1,628,250	14.75
2029-30	1,134,495	18,412,270	4,470,234	24,017,000	1,638,250	14.66
2030-31	1,134,495	18,412,270	4,470,234	24,017,000	1,635,000	14.69
2031-32	1,134,495	18,412,270	4,470,234	24,017,000	1,639,000	14.65
2032-33	1,134,495	18,412,270	4,470,234	24,017,000	1,634,750	14.69
2033-34	1,134,495	18,412,270	4,470,234	24,017,000	1,637,500	14.67
2034-35	1,134,495	18,412,270	4,470,234	24,017,000	1,631,750	14.72
2035-36	1,134,495	18,412,270	4,470,234	24,017,000	1,632,750	14.71

* Preliminary, subject to change.

(1) Net tax revenue is estimated as 1% of incremental value (the difference between the current year assessed valuation and the base year assessed valuation) less County administrative fees and senior pass throughs, if any. Net tax revenue is projected with zero growth in assessed valuation from Fiscal Year 2024-25.

(2) Payments are due biannually. Payments are attributed to the fiscal year in which the revenue is generated to make the payment, not the fiscal year in which the payment is due. For example, the September 1, 2026 payment on the Refunding Bonds will be made during Fiscal Year 2026-27, however, due to the Recognized Obligation Payment Schedule and Redevelopment Property Tax Trust Fund distribution schedule, revenue collected during Fiscal Year 2025-26 will be used to make the payment.

Source: Harris & Associates, based on information provided by Auditor-Controller, and the Underwriter.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. For each annual period of July 1 through June 30, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the county auditor-controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the Bonds and to pay other enforceable obligations. Pursuant to section 34177 of the Dissolution Act, no later than February 1, 2016 and each February 1 thereafter, the Successor Agency must submit to the county auditor-controller and DOF, an oversight board-approved Recognized Obligation Payment Schedule. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedule." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to an Annual Period the availability of Tax Revenues to the Successor Agency could be adversely affected for such period. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules" and "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

If a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller is then required to distribute the portion of any of the sums withheld as described above to the affected taxing entities in accordance with applicable provisions of the Dissolution Act upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations. The Dissolution Act provides that county auditor-controller shall distribute withheld funds to a successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the DOF.

For a description of the covenants made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedules."

The Dissolution Act imposes certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule. Specifically, an overnight board-approved Recognized Obligation Payment Schedule must be submitted by the successor agency to the county auditor-controller and the DOF, with respect to each subsequent annual period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadline, the city or county that established the redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline.

Challenges to Dissolution Act

Several successor agencies, cities and other entities filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf

and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Reduction in Taxable Value

Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and thereby available to pay principal of and interest on the Bonds are determined by the amount of incremental taxable value in the respective Project Areas and the current rate or rates at which property in the respective Project Areas is taxed. The reduction of taxable values of property in any of the Project Areas caused by economic factors beyond the Successor Agency's control, such as relocation out of a Redevelopment Project by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the tax increment available to pay debt service on the Bonds. Such reduction of tax increment available to pay debt service on the Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds; this risk could be increased by the significant concentration of property ownership in the Project Areas. See "THE PROJECT AREAS—Largest Taxpayers."

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIIIA of the State Constitution," Article XIIIA provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce tax increment available to pay debt service on the Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could

adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the tax increment available to pay debt service on the Bonds and adversely affect the source of repayment and security of the Bonds.

Risks to Real Estate Market

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Project Areas. The general economy of the Project Areas will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a significant decline in the general economy of any of the Project Areas, the owners of property within those areas may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Successor Agency from the Project Areas. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE" for a description of the debt service coverage on the Bonds.

Concentration of Property Ownership

Based on fiscal year 2024-25 locally assessed taxable valuations, the top ten taxable property owners in the Project Areas represent approximately 19.5% of the total fiscal year 2024-25 assessed value of all of the property in the Project Areas. Some of these property owners have pending assessed value appeals with respect to their property. See "THE PROJECT AREAS- Largest Taxpayers." Although the bankruptcy, termination of operations, or departure from the Project Areas by any of the largest property owners could reduce the amount of Tax Revenues, the Successor Agency believes such an event will not adversely affect its ability to pay debt service on the Bonds due to the debt service coverage provided by fiscal year 2024-25 available tax increment. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE".

Reduction in Inflationary Rate

As described in greater detail below, Article XIIIA of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, but cannot exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors. Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Tax Revenues. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%.

Since Article XIIIA was approved, there have been several instances in which the annual adjustment for inflation has resulted in less than a 2% increase in assessed values. For example, in fiscal year 2010-11, the inflationary value adjustment was negative at -0.237% which resulted in a 0.24% decrease in assessed values. Most recently, for fiscal year 2021-22 the inflationary value adjustment was 1.036% resulting in a 1.04% increase in assessed value. However, for the fiscal years 2022-23 through 2025-26, assessed values have increased by 2.00%, which is the maximum permissible increase under Article XIIIA.

The Successor Agency is unable to predict if any adjustments to the full cash value of real property within the Project Areas, whether an increase or a reduction, will be realized in the future.

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective project area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its Tax Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. See "APPENDIX G— FISCAL CONSULTANT'S REPORT— Assessment Appeals" and 'THE PROJECT AREAS – Assessment Appeals".

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment available to pay debt service on the Bonds.

Although delinquencies in the payment of property taxes by the owners of land in the Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2024-25 net tax increment. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE" for a description of the debt service coverage on the Bonds.

In response to certain events, the State of California has previously acted to provide temporary relief to property taxpayers. For example, on May 6, 2020, California Governor Gavin Newsom signed an executive order that extended the April 10 property tax payment and May 7 business property statement filing deadlines, to provide relief for taxpayers suffering financial hardship due to COVID-19. In addition, on January 16, 2025, Governor Gavin Newsom signed an executive order that canceled penalties, costs and interest on overdue property taxes within certain zip codes affected by the Palisades Fires during calendar year 2025, which does not include the City of Hawthorne. No such actions have impacted or are expected to impact the Successor Agency in the timely payment of its obligations, including the Bonds; however there can be no assurances that similar actions would not occur in the future that would not disrupt the timely allocation of tax revenues available to pay debt service on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinions) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

Estimated Revenues

In estimating that net tax increment will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Areas, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the net tax increment available to pay debt service on the Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds. See "PROJECTED AVAILABLE NET TAX INCREMENT AND ESTIMATED DEBT SERVICE COVERAGE."

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance. The Successor Agency is not aware of the presence of any federally or state classified hazardous substances in violation of any environmental laws, located within the Project Area; however, it is possible such materials do currently exist and that the Successor Agency is not aware of them.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of

remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Further, it is possible that liabilities may arise in the future with respect to any of the taxable parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not only from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a taxable parcel that is realizable upon a delinquency.

Natural Disasters

The value of the property in the Project Areas in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Areas could be diminished in the aftermath of such events. A substantial reduction of the value of such properties and could affect the ability or willingness of the property owners to pay the property taxes.

Seismic. According to the Safety Element of the City's General Plan, the City is part of the seismically active Southern California region, probably best known for the 750-milelong San Andreas Fault, which stretches from the Mexican Border to San Francisco. The City is bounded on the southwest by the Palos Verdes Fault and on the west the Newport-Inglewood Fault. Both faults are less than five miles from the City. A map of the major faults near Hawthorne is provided in the Local Hazard Mitigation Plan. No Alquist-Priolo Special Studies Zones have been designated within the city limits. Much of Hawthorne lies atop late Quaternary (Pleistocene) compact-to-very-dense deposits of gravel, silt, and clay. The City is not subject to liquefaction due to the nature of its geological structure. It is also not susceptible to landslides.

The level of damage in the City resulting from an earthquake would depend upon the magnitude of the event, the epicenter distance from the City, the response of geologic materials, and the strength and construction quality of structures. Earthquake damage in the Project Areas could reduce the assessed valuation of property in the Project Areas and therefore, adversely affect the ability of the Successor Agency to pay debt service on the Bonds.

Flood. The majority of the City is designated as Zone X (i.e., areas outside the 500-year flood zone) by the Federal Emergency Management Agency. Should widespread flooding occur, both the Project Areas and the City would be at equal risk to damage due to the small size of the City and the general lack of variegated topography. Flooding in the Project Areas could also occur as a result of global climate change, storm-induced flooding and tsunamis.

Fire Risks. According to the Safety Element of the City's General Plan, due to its geographic location and topography, the City is not subject to wildland fires. Significant damage occurs infrequently, but it is most likely to occur where industrial chemicals and fuels are used and where these substances are stored or transported. The City contracts with the Los Angeles County Fire Department for fire and emergency services. Property

damage within the Project Areas due to fires could result in a reduction of the Tax Revenues that secure the Bonds.

The property within the Project Areas may also be at risk from other events of force majeure, such as damaging storms, fires and explosions, strikes, sabotage, pandemics, riots and spills of hazardous substances, among other events. The Successor Agency cannot predict what force majeure events may occur in the future. See "-Levy and Collection of Taxes" above.

Climate Change

California has experienced heat waves, drought, wildfires, severe storms, and extreme weather events, which may be attributable to climate change. Senate Bill 379 requires each city in California to update their Safety Element to consider climate impacts facing the State as well as methods to adapt and increase resiliency to climate change at the city level. Hawthorne developed a Climate Action Plan (CAP) in cooperation with the South Bay Cities Council of Governments in 2017. The CAP serves as a guide for action by setting GHG emission reduction goals and establishing strategies and policy to achieve desired outcomes over the next 20 years.

Projections of the impacts of global climate change on the City and the Project Areas are complex and depend on many factors that are outside the Successor Agency's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. The Successor Agency is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. The Successor Agency is unable to predict whether sea-level rise or other impacts of climate change will occur while the Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Tax Revenues.

Cybersecurity

The City and Successor Agency, like many other public and private entities, rely on computer and other digital networks and systems to conduct its operations. The City employs a multi-level cyber protection scheme that includes network firewalls, server and personal computer level antivirus software, antispam/malware software, e-mail protection and intrusion protection. The City carries cybersecurity insurance. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector and other authorities for the levy and collection of taxes, and the Trustee. No assurance can be given that the City and/or the other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners. The results of any attack on the City's computer and information-technology systems could adversely affect the City's or Successor Agency's operations and damage the City's digital networks and systems, and potential losses from such attacks, as well as the costs of defending against future attacks, could be substantial. In addition, cyberattacks could result in delays in receipt of pledged Tax Revenues from the County Auditor-Controller, or transfer of pledged Tax Revenues to the Trustee to pay debt servce on the Bonds in accordance with the Indenture.

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues available to pay debt service on the Bonds.

State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, and constituted efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets which were previously held by redevelopment agencies to cities, counties and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of $1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues. See the caption "—Changes in the Law" above.

SB 107, which made extensive amendments to the Dissolution Act, was enacted following the adoption of the State fiscal year 2015-16 budget, after having initially been presented as AB 113, a trailer bill to the State fiscal year 2015-16 budget. SB 107 changed the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorized successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of successor agencies, altered the provisions governing the distribution of Redevelopment Property Tax Trust Fund moneys attributable to pension and State Water Project tax rate overrides and eliminated the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim Redevelopment Property Tax Trust Fund moneys for enforceable obligations and, for some successor agencies, impact the amount of Redevelopment Property Tax Trust Fund moneys that will be available for payment of a successor agency's enforceable obligations.

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the DOF, http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at http://www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the Successor Agency or the Underwriter, and the Successor Agency and the Underwriter take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted thereon, and such information is not incorporated herein by these references.

For additional information regarding the 2024-25 State Budget and the proposed 2025-26 State Budget, see the DOF's website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov.

None of the websites or webpages that are referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. Neither the Successor Agency nor the Underwriter makes any representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix A for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. See also the caption "—Bankruptcy and Foreclosure" above.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Although the Successor Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Owners of the Bonds on a timely basis. See the caption "CONTINUING DISCLOSURE" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE". Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

No Validation Proceeding Undertaken

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Successor Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Successor Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on April 16, 2025.

It is possible that the definition, levy, collection, distribution, or availability of Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. However, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Successor Agency believes this constitutional provision would provide some protection against the adverse consequences upon the Successor Agency and the availability of Tax Revenues for the payment of debt service on the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Successor Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has a program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the City and the Successor Agency have covenanted in the Indenture and the tax certificate relating to the Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the City or the Successor Agency subsequent to the issuance of the Bonds in violation of such covenants with respect to the Bonds. Should such an event of taxability occur, the Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to the redemption provisions of the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Successor Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the Bonds. The Bonds are special obligations of the Successor Agency and, except as provided in the Indenture, are payable solely from Tax Revenues. Tax Revenues could be insufficient to pay debt service on the Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Successor Agency following a delinquency in the payment of the applicable property taxes. The Successor Agency has no obligation to pay debt service on the Bonds in the event of insufficient Tax

Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Debt Service Fund and the Reserve Account.

Bond Insurance

In the event of default of the payment of the scheduled principal of or interest on the Bonds when all or some becomes due, the Trustee on behalf of any owner of the Bonds shall have a claim under the Policy for such payments. In the event the Bond Insurer makes a payment to Owners of the Bonds under the Policy, the Bond Insurer will be subrogated to the rights of such Owners of the Bonds to direct and consent to remedies with respect to the Bonds. The Bond Insurer may direct and must consent to any remedies with respect to the Bonds and the Bond Insurer's consent may be required in connection with amendments to any applicable documents relating to the Bonds. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "RATINGS" herein.

The obligations of the Bond Insurer are unsecured contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to make the payments on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Limitations on Remedies

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the Successor Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a

significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption "—Bankruptcy and Foreclosure" above.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Bonds following an Event of Default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE".

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue. These requirements include, but are not limited to, provisions which limit how the proceeds of the Bonds may be spent and invested, and generally require that certain investment earnings be rebated on a periodic basis to the United States of America. The City and the Successor Agency have made certifications and representations and have covenanted to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In the opinion of Nossaman LLP, Bond Counsel, under existing law and assuming the accuracy of such certifications and representations by, and compliance with such covenants of, the City and the Successor Agency, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, interest on the Bonds is included in the calculation of adjusted financial statement income of certain corporations. Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from State of California personal income taxes.

Except as described above, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

Bond Counsel has not undertaken to advise in the future whether any circumstances or events occurring after the date of issue of the Bonds may affect the tax status of interest on the Bonds. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the California legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issue of the Bonds, will not eliminate, or directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes, or have an adverse effect on the market value or marketability of the Bonds. Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Investors in the Bonds should be aware that future legislative actions might increase, reduce, or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change.

Certain requirements and procedures contained or referred to in relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond, or the interest thereon, if any such change occurs or action is taken upon the advice or approval of bond counsel other than Nossaman LLP.

If the issue price of a Bond (the first price at which a substantial amount of the bonds of a maturity are sold to the public) is less than the stated redemption price at maturity of such Bond, the difference constitutes original issue discount, the accrual of which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant yield method over the term of each such Bond and the basis of each Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Purchasers who acquire Bonds with original issue discount, including purchasers who do not purchase in the original offering, are advised that they should consult with their own independent tax advisors with respect to the state and local tax consequences or any collateral federal tax consequences of owning such Bonds.

If the issue price of a Bond is greater than the stated redemption price at maturity of such Bond, the difference constitutes original issue premium, the amortization of which is not deductible from gross income for federal income tax purposes. Original issue premium is amortized over the period to maturity of such Bond based on the yield to maturity of that Bond (or, in the case of a Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Bond), compounded on each interest or principal payment date. For purposes of determining gain or loss on the sale or other disposition of such Bond, the purchaser is required to decrease such purchaser's adjusted basis in such Bond by the amount of premium that has amortized to the date of such sale or other disposition. As a result, a purchaser may realize taxable gain for federal income tax purposes from the sale or other disposition of such Bond for an amount equal to or less than the amount paid by the purchaser for that Bond. A purchaser of that Bond in the initial public offering at the issue price for that Bond who holds it to maturity (or, in the case of a callable Bond, to its earlier call date that results in the lowest yield on that Bond) will realize no gain or loss upon its retirement. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal, state or local income tax consequences of owning such Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of a Bond is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Prospective purchasers of the Bonds should consult their own independent tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City, the Successor Agency or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat

the Successor Agency as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached as APPENDIX B hereto.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules relating to the refunding of the 2016 Bonds. See "REFUNDING PLAN." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

UNDERWRITING

Samuel A. Ramirez & Co., Inc., as underwriter (the "Underwriter"), has agreed, subject to certain conditions, to purchase the Bonds at a purchase price of $____ (equal to the principal amount of the Bonds, plus original issue premium of $___ and less an underwriter's discount of $____). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

MUNICIPAL ADVISOR

The Successor Agency has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. CSG Advisors Incorporated, is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

LEGAL OPINIONS

The proposed form of the final approving opinion of Nossaman LLP, Los Angeles, California, with respect to the Bonds is included in APPENDIX B. In addition to those matters opined on by Bond Counsel, certain legal matters will be passed on for the Successor Agency by Nossaman LLP, as Disclosure Counsel to the Successor Agency for the Bonds and by Robert Kim, Esq., the Hawthorne City Attorney, acting as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California.

LITIGATION

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing, or which could materially affect the Tax Revenues.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign the rating of "__" (stable outlook) to the Bonds based on the issuance of the Municipal Bond Insurance Policy by the Bond Insurer at the time of delivery of the Bonds. See "MUNICIPAL BOND INSURANCE." In addition, S&P has assigned the underlying rating of "__" (stable outlook) to the Bonds without regard to the issuance of the Municipal Bond Insurance Policy. These ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of the S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Successor Agency will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency and other data by not later March 31 of each year (the "Annual Report"), commencing March 31, 2026 with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the "Rule").

A failure by the City to comply with the provisions of the Continuing Disclosure Certificate is not an event of default under the Indenture (although the holders and beneficial owners of the Bonds do have remedies at law and in equity). However, a failure to comply with the provisions of the Continuing Disclosure Certificate must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds. Therefore, a failure by the Successor Agency to comply with the provisions of the Continuing Disclosure Certificate may adversely affect the marketability of the Bonds on the secondary market.

A review of prior compliance by the Successor Agency and the City with its continuing disclosure obligations under the Rule revealed several instances of filing delays during the past five years. In connection with the $13,180,000 Community Redevelopment Agency of the City of Hawthorne Community Facilities District No. 1999-1 (Gateway Center) 2010 Special Tax Refunding Bonds, and the $29,785,000 Successor Agency to the Community Redevelopment Agency to the City of Hawthorne, Subordinate Tax Allocation Refunding Bonds, Series 2016 the Successor Agency to the Community Redevelopment Agency filed its audited financial statement for fiscal year ended June 30, 2022 late. In connection with the City's $121,865,000 initial principal amount of Taxable Pension Obligation Bonds, Series 2019, the City filed all of its annual reports in 2024, and therefore was late in filing the annual reports due March 31 in the years 2020, 2021, 2022 and 2023. In connection with the City's $12,645,000 initial principal amount of Certificates of Participation, Series A and $17,470,000 Certificates of Participation, Series B, the City filed the annual reports due March 31 in the years 2020, 2021, 2022 and 2023 late, in 2024. In connection with the City of Hawthorne, California Community Facilities District No. 2006-1 (Three Sixty Degrees @ South Bay) 2020 Special Tax Refunding Bonds, the City filed its audited financial statement for fiscal years ended June 30, 2021 and June 30, 2022 late. In connection with the $3,880,000 City of

Hawthorne Community Facilities District No. 2004-1 (Fusion @ South Bay) 2005 Special Tax Bonds, the City filed its audited financial statement for fiscal year ended June 30, 2022 late. In addition, the City received a rating upgrade from S&P on September 5, 2024 and did not file a notice of such rating change until May 19, 2025. The Successor Agency and City are now current on their continuing disclosure filings, and will work closely with their dissemination agents to ensure timely compliance of annual reports in the future.

AUDITED FINANCIAL STATEMENTS

The City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 (the "ACFR"), attached as Appendix E hereto, was audited by Rogers, Anderson, Malody & Scott, LLP, San Bernardino, California (the "Auditor"). The City's financial statements contain the Successor Agency's audited financial statements for the fiscal year ended June 30, 2024.

The Auditor was not requested to consent to the inclusion of its report in Appendix E and it has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness, or fairness of the statements made in the Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report. See "APPENDIX E – CITY OF HAWTHORNE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024."

As described in "SECURITY FOR THE BONDS—Limited Obligation," the Bonds are payable from and secured by a pledge of Tax Revenues and the Bonds are not a debt of the City. The City's audited financial statements are included in Appendix E to this Official Statement only because they contain the Successor Agency's audited financial statements.

MISCELLANEOUS

All of the preceding summaries of the Indenture, the Escrow Agreement, the Refunding Bond Law, the Dissolution Act, other applicable legislation, the Redevelopment Plans for the Project Areas, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by its Executive Director has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

By:_____
Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

APPENDIX C

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC. The Successor Agency and the City take no responsibility for the completeness or accuracy thereof. The City and the Successor Agency cannot give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners: (i) payments of interest, principal or premium, if any, with respect to the Bonds, (ii) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis without error, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are,

however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all of the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE
TAX ALLOCATION REFUNDING BONDS
SERIES 2025

This Continuing Disclosure Certificate, dated _____, 2025 (this "Disclosure Certificate"), is executed and delivered by the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "Successor Agency") in connection with the Successor Agency's issuance of its Tax Allocation Refunding Bonds, Series 2025 (the "Series 2025 Bonds"). The Series 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2025 (the "Indenture"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the Holders and Beneficial Owners (as hereinafter defined) of the Series 2025 Bonds and in order to assist the Participating Underwriter (as hereinafter defined) in complying with the Rule (as hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Filing" means, the Annual Filing provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the audited financial statements of the Successor Agency, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties", except as may be modified from time to time and described in such financial statements.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries) including the Securities Depositary (as defined in the Indenture).

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

"Filing Deadline" means March 31 of each year, commencing March 31, 2026.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligated Person" means, any person, including the issuer of municipal securities (such as the Series 2025 Bonds), who is generally committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Official Statement). The Successor Agency is the only Obligated Person for the Series 2025 Bonds.

"Official Statement" means the final Official Statement, dated ____, 2025, relating to the Series 2025 Bonds.

"Participating Underwriter" shall mean the original underwriter of the Series 2025 Bonds required to comply with the Rule in connection with offering of the Series 2025 Bonds.

"Repository" shall mean the MSRB or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time and including any official interpretations thereof issued either before or after the effective date of this Disclosure Certificate which are applicable to this Disclosure Certificate.

"SEC" shall mean the Securities and Exchange Commission and any successor agency thereto.

"Specified Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

"State" means the State of California.

SECTION 3. Provision of Annual Filing.

The Successor Agency shall, not later than the Filing Deadline following each fiscal year of the Successor Agency, commencing with the Annual Filing following the fiscal year of the Successor Agency ended June 30, 2025, provide to the Repository an Annual Filing which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Filing may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements referred to in Section 4(a) may be submitted separately from the balance of the Annual Filing and later than the date required above for the filing of the Annual Filing if such Audited Financial Statements are not available by that date. If the fiscal year of the Successor Agency changes, the Successor Agency shall give notice of such change in the same manner as for a Specified Event under Section 5(h). Currently, the MSRB requires filing such information electronically through EMMA. Audited financial statements are expected to be available with the Annual Filing. The Successor Agency is required to deliver, or cause to be delivered, such information in such manner and by such time so that the MSRB receives the information on or before the date specified.

If the Successor Agency fails to provide to the MSRB an Annual Filing by the Filing Deadline, the Successor Agency shall promptly send a notice to the MSRB of such failure in an electronic format, and accompanied by such identifying information as is prescribed by the MSRB.

SECTION 4. Content of Annual Filings. The Successor Agency's Annual Filing shall contain or include by reference the following:

(a) The Audited Financial Statements of the Successor Agency for the prior Fiscal Year. If the Successor Agency's Audited Financial Statements are not available by the Filing Deadline, the Annual Filing shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Filing when they become available.

(b) Update to Tables 1-4 and Table 6 in the Official Statement for the most recently ended fiscal year.

The items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Successor Agency is an Obligated Person, and which have been filed with the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Successor Agency shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Filings may be modified from time to time as determined in the judgment of the Successor Agency to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Successor Agency or to reflect changes in the business, structure, operations, legal form of the Successor Agency or any mergers, consolidations, acquisitions or dispositions made by or affecting the Successor Agency; provided that any such modifications shall comply with the requirements of the Rule.

SECTION 5. Reporting of Specified Events.

(a) The Successor Agency shall provide (or cause to be provided) notice to the MSRB of the occurrence of any of the following events numbered 1-10 with respect to the Series 2025 Bonds, in a timely manner but not later than ten business days after the occurrence of the event. The notice shall be in an electric format and be accompanied by such identifying information as is prescribed by the MSRB.

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or issuance of adverse tax opinion;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subsection (9) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) The Successor Agency shall provide (or cause to be provided) to the MSRB notice of the occurrence of any of the following events numbered 11-18 with respect to the Series 2025 Bonds, if material, in a timely manner but not later than 10 business days after the occurrence of the event. Such notice shall be in an electric format, and be accompanied by such identifying information as is prescribed by the MSRB.

11. Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of Series 2025 Bonds or other events affecting the tax status of Series 2025 Bonds;

12. Modifications to rights of Holders;

13. Bond calls;

14. Release, substitution, or sale of property securing repayment of the Series 2025 Bonds;

15. Non-payment related defaults;

16. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

17. Appointment of a successor or additional trustee or the change of name of a trustee; or

18. Incurrence of a Financial Obligation of the Obligated Person or agreement to covenants, events or default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affects security holders.

(c) The Successor Agency acknowledges that it must make a determination whether a Specified Event listed in subsection (b) is material under applicable federal securities laws in order to determine whether a filing is required under subsection (b). If it makes such a determination, the Successor Agency shall within 10 Business Days of occurrence file a notice of such occurrence, or cause a notice of such occurrence to be filed, with the Repository. Notwithstanding the foregoing, notice of the

Specified Event described in Section 5(a)(7) or Section 5(b)(12) need not be given under this Section 5(c) any earlier than the notice (if any) of the underlying event is given to the Holders of affected Series 2025 Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The obligations of the Successor Agency under this Disclosure Certificate shall terminate upon the legal defeasance, or payment in full, of all of the Series 2025 Bonds. If such termination occurs prior to the final maturity of the Series 2025 Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Specified Event under Section 5(a) hereof.

SECTION 7. Amendment; Waiver. The Successor Agency reserves the right to amend this Disclosure Certificate, and noncompliance with any provision of this Disclosure Certificate may be waived, as may be necessary or appropriate to (a) achieve its compliance with the Rule or any other applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any changes in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the Successor Agency. Any such amendment or waiver shall not be effective unless the Disclosure Certificate (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Series 2025 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Successor Agency shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by Agency that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Series 2025 Bonds then outstanding.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Successor Agency shall describe such amendment in the Annual Filing or Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Successor Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (i) notice of such change shall be given in the same manner as Section 3, and (ii) the Annual Filing or the Audited Financial Statement for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the Audited Financial Statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Filing or notice of occurrence of a Specified Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Filing or notice of occurrence of a Specified Event, in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

SECTION 9. Remedy for Breach. This Disclosure Certificate shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Series 2025 Bonds. The exclusive remedy for any breach of the Disclosure Certificate by the Successor Agency shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Successor Agency of its obligations under this Disclosure Certificate by court order; provided that any Holder or Beneficial Owner seeking to require the Successor Agency to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Successor Agency of the Successor Agency's failure, giving reasonable detail of such failure, following which notice the Successor Agency shall have 30 days to comply. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture with respect to the Series 2025 Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Participating Underwriter, Holders and Beneficial Owners from time to time of the Series 2025 Bonds, and shall create no rights in any other person or entity.

SECTION 11. Record Keeping. The Successor Agency shall maintain records of all Annual Filings and notices of Specified Events, including the content of such disclosure, the names of the entities with which such disclosure was filed and the date of filing such disclosure.

SECTION 12. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California.

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

By: _____
Executive Director

APPENDIX E

AUDITED FINANCIAL STATEMENTS OF THE CITY OF HAWTHORNE FOR THE FISCAL YEAR ENDED JUNE 30, 2024

APPENDIX F

CITY OF HAWTHORNE AND LOS ANGELES COUNTY SUPPLEMENTAL INFORMATION

The following information concerning the City of Hawthorne (the "City") and Los Angeles County (the "County") is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, County, the State of California ("State"), or any of its political subdivisions (except for the Successor Agency, and then to the limited extent set forth in the Indenture), and neither the City, the County, the State nor any of its political subdivisions is liable therefor (except for the Successor Agency, to the limited extent set forth in the Indenture).

General

***The City of Hawthorne*.** Incorporated in 1922, the City of Hawthorne is approximately six square miles. Located near the Los Angeles International Airport, connected by rail to the Port of Los Angeles and downtown Los Angeles, and surrounded by the San Diego (I-405), Harbor (I-110), and Glenn M. Anderson (I-105) Freeways, the City is a transportation hub to the South Bay region of Los Angeles County. The City is the headquarters for several manufacturing and aerospace companies, including Tesla Motors (which has its design center at the Hawthorne Municipal Airport), SpaceX and OSI Systems. To the north of the City is the unincorporated community of Lennox and the city of Inglewood. To the east is the unincorporated community of Athens and the city of Gardena. To the south is the unincorporated community of El Camino Village, and the cities of Lawndale and Redondo Beach. Manhattan Beach is at the southwest corner of Hawthorne, and the city of El Segundo is to the west of Hawthorne. The unincorporated community of Del Aire is surrounded on three sides by the city of Hawthorne along the western edge of Hawthorne.

The City provides a wide range of services, including police protection, public works, storm drainage, planning and development, park and landscape maintenance, code enforcement, building inspection, and administration. Fire protection and library services are provided by Los Angeles County. Many recreation programs for all age groups and services for the mature adult population are provided year round. The City provides for trash collection services through a contracted third party.

Los Angeles County. The County of Los Angeles (the "County") was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. The County is governed by a five-member Board of Supervisors who are elected by district to serve alternating four-year terms. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over nine million, its population is the largest of any county in the nation and is largest non–state level governmental entity in the United States. The County serves as the central trade district for the western United States and the gateway to the Asian economies. The County has 88 incorporated cities and many unincorporated areas and, at 4,083 square miles (10,570 km2), it is larger than the combined areas of Delaware and Rhode Island. The County is home to more than one-quarter of California's residents and is one of the most ethnically diverse counties in the U.S.

Population

The table below shows the population and population growth rate in the City and the County from January 1, 2016 through January 1, 2025:

City of Hawthorne
City and County Population
2016 through 2025

	City		County	
Year [1]	Population	Growth Rate	Population	Growth Rate
2016	88,318	0.20%	10,150,386	0.25%
2017	88,197	-0.14	10,181,162	0.30
2018	88,144	-0.06	10,192,593	0.11
2019	87,827	-0.36	10,163,139	-0.29
2020	87,571	-0.29	10,135,614	-0.27
2021	87,650	-0.08	9,966,353	-1.78
2022	86,618	-1.10	9,870,212	-0.94
2023	86,038	-0.75	9,834,286	-0.43
2024	85,868	-0.37	9,848,643	0.05
2025	85,653	-0.30	9,876,811	0.30

(1) As of January 1 of each year.
Source: State of California, Department of Finance, E-4 Population Estimate for Cities, Counties and the State.

Construction Activity

The following is a summary of the construction permits issued by the City for the last three calendar years.

City of Hawthorne
Building Permits Issued and Values for Permits Issued
Calendar Years 2022-2024

		Value of Permits Issued		
Calendar Year	Building Permits	Commercial	Residential	Total
2022	267	$ 3,933,569	$ 4,286,476	$ 8,220,045
2023	1009	7,465,167	12,095,613	19,560,780
2024	1549	53,119,761	23,657,725	76,777,486

Source: City of Hawthorne.

Industry and Employment

The following table shows certain employment statistics for the City and the County for calendar years 2020 through 2025.

CITY OF HAWTHORNE
CITY AND COUNTY EMPLOYMENT STATISTICS
Calendar Years 2020 through 2025[1]

	City				County
Year	Labor Force	Employed	Unemployment Number	Unemployment Rate	Unemployment Rate
2020	43,900	37,500	6,400	14.6%	12.3%
2021	43,700	39,200	4,600	10.4	9.0
2022	43,100	40,900	2,200	5.0	5.0
2023	43,000	40,900	2,100	4.8	5.0
2024	43,000	40,900	2,200	5.0	5.2
2025[2]	43,600	41,200	2,300	5.4	5.6

(1) Data not seasonally adjusted. Figures represent the 12-month average for each such year.
(2) Preliminary, as of April 2025.
Source: State of California, Employment Development Department.

The following table lists the City's principal employers in calendar year 2024.

CITY OF HAWTHORNE
PRINCIPAL EMPLOYERS
Calendar Year 2024

Employer	Employees	% of total City Employment
SpaceX - Space Exploration Technologies	7,428	17.27%
Hawthorne School District	1,025	2.38
Wiseburn Unified School District	492	1.14
Amazon Fulfillment Center (includes Ring HQ)	471	1.10
OSI Systems Inc.	266	0.62
Teledyne Relays	245	0.57
City of Hawthorne	244	0.57
Home Depot[1]	220	0.51
South Bay Ford	205	0.48
Hawthorne Healthcare and Wellness Center	152	0.35
Total	**10,748**	**25.00%**
Total City Employment[2]	**43,000**	

(1) Includes both full-time and part-time employees.
(2) Total City Employment provided by Employment Development Department Labor Force Data.
Source: City of Hawthorne Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024.

The following table summarizes the employment figures by industry for calendar years 2021 through 2025 for the Los Angeles-Long Beach-Glendale Metropolitan Division, which is located entirely within the County.

INDUSTRY EMPLOYMENT & LABOR FORCE – ANNUAL AVERAGE
LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION
(LOS ANGELES COUNTY)

	2021	2022	2023	2024[1]	2025[2]
Total Farm	4,600	4,800	4,700	4,600	4,700
Goods Producing	463,800	474,700	471,900	466,400	440,400
Mining, Logging and Construction	150,700	153,000	152,700	151,900	143,000
Manufacturing	313,100	321,700	319,200	314,500	297,400
Non-Durable Goods	127,100	132,200	128,200	126,100	119,100
Service Providing	3,841,300	4,058,300	4,071,600	4,125,200	4,135,500
Private Service Providing	3,281,100	3,488,300	3,489,300	3,531,600	3,530,900
Trade, Transportation, and Utilities	814,000	834,500	826,400	810,300	803,700
Wholesale Trade	202,600	204,400	200,400	196,600	190,900
Retail Trade	396,100	406,500	407,200	397,500	394,200
Information	208,800	234,900	193,000	198,300	186,800
Financial Activities	213,200	215,700	211,000	210,900	201,900
Professional and Business Services	630,800	666,900	652,500	658,500	648,700
Private Education and Health Services	844,400	871,100	914,500	963,400	1,010,600
Leisure and Hospitality	434,200	512,400	534,100	532,500	523,200
Other Services	135,700	153,000	157,800	157,700	156,000
Government	560,200	570,000	582,300	593,600	604,600
Total, All Industries[3]	4,309,700	4,537,900	4,548,200	4,596,200	4,580,600

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(1) Last available full year data.
(2) As of March 2025.
(3) "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2024-5 Benchmark.*

The following table sets forth estimates of the civilian labor force, employment, unemployment, and unemployment rate for the County and the State for calendar years 2021-2025.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
BY ANNUAL AVERAGE
CALENDAR YEARS 2021-2025
(LOS ANGELES COUNTY and STATE OF CALIFORNIA)

Year and Area	Civilian Labor Force	Civilian Employment	Civilian Unemployment	Civilian Unemployment Rate
2021				
Los Angeles County	4,999,700		4,551,600	9.0%
State of California	18,954,600		17,564,900	7.3%
2022				
Los Angeles County	5,021,800		4,771,700	5.0%
State of California	19,218,300		18,393,900	4.3%
2023				
Los Angeles County	5,055,300		4,799,000	5.1%
State of California	19,471,000		18,551,800	4.7%
2024 (1)				
Los Angeles County	5,109,800		4,812,600	5.8%
State of California	19,644,100	18,600,900	1,043,100	5.3%
2025(2)				

Los Angeles County	5,047,900	4,767,600	5.6%
State of California	19,841,400	18,788,700	5.3%

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(1) Last available full year data.

(2) Data as of March 2025.

Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2024 Benchmark.*

Taxable Transactions

The table below summarizes the taxable transactions in the City and County by type of business for calendar years 2020 through 2024.

TAXABLE TRANSACTIONS
(CITY OF HAWTHRONE)

Type of Business	2020	2021	2022	2023	2024[1]
Retail and Food Services					
Motor Vehicle and Parts Dealers	$ 281,975,481	$ 394,226,110	$ 443,591,209	$ 389,306,285	$ 357,115,549
Home Furnishings and Appliance Stores	65,717,541	82,439,450	105,429,266	92,411,648	81,357,320
Building Material and Garden Equipment and Supplies Dealers	166,851,350	174,578,208	172,894,383	176,187,049	171,498,201
Food and Beverage Stores	44,650,041	45,736,645	47,523,911	47,921,050	41,047,489
Gasoline Stations	56,357,971	90,494,280	131,292,677	114,190,860	102,651,205
Clothing and Clothing Accessories Stores	55,379,349	84,008,530	79,141,232	81,534,304	85,988,857
General Merchandise Stores	282,589,308	342,008,266	416,217,733	406,598,222	370,621,183
Food Services and Drinking Places	106,538,037	129,757,850	138,741,226	142,779,366	138,795,860
Other Retail Group	60,528,086	68,013,220	66,114,879	62,420,691	64,813,548
Total Retail and Food Services	**$1,120,587,164**	**$1,411,262,559**	**$1,600,946,516**	**$1,513,349,475**	**$1,413,889,212**
All Other Outlets	$282,200,996	$296,823,755	$471,844,831	$427,881,241	$369,821,514
Total All Outlets	**$1,402,788,160**	**$1,708,086,314**	**$2,072,791,347**	**$1,941,230,716**	**$1,783,710,726**

(1) Latest annual data available.
Source: CDTFA - Taxable Sales by City.

TAXABLE TRANSACTIONS
(LOS ANGELES COUNTY)

Type of Business	2020	2021	2022	2023	2024[(1)]
Retail and Food Services					
Motor Vehicle and Parts Dealers	$18,534,325,790	$23,563,564,765	$25,275,154,063	$23,452,326,653	$22,179,959,313
Home Furnishings and Appliance Stores	6,608,481,868	8,191,431,025	7,731,033,293	6,977,305,008	6,746,414,645
Building Material and Garden Equipment and Supplies Dealers	9,556,946,133	10,456,967,177	11,019,289,406	10,678,778,454	10,499,439,821
Food and Beverage Stores	7,650,293,876	7,870,931,683	8,267,218,988	8,344,481,521	7,698,819,083
Gasoline Stations	8,132,306,788	12,411,546,399	16,168,371,270	14,257,026,906	13,017,730,554
Clothing and Clothing Accessories Stores	9,498,705,309	13,981,730,889	14,430,221,202	14,020,074,358	13,984,104,849
General Merchandise Stores	12,263,783,822	14,456,028,655	15,079,135,401	14,523,908,822	14,300,846,122
Food Services and Drinking Places	17,006,158,406	23,626,064,760	28,099,665,133	29,529,325,777	29,257,826,023
Other Retail Group	24,164,972,130	24,442,108,064	24,552,534,881	24,380,860,690	23,451,263,753
Total Retail and Food Services	**$113,415,974,122**	**$139,000,373,417**	**$150,622,623,637**	**$146,164,088,189**	$141,136,404,163
All Other Outlets	$44,322,010,334	$53,523,829,593	$63,093,985,701	$62,338,747,137	$61,181,272,474
Total All Outlets	**$157,737,984,456**	**$192,524,203,010**	**$213,716,609,338**	**$208,502,835,326**	**$202,317,676,637**

(1) Latest annual data available.
Source: CDTFA - Taxable Sales – Counties by Type of Business.

Personal Income

The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy. The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capital personal income is calculated as the personal income divided by the resident population based upon the Census Bureaus' annual midyear population estimates.

The table below presents the latest available personal income data for the County, the State and the United States for the calendar years 2019-2023 (the most recent year available).

PERSONAL INCOME
CALENDAR YEARS 2019-2023[(1)]
(LOS ANGELES COUNTY, STATE OF CALIFORNIA, and UNITED STATES)

Year and Area	Personal Income (thousands of dollars)	Per Capital Personal Income (dollars)
2019		
Los Angeles County	$ 629,245,755	$62,591
State of California	2,539,747,399	64,219
United States	18,349,584,000	55,566
2020		
Los Angeles County	678,548,600	67,904
State of California	2,769,103,047	70,098
United States	19,600,945,000	59,123
2021		
Los Angeles County	719,455,363	73,343
State of California	3,009,556,560	76,882
United States	21,403,979,000	64,460
2022		
Los Angeles County	722,935,767	74,378
State of California	3,003,826,087	76,941
United States	22,077,232,000	66,244
2023[(1)]		
Los Angeles County	756,659,481	78,302
State of California	3,166,135,354	81,255
United States	23,380,269,000	69,810

[(1)] Last available full year data.

Source: U.S. Bureau of Economic Analysis, "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income" (accessed May 19, 2025).

The following is a direct and overlapping debt report as of May 1, 2025, prepared by California Municipal Statistics, Inc. This report is included for informational purposes only. Neither the City, the Successor Agency, nor the Underwriter has reviewed the report for completeness or accuracy and makes no representation in connection therewith.

CITY OF HAWTHORNE
DIRECT AND OVERLAPPING DEBT
As of May 1, 2025

2024-25 Assessed Valuation: $11,472,610,532

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/25
Metropolitan Water District	0.282%	$ 48,377
El Camino Community College District	6.672	32,028,627
Los Angeles Community College District	0.078	3,837,214
Los Angeles Unified School District	0.095	10,509,161
Centinela Valley Union High School District	37.954	84,709,846
Centinela Valley Union High School District SFID No. 2016-1	36.536	77,953,210
Inglewood Unified School District	0.030	95,885
Wiseburn Unified School District	14.694	17,421,862
Hawthorne School District	97.312	61,298,230
Lawndale School District	19.482	9,590,015
Lennox School District	7.200	2,419,861
City of Hawthorne Community Facilities District No. 2004-1	100.	2,240,000
City of Hawthorne Community Facilities District No. 2006-1	100.	7,340,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$309,492,288
Less: Los Angeles Unified School District supported general obligation bonds	284,503	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$309,207,785
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.546%	$16,590,278
Los Angeles County Superintendent of Schools Certificates of Participation	0.546	12,731
Los Angeles Unified School District Certificates of Participation	0.095	420,888
Centinela Valley Union High School District Certificates of Participation	58.991	2,887,609
Inglewood Unified School District Certificates of Participation	0.030	293
Wiseburn Unified School District General Fund Obligations	14.694	1501797
Hawthorne School District Certificates of Participation	97.312	9,468,458
Lennox School District Certificates of Participation	7.200	223,560
City of Hawthorne General Fund Obligations	**100.**	**43,206,000**[1]
City of Hawthorne Pension Obligation Bonds	**100.**	**108,530,000**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$182,841,614
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100. %	$15,625,000
GROSS COMBINED TOTAL DEBT		$507,958,902[2]
NET COMBINED TOTAL DEBT		$507,674,399

Ratios to 2024-25 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	2.70%
Total Net Overlapping Tax and Assessment Debt	2.70%
Total Direct Debt ($151,736,000)	**1.32%**
Gross Combined Total Debt	4.43%
Net Combined Total Debt	4.43%

Ratios to Redevelopment Successor Agency Incremental Valuation ($2,902,646,422):

Total Overlapping Tax and Assessment Debt	0.54%

Source: CalMuni

(1) Excludes Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Assessed Valuation. The table below presents the assessed valuation (secured and unsecured) of taxable property in the City for the last ten fiscal years.

CITY OF HAWTHORNE
ASSESSED VALUES OF ALL TAXABLE PROPERTY
Fiscal Years 2015-16 through 2024-25

Fiscal Years	Secured	Unsecured	Less Exemptions	Total Taxable Assessed Value	Direct Tax Rate
2015-16	$6,360,930,083	$261,718,287	$(38,794,555)	$6,583,853,815	0.09137%
2016-17	6,761,280,688	586,347,166	(70,829,245)	7,276,798,609	0.09174
2017-18	7,149,882,995	639,095,098	(62,805,701)	7,726,172,392	0.09127
2018-19	7,532,179,160	732,745,553	(75,014,723)	8,189,909,990	0.09104
2019-20	7,971,171,054	728,823,022	(69,188,809)	8,630,805,267	0.08950
2020-21	8,394,513,934	871,235,153	(89,168,195)	9,176,580,892	0.08648
2021-22	8,771,167,546	740,382,503	(106,971,423)	9,404,578,626	0.08939
2022-23	9,143,741,870	997,321,789	(67,095,584)	10,073,968,075	0.08939
2023-24	9,650,550,517	1,189,309,755	(98,589,184)	10,842,229,863	0.08517
2024-25	10,224,617,091	1,364,389,748	(116,396,307)	11,472,610,532	0.08605

Source: City of Hawthorne Audited Financial Statements for fiscal years 2015-16 through 2023-24; City of Hawthorne for fiscal year 2024-25, based on information provided by the Los Angeles County Auditor-Controller.

Redevelopment Dissolution. The State's Community Redevelopment Law (codified in Part 1 of Division 24 of the California Health and Safety Code) authorized the redevelopment agency of any city or county to receive an allocation of tax revenues resulting from increases in assessed values of properties within designated redevelopment project areas (the "incremental value") occurring after the year the project area is formed. In effect, local taxing agencies, such as the City, realize tax revenues only in the assessed value of such property at the time the redevelopment project is created for the duration of such redevelopment project. Although Assembly Bill No. 26 ("AB X1 26"), enacted on June 29, 2011 as Chapter 5 of Statutes of 2011, statutorily dissolved redevelopment agencies as of February 1, 2012, the enforceable obligations of dissolved redevelopment agencies, continue to be paid from property taxes derived from such incremental value until the enforceable obligations are paid in full in accordance with Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012, and as such statutory provisions may further be amended from time to time (as amended, the "Dissolution Act"). Under the Dissolution Act, taxing entities, such as the City, are to receive distributions (in proportion to such taxing entity's share of property tax revenues in the tax rate area for the applicable fiscal year) of residual amounts of property taxes attributable to incremental value on each June 1 and January 2, commencing June 1, 2012, after payment of (i) tax sharing obligations established previously pursuant to the Community Redevelopment Law, (ii) enforceable obligations of the successor agency to the former redevelopment agency, and (iii) an administrative cost allowance to such successor agency. As enforceable obligations of the former redevelopment agency and its successor agency are paid and retired, residual amounts of property tax revenues attributable to redevelopment project area incremental value are expected to increase over time.

The top ten taxpayers, based on assessed values of taxable property in the City, as shown on the 2023-24 tax roll, are set forth in the following table:

CITY OF HAWTHORNE
TOP TEN TAXPAYERS BASED ON ASSESSED VALUE
Fiscal Year 2023-24

Rank	Taxpayer	Taxable Assessed Value	% of Total City Taxable Assessed Value
1	Space Exploration Technologies Corp[1]	$713,339,704[2]	6.58%
2	Holston DC Assets LLC	112,608,000	1.04
3	DCT Cargo LLC	91,513,963	0.84
4	Falcon Landing LLC[3]	91,190,775	0.84
5	BSP Zelman Hawthorne LLC	88,599,590	0.82
6	Costco Wholesale Corporation	66,786,978	0.62
7	Hawthorne Creative LLC	66,677,419	0.61
8	Equity Holdings LLC	61,997,640	0.57
9	15000 Aviation Ventures LLC	60,439,650	0.56
10	RT Rocket Road LLC	57,814,819	0.53
	Top Ten Total	**$1,410,968,538**	**13.01%**
	City Total	**$10,842,229,863**	**100.00%**

(1) On July 16, 2024, SpaceX founder Elon Musk posted on X (formerly Twitter) that SpaceX will be moving to Texas. Since then there has been no formal announcement by the company regarding the move. The City does not know if, or what date SpaceX plans to move out of the City, nor which departments of SpaceX will locate to Texas. In addition, the City is not aware of whether SpaceX plans to sell the real property it owns in the City in the event it relocates to Texas. For fiscal years ending 2020, 2021, 2022, 2023, and 2024 the City collected approximately $348,132, $393,390, $396,486, $504,008 and $606,334, respectively, in property tax revenues from SpaceX. The City expects to receive approximately $750,765 in property tax revenue for fiscal year ending 2025.

(2) The majority of taxable assessed value for SpaceX is unsecured property, which consists of business fixtures, furniture, machinery and equipment. Every year, this amount varies for SpaceX due to annual variations of its projects which are at various stages of completion.

(3) Pending appeals on parcels.

Source: City of Hawthorne Audited Financial Statements for fiscal year 2023-24

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APPENDIX G

FISCAL CONSULTANT'S REPORT

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

$_____
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

BOND PURCHASE AGREEMENT

_____, 2025

Successor Agency to the Community Development
Agency of the City of Hawthorne
4455 West 126th Street
Hawthorne, CA 90250

Ladies and Gentlemen:

Samuel A. Ramirez & Co., Inc. (the "**Underwriter**") offers to enter into this Bond Purchase Agreement (the "**Bond Purchase Agreement**") with the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "**Successor Agency**"), which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by the Successor Agency's execution of this Bond Purchase Agreement and its delivery to the Underwriter on or before 11:59 P.M., California time, on the date hereof.

The Successor Agency acknowledges and agrees that: (i) the purchase and sale of the above-captioned Bonds (and defined below) pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Successor Agency; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Successor Agency on other matters) nor has it assumed any other obligation to the Successor Agency except the obligations expressly set forth in this Bond Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Successor Agency; and (v) the Successor Agency has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by the Municipal Securities Rulemaking Board ("**MSRB**") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any. The Successor Agency acknowledges that it has engaged CSG Advisors Incorporated (the "**Municipal Advisor**"), as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1), and for financial advice purposes, will rely only on the advice of the Municipal Advisor.

Capitalized terms used and not otherwise defined in this Bond Purchase Agreement shall have the same meanings given them in that certain Indenture of Trust, dated as of June 1, 2025 (the "**Indenture**"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), pursuant to which the Bonds are being issued.

1. Purchase and Sale; Use of Proceeds.

(a) Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of the $_____ Successor Agency to the Community Redevelopment Agency of the City of Hawthorne Tax Allocation Refunding Bonds, Series 2025 (the "**Bonds**"), at the purchase price of $_____ (the "**Purchase Price**") (being the principal amount of the Bonds of $_____.00, less an Underwriter's discount of $_____, and plus an original issue premium of $_____). The Purchase Price will be delivered to the Trustee on behalf of the Successor Agency.

The Purchase Price is to be paid on the Closing Date (as defined in Section 6 below). The Bonds shall be dated the Closing Date, and shall bear interest at the rates, shall mature on the dates and in the principal amounts and shall be subject to redemption, all as set forth in the attached Exhibit A.

As an accommodation to the Successor Agency, the Underwriter will pay, from the Purchase Price, the sum of $_____ to _____ (the "**Insurer**") as the premium for its municipal bond insurance policy issued for the Bonds (the "**Insurance Policy**") and the sum of $_____ to the Insurer as the premium for its municipal debt service reserve insurance policy issued for the Bonds (the "**Reserve Policy**"). Such amounts shall be credited against the Purchase Price to be remitted by the Underwriter to the Trustee pursuant to the foregoing paragraph.

(b) The Bonds are being issued for the purpose of (i) refunding the Successor Agency's Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the amount of $15,625,000, the proceeds of which were used to refinance redevelopment activities of the former Community Redevelopment Agency of the City of Hawthorne (the "**Refunded Bonds**"); (ii) paying the premium for the Reserve Policy; and (iii) paying certain costs of issuance of the Bonds.

The Bonds are special obligations of the Successor Agency, payable from, and secured by a lien on Tax Revenues.

(c) Under an Escrow Agreement, dated as of June 1, 2025 (the "**Escrow Agreement**"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as escrow bank (the "**Escrow Bank**"), provision will be made for the payment and redemption of the Refunded Bonds.

(d) Issuance of the Bonds was authorized by a resolution of the Successor Agency Board of Directors (the "**Agency Board**"), adopted on March 11, 2025 (the "**Successor Agency Bond Resolution**"), and a resolution of the Oversight Board, adopted on March 17, 2025 (the "**Oversight Board Resolution**"). In addition, the Agency Board adopted a resolution on _____, 2025, approving the Official Statement (defined below) (together with the Successor Agency Bond Resolution, the "**Successor Agency Resolutions**").

2. *Bona Fide Public Offering*. The Underwriter agrees to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

3. *Official Statement*. The Successor Agency shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (which, together with all exhibits and appendices included therein or attached thereto and with such amendments or supplements thereto which shall be approved by the Underwriter, the "**Official Statement**"). The Successor Agency authorizes the Official Statement, including the cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated _____, 2025 relating to the Bonds (the "**Preliminary Official Statement**"). The Successor Agency deems the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), except for information allowed to be omitted by Rule 15c2-12.

The Successor Agency also agrees to deliver to the Underwriter, at the Successor Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12, with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. At least one copy of the Official Statement shall be in word searchable portable document format (PDF). The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof, but in any event no later than the Closing Date. The Official Statement shall contain all information previously permitted to be omitted from the Preliminary Official Statement by Rule 15c2-12.

The Underwriter agrees to deliver or cause to be delivered to each purchaser of the Bonds from it, upon request, a copy of the Official Statement, for the time period required under Rule 15c2-12. The Underwriter also agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency and delivered to the Underwriter, with a nationally recognized municipal securities information repository (currently, the Electronic Municipal Market Access System (referred to as "**EMMA**"), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org), and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the use of the Official Statement in connection with offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

4. *Representations, Warranties and Agreements of the Successor Agency.* The Successor Agency represents and warrants to the Underwriter that, as of the Closing Date:

(a) The Successor Agency is a public entity existing under the laws of the State, including the Dissolution Act, and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate (defined below), and this Bond Purchase Agreement (collectively, the "**Successor Agency Documents**"), (ii) to

issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(c) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of the Successor Agency Documents, (ii) the distribution and use of the "deemed final" Preliminary Official Statement and the execution, delivery and distribution of the final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Successor Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The information contained in the Preliminary Official Statement (excluding therefrom any information relating to the Insurer, the Insurance Policy, the Reserve Policy, The Depository Trust Company ("**DTC**") and its book-entry system included therein, information provided by the Underwriter and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and did not as of its date contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The information contained in the Official Statement (excluding therefrom any information relating to the Insurer, the Insurance Policy, the Reserve Policy, DTC and its book-entry system included therein, information provided by the Underwriter and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Neither the execution and delivery by the Successor Agency of the Successor Agency Documents and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions hereof or thereof will, in any material way, conflict with, or constitute on the part of the Successor Agency a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the Board members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(g) The Successor Agency has never been in default at any time, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed in the Official Statement; and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on Tax Revenues (senior to or on a parity with the pledge thereof under the Indenture), except as is specifically disclosed in the Preliminary Official Statement and the Official Statement.

(h) Except as will be specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the knowledge of the Successor Agency, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Successor Agency Documents, or which, in any way, could adversely affect the validity or enforceability of the Successor Agency Documents or the Bonds or, to the knowledge of the Successor Agency, which in any way questions the exclusion from gross income of the recipients thereof the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Tax Revenues to pay the debt service on the Bonds.

(i) Any written certificate signed by any official of the Successor Agency and delivered to the Underwriter in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the truth of the statements therein contained.

(j) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification or determination in any jurisdiction.

(l) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations under the Indenture and the Escrow Agreements has been duly obtained or made and are in full force and effect.

(m) Between the date of this Bond Purchase Agreement and the Closing Date, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money secured by a pledge of or lien on Tax Revenues on a basis senior to or on a parity with the Bonds except as previously disclosed in writing to the Underwriter.

(n) The Successor Agency will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and the Official Statement.

(o) Except as otherwise described in the Official Statement, as of the Closing Date, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on Tax Revenues on a parity with or senior to the lien provided for in the Indenture on Tax Revenues.

(p) Except as described in the Preliminary Official Statement and the Official Statement and based upon a review of their previous undertakings, the Successor Agency has not failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency pursuant to Rule 15c2-12.

(q) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the Successor Agency may assume that the "End of the Underwriting Period" is the Closing Date.

(r) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (q) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make the information therein in the light of the circumstances under which it was presented, not misleading.

(s) To the best of the Successor's Agency knowledge, the Oversight Board has duly adopted the Oversight Board Resolution and no further Oversight Board approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Official Statement.

(t) The Department of Finance of the State (the "**Department of Finance**") has issued a letter, dated _____, 2025, approving the issuance of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Official Statement. The Successor Agency has received its Finding of Completion from the Department of Finance pursuant to section 34179.7 of the Dissolution Act. Except as disclosed in the Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations to the Successor Agency pursuant to Section 34183 of the Dissolution Act.

(u) As of the time of acceptance hereof and as of the Closing Date, the Successor Agency has complied with the filing of all Recognized Obligation Payment Schedules as required by law.

5. *Covenants of the Successor Agency.* The Successor Agency covenants with the Underwriter as of the Closing Date as follows:

(a) The Successor Agency covenants and agrees that it will execute a continuing disclosure certificate, constituting an undertaking to provide ongoing disclosure about the Successor Agency, for the benefit of the owners of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12, substantially in the form attached to the Official Statement (the "**Continuing Disclosure Certificate**").

(b) The Successor Agency agrees to cooperate with the Underwriter in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriter to comply with Rule 15c2-12 and any applicable rule of the MSRB.

(c) If at any time prior to the Closing Date, any event occurs with respect to the Successor Agency as a result of which the Official Statement, as then amended or supplemented, might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall promptly notify the Underwriter in writing of such event. Any information supplied by the Successor Agency for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any such fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in gross income of the owners of the Bonds for federal income tax purposes.

6. *Closing.* On [Closing Date], or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriter (the "**Closing Date**"), the Successor Agency will deliver or cause to be delivered the Bonds to the Underwriter, and the Successor Agency shall deliver or cause to be delivered to the Underwriter the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 8 of

this Bond Purchase Agreement shall occur on the Closing Date, unless otherwise specified herein. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Nossaman LLP, in Los Angeles, California ("**Bond Counsel**"), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter. Such delivery is herein called the "**Closing**."

The Bonds will be prepared and physically delivered to the Trustee on the Closing Date in the form of a separate single fully registered bond for each of the maturities of the Bonds. The Bonds shall be registered in the name of the Cede & Co., as registered owner and nominee for DTC, New York, New York. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture and shall be delivered to DTC prior to the Closing Date as required by DTC to assure delivery of the Bonds on the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Bond Purchase Agreement.

At or before 8:30 a.m., Pacific Standard time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriter will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee, less the amounts remitted by the Underwriter to the Insurer as described in the third paragraph of Section 1(a).

7. *Establishment of Issue Price*.

(a) The Underwriter agrees to assist the Successor Agency in establishing the issue price of the Bonds and shall execute and deliver to the Successor Agency at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Successor Agency and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the Successor Agency will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Successor Agency the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Successor Agency the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Successor Agency or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "**initial offering**

price"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. Exhibit A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Bond Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Successor Agency and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Successor Agency to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Successor Agency promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution

agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Successor Agency acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Successor Agency further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Successor Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as

applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

8. *Closing Conditions.* The obligations of the Underwriter hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency since June 30, 2024;

(c) as of the Closing Date, all official action of the Successor Agency relating to this Bond Purchase Agreement, the Continuing Disclosure Certificate, the Escrow Agreements and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Underwriter shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Underwriter:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) a copy of the Continuing Disclosure Certificate, as duly executed and delivered by the Successor Agency;

(iii) a copy of the Escrow Agreement, as duly executed and delivered by the Successor Agency and the Escrow Bank;

(iv) the opinion of Bond Counsel, dated the Closing Date and addressed to the Successor Agency, in the form attached as Appendix B to the Official Statement and a reliance letter, dated the Closing Date and addressed to the Underwriter which shall include a statement that the opinion substantially in the form attached as Appendix B to the Official Statement may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them;

(v) a certificate, dated the Closing Date, of the Successor Agency executed by its Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Executive Director, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by the Escrow Agreements, this Bond Purchase Agreement, the Continuing Disclosure Certificate or

the Indenture, and consummation of such transactions; (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied, in all material respects, with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement; (C) to the best knowledge of such officer, no event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (D) no further consent is required to be obtained for the inclusion of the Audited Financial Statements of the City for the Fiscal Year End June 30, 2024, as Appendix E to the Official Statement;

(vi) an opinion of the City Attorney, as counsel to the Successor Agency, dated the Closing Date, addressed to the Underwriter and the Successor Agency, in form and substance acceptable to each of them, dated the date of the Closing, to the following effect:

(A) The Successor Agency is a public entity, duly organized and validly existing under the laws of the State;

(B) The execution and delivery of the Indenture, the Continuing Disclosure Certificate, the Escrow Agreements, and this Bond Purchase Agreement have been duly approved by the Successor Agency Resolutions adopted by the Agency Board at meetings duly called and held in accordance pursuant to law and with all public notice required by law and at each of which a quorum of the members of the Successor Agency was continuously present, and the Successor Resolutions are in full force and effect and have not been modified, amended or rescinded;

(C) Except as described in the Official Statement, there is no litigation pending against the Successor Agency and notice of which has been served on the Successor Agency, or to the best of such counsel's knowledge after due inquiry, threatened against the Successor Agency, which: (1) challenges the right or title of any member or officer of the Successor Agency to hold his or her respective office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or the Bond Purchase Agreement; (c) seeks to restrain or enjoin the issuance and sale of the Bonds, the adoption or effectiveness of the Resolution and Indenture, or the execution and delivery by the Successor Agency of, or the performance by the Successor Agency of its obligations under the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, or the Bond Purchase Agreement; or (d) if determined adversely to the Successor Agency or its interests, would have a material and adverse effect upon the financial condition, assets, properties or operations of the Successor Agency; and

(D) The execution and delivery by the Successor Agency of, and the performance by the Successor Agency of its obligations under, the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Certificate, and the Bond Purchase Agreement, do not in any material respect conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the Successor Agency is a party or by which it is bound.

(vii) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery by the Trustee of the Indenture or the consummation of the transactions on the part of the Trustee contemplated by the Indenture;

(viii) an opinion of counsel to the Escrow Bank, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer its obligations created under the Escrow Agreement;

(B) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreement constitutes the legal, valid and binding obligations of the Escrow Bank enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery by the Escrow Bank of the Escrow Agreement or the consummation of the

transactions on the part of the Escrow Bank contemplated by the Escrow Agreement;

(ix) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the obligations of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee threatened against the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(x) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake of its obligations under the Escrow Agreement; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the obligations of the Escrow Bank under the Escrow Agreement; and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank threatened against the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreements, or which would affect the validity or enforceability of the Escrow Agreement or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(xi) a supplemental opinion of Bond Counsel addressed to the Underwriter, in form and substance acceptable to each of them, dated the date of Closing, to the following effect:

(A) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Successor Agency, and assuming the valid execution and delivery by the other party thereto, is valid and binding upon the Successor Agency, subject to the laws relating to bankruptcy, insolvency, reorganization of creditors' rights generally and to the application of equitable principles;

(B) the statements contained in the Official Statement under the captions "THE BONDS", "SECURITY FOR THE BONDS," "TAX MATTERS" "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE and "APPENDIX B—FORM OF OPINION OF BOND

COUNSEL" thereto are accurate insofar as such statements purport to expressly summarize certain provisions of the Bonds, the Indenture and Bond Counsel's opinion concerning federal tax matters relating to the Bonds; provided, that Bond Counsel need not express any opinion with respect to any financial or statistical data contained therein or with respect to DTC or the book-entry system in which the Bonds are initially delivered; and

(C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(xii) the opinion of Kutak Rock LLP, counsel to the Underwriter, addressed to the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter;

(xiii) a Tax Certificate in the form satisfactory to Bond Counsel;

(xiv) the final Official Statement executed by an authorized officer of the Successor Agency;

(xv) certified copies of the Successor Agency Resolutions and the Oversight Board Resolution;

(xvi) specimen Bonds;

(xvii) evidence that the federal tax information form 8038-G with respect to the Bonds has been prepared by Bond Counsel for filing;

(xviii) a verification report of _____, as to the sufficiency to pay in full the redemption price of the Refunded Bonds of the moneys in the escrow account created under the Escrow Agreement;

(xix) a copy of the Insurance Policy and a copy of the Reserve Policy;

(xx) an opinion of counsel to the Insurer, addressed to the Successor Agency and the Underwriter to the effect that:

(A) the descriptions of the Insurer, the Insurance Policy and the Reserve Policy included in the Official Statement are accurate;

(B) the Insurance Policy and the Reserve Policy constitute the legal, valid and binding obligations of the Insurer, enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor's rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxi) a certificate of the Insurer, signed by an authorized officer of the Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Insurer, the Insurance Policy, and the Reserve Policy is true and accurate and

(B) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxii) satisfactory evidence that the Bonds have been assigned the ratings as set forth in the Official Statement;

(xxiii) a certificate of an officer of Harris & Associates (the "**Fiscal Consultant**"), dated the Closing Date, addressed to the Successor Agency and the Underwriter, to the effect that, to the best of its knowledge, the assessed valuations and other fiscal information contained in the Official Statement, including such firm's Fiscal Consultant's Report attached thereto as APPENDIX G, are presented fairly and accurately, and consenting to the use of their report as APPENDIX G to the Preliminary Official Statement and the Official Statement;

(xxiv) evidence of required filings with the California Debt and Investment Advisory Commission;

(xxv) a defeasance opinion of Bond Counsel with respect to the Refunded Bonds, dated the Closing Date and addressed to the Successor Agency, the Trustee, the Insurer and the Underwriter, in form and substance satisfactory to the Underwriter;

(xxvi) a letter of Nossaman LLP, Disclosure Counsel to the Successor Agency, dated the date of Closing and addressed to the Successor Agency and the Underwriter to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel to the Successor Agency and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such counsel has no reason to believe that the Preliminary Official Statement (except for the completion of pricing information and any other matters or terms of the Bonds relating thereto) as of its date or as of the date of this Bond Purchase Agreement or the Official Statement as of its date or as of the date of the Closing (except that no opinion need be expressed as to any financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, maps, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, assessed values, market absorption, real estate, ownership, environmental or archaeological matters, Appendices A, B, C, E, F, G or H thereto, or any information about the book-entry, The Depository Trust Company, debt service requirements or tax exemption included or referred to therein, which may be expressly excluded from the scope of the opinions), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xxvii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement.

9. *Termination.* The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Bonds, including causing interest on the Bonds to be included in gross income of the owners of the Bonds for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Successor Agency or by any similar body under the Indenture or similar documents or upon interest received on obligations of the general character of the Bonds which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the delivery or performance of the Indenture, the Escrow Agreement or the Continuing Disclosure Certificate, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(e) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(f) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(g) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(h) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency or the Former Agency; or

(i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(j) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter; or

(k) there shall exist any event which in the reasonable opinion of the Underwriter that either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or

(l) there shall have occurred or any notice shall have been given of any intended downgrade, suspension, withdrawal or negative change in credit watch status by any national credit agency of the Insurer; or

(m) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(n) any rating of the Bonds shall have been downgraded, suspended or withdrawn or placed on negative outlook or negative watch by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market

price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds.

10. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Underwriter of its obligations hereunder.

11. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Successor Agency and shall survive the Closing Date.

12. *Expenses*. Except as set forth below and only upon the issuance of the Bonds, the Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, execution and delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the fees and expenses of the Successor Agency's accountants, fees of the Municipal Advisor, fees of the Fiscal Consultant, any fees charged by rating agencies for the rating of the Bonds and fees of the Trustee and the Escrow Bank. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above.

(a) The Underwriter shall pay the fees and expenses of its counsel, all advertising expenses incurred in connection with the public offering of the Bonds, fees of the California Debt and Investment Advisory Commission, CUSIP fees and all other expenses incurred by it in connection with the public offering and distribution of the Bonds (including out-of-pocket expenses and related regulatory expenses).

13. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Executive Director at the address referenced above and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Samuel A. Ramirez & Co., Inc., 12130 Millennium Drive, Suite 300, Los Angeles, California 90094; Attention: Public Finance.

14. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

15. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

16. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

17. *Severability*. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

18. *Effectiveness.* This Bond Purchase Agreement shall become effective upon its acceptance hereof by the Successor Agency.

19. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

SAMUEL A. RAMIREZ & CO., INC., as Underwriter

By_____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written:

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

By_____
Authorized Officer

Time of Execution: _____ p.m.
California time

EXHIBIT A TO THE
BOND PURCHASE AGREEMENT

$_____
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF HAWTHORNE
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							

* At the time of execution of this Bond Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Bond Purchase Agreement.

REDEMPTION PROVISIONS

Optional Redemption. The Bonds maturing on or after September 1, 20__, are subject to redemption, at the option of the Successor Agency, on any date on or after September 1, 20___, in whole or in part, among such maturities as shall be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

$_____
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE
TAX ALLOCATION REFUNDING BONDS, SERIES 2025

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Samuel A. Ramirez & Co., Inc. ("Ramirez"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) Ramirez offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated [BPA Date], by and between Ramirez and the Issuer, Ramirez has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Ramirez has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [BPA Date].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Ramirez's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in a Certificate as to Arbitrage and Tax Compliance Procedures for the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nossaman LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [Closing Date]

SAMUEL A. RAMIREZ & CO., INC.

By: _____
Authorized Officer

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(to be attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

RESOLUTION NO. 2025-01

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE AUTHORIZING THE ISSUANCE AND SALE BY THE SUCCESSOR AGENCY OF TAX ALLOCATION REFUNDING BONDS AND TAKING RELATED ACTIONS

RECITALS:

WHEREAS, the Community Redevelopment Agency of the City of Hawthorne (the "**Former Agency**") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "**Redevelopment Law**"), and the powers of the Former Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, Project Area No. 2 (the "**Original Project Area**") in the City of Hawthorne (the "**City**"), was created by Ordinance No. 1330, adopted by the Hawthorne City Council on November 26, 1984. On September 22, 2003, the City Council adopted Ordinance No. 1785 annexing an additional 64 acres of land to the Original Project Area No. 2 (the "**Annexation Area**" and together with the Original Project Area, the "**Project Area No. 2**"); and

WHEREAS, pursuant to Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code (the "**Dissolution Act**"), enacted by AB X1 26 in June 2011, and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011)*, the Former Agency was dissolved as of February 1, 2012; and

WHEREAS, pursuant to the Dissolution Act, the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne (the "**Successor Agency**") was constituted as a separate public entity from the City, and an Oversight Board to the Successor Agency (the "**Oversight Board**") was established; and

WHEREAS, Section 34177.5(a)(1) of the Dissolution Act specifically authorizes the issuance of refunding bonds by the Successor Agency to refund outstanding bonds for the purpose of reducing debt service and providing savings to the Successor Agency; and

WHEREAS, pursuant to an Indenture of Trust, dated as of January 1, 2016 (the "**2016 Indenture**"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), the Successor Agency issued its $29,785,000 initial principal amount of Subordinate Tax Allocation Refunding Bonds, Series 2016, currently outstanding in the amount of $15,625,000 (the "**2016 Bonds**"), for the purpose of refinancing redevelopment projects within or of benefit to the Project Area; and

WHEREAS, for the purpose of reducing debt service and providing savings to the Successor Agency, the Successor Agency desires to issue its Tax Allocation Refunding Bonds, Series 2025 (the "**2025 Bonds**"), in order to current refund the 2016 Bonds, secured by a pledge of property tax revenues authorized by Sections 34177.5(a) and (g) of the Health and Safety Code, and pursuant to and secured by the Indenture, dated as of [June] 1, 2025, by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "**2025 Indenture**"), all pursuant to the provisions of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Bond Law**"); and

WHEREAS, proceeds from the sale of 2025 Bonds will be used to: (i) provide funds for the redemption of the 2016 Bonds, (ii) fund a deposit into a reserve account, if such deposit is required pursuant to the terms of the 2025 Indenture, and (iii) pay costs of issuance of the 2025 Bonds; and

WHEREAS, the Successor Agency will enter into an Escrow Agreement in order to refund and defease the 2016 Bonds by the 2025 Bonds and pursuant to the terms of the 2016 Indenture (the "**Escrow Agreement**"); and

WHEREAS, there has been presented to this Board an analysis of the potential debt service savings that will accrue as a result of the issuance of the 2025 Bonds to refund the 2016 Bonds; and

WHEREAS, pursuant to Health and Safety Code Sections 34177.5(f) and 34180, the issuance of the 2025 Bonds is subject to the Oversight Board's prior approval;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The issuance by the Successor Agency of the 2025 Bonds in an aggregate principal amount not to exceed Sixteen Million Dollars ($16,000,000), pursuant to the provisions of Health and Safety Code Section 34177.5, the Refunding Bond Law and the 2025 Indenture is hereby approved and authorized.

Section 3. The 2025 Indenture, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Each of the Chair of this Board, the Vice Chair of this Board and the Executive Director of the Successor Agency (the "**Authorized Officers**"), acting individually, is authorized to, for and in the name and on behalf of the Successor Agency, execute and deliver the 2025 Indenture in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 4. The Escrow Agreement in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, are hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement, or either of them as applicable, in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approved by such Authorized Officer, said execution being conclusive evidence of such approval.

Section 5. The Successor Agency hereby appoints: (i) CSG Advisors Incorporated to serve as municipal advisor to the Successor Agency, (ii) Harris & Associates, as fiscal consultant and to assist the Successor Agency with annual reporting obligations, and (iii) Nossaman LLP to act as bond counsel and disclosure counsel. The Authorized Officers are authorized to execute, on behalf of the Successor Agency, agreements to effectuate the engagement of such firms for this refunding.

Section 6. The Authorized Officers, the Finance Officer of the Successor Agency, and all other officers of the Successor Agency are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents and instruments, relating to the 2025 Bonds, and to do and cause to be done any and all acts and things (including, but not limited to, obtaining a reserve fund surety bond, a bond insurance policy or other types of credit enhancement and engagement of a verification agent for the defeasance escrow), which they may deem necessary or proper to effectuate the purposes of this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 7. In accordance with Government Code Section 5852.1, there has been presented to this Board of Directors in the Staff Report accompanying this Resolution certain good faith estimates provided to the Successor Agency by its Municipal Advisor with respect to the Bonds. The Board of Directors hereby finds that the requirements of Government Code Section 5852.1 have been satisfied.

Section 8. This Board hereby requests that the Oversight Board approve the Successor Agency's issuance of the 2025 Bonds. The Secretary of the Successor Agency is hereby directed to transmit this Resolution to the Oversight Board for consideration at the earliest possible date.

Section 9. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, and ADOPTED by the Board of Directors of the Successor Agency to the Community Redevelopment Agency of the City of Hawthorne at a meeting duly held on the 11th day of March, 2025.

Alejandra Vargas

Chair

ATTEST:

Secretary

AGENDA ITEM NO. 12.

CITY OF HAWTHORNE
Successor Agency
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Finance

Exec. Director: **Legal Counsel:**

SUBJECT:

RESOLUTION NO. 2025-04
A RESOLUTION OF THE SUCCESSOR AGENCY TO THE HAWTHORNE REDEVELOPMENT AGENCY, APPROVING AN AMENDMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND HARRIS & ASSOCIATES TO PROVIDE THE SUCCESSOR AGENCY WITH VARIOUS SERVICES ASSOCIATED WITH SUCCESSOR AGENCY REPORTING REQUIREMENTS.

RECOMMENDED MOTION:

Staff recommends the Adoption of Resolution No. 2025-04, approving an Amendment Agreement between the Successor Agency and Harris & Associates to provide the Successor Agency with various services associated with Successor Agency reporting requirements.

DISCUSSION:

Staff is recommending that the Successor Agency enter into an amendment agreement with Harris & Associates to provide various services. Specifically, Harris & Associates has proposed providing services related to tax revenue sharing reporting to the Successor Agency.

Regulation 1808, adopted by the California Department of Tax and Fee Administration ("CDTFA"), requires every local agency to electronically complete and submit a tax revenue sharing agreement reporting form to the CDTFA by April 30 of each year to report the tax revenue sharing agreement information required to be reported by Revenue and Taxation Code ("RTC") section 7213 for the immediately preceding fiscal year. Harris identified this reporting to apply to:

1) The Gateway Center Disposition and Development Agreement ("DDA"). The DDA requires rebates of tax increment, sales tax, and transient occupancy tax revenues used for payment of debt service on the CFD 1999-1 2010 Special Tax Refunding Bonds and for repayment of the Agency Note debt assumed by the Hawthorne Community Redevelopment Agency to incentivize private improvements to public infrastructure in the Gateway development.

2) The Oceangate Owner Participation Agreement ("OPA"). The Hawthorne Community Redevelopment Agency entered the OPA, which requires sales tax and tax increment rebates to property owners in the OPA project area, to redevelop certain parcels for commercial purposes and fund public improvements.

The successful completion of this work will ensure compliance with the CDTFA's Regulation 1808.

The Successor Agency and Harris & Associates originally entered into an agreement effective April 7, 2025, for Harris to provide reporting services to the Successor Agency. That agreement established a contract term of April 7, 2025, through June 30, 2025, and a total compensation of a fee not to exceed $10,000.

Harris & Associates is proposing an amendment to extend the contract term from June 30, 2025 to June 30, 2030. This will align the contract year more closely with the schedule for the scope of work while avoiding any gaps in service.

Harris & Associates proposes an annual flat fee between $7,500 and $8,800 for services provided between Fiscal Years 2025-26 and 2029-30, as detailed in Exhibit A. The total contract amount would increase to $50,600, of which $40,600 corresponds to services provided between Fiscal Years 2025-26 and 2029-30. The City's General Fund will not be responsible for any of the costs associated with this reporting requirement and associated services.

Health & Safety Code Section 34177(j)(3) requires proposals for arrangements for administrative and operations services provided by a city, county, or other entity to be submitted to the oversight board for its approval.

Staff recommends approval of Resolution No. 2025-04 approving the agreement between the Successor Agency and Harris & Associates and further authorizing the Executive Director to execute said agreement and any amendments thereto

ECONOMIC DEVELOPMENT STRATEGIC PLAN:

.

FISCAL IMPACT:

None to the General Fund.

NOTICING PROCEDURE:

72 hours posted notice pursuant to the Ralph M. Brown Act

ATTACHMENTS

Resolution No. 2025-04
Tax Sharing Amendment Agmt
Exhibit A:Proposal May 8, 2025
Exhibit B:Contract April 7, 2025

RESOLUTION NO. 2025-04

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE HAWTHORNE REDEVELOPMENT AGENCY APPROVING AN AMENDMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE HAWTHORNE REDEVELOPMENT AGENCY AND HARRIS & ASSOCIATES TO PROVIDE THE SUCCESSOR AGENCY WITH VARIOUS SERVICES ASSOCIATED WITH SUCCESSOR AGENCY REPORTING REQUIREMENTS.

WHEREAS, the Hawthorne Redevelopment Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq*. ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Hawthorne ("City");

WHEREAS, Assembly Bill x1 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and required the wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012, and Senate Bill 107, chaptered and effective on September 22, 2015 (together, the "Dissolution Law"); and

WHEREAS, as of February 1, 2012, the Agency was dissolved pursuant to the Dissolution Law, and as a separate public entity, corporate and politic, the City of Hawthorne ("City") elected to serve as the Successor Agency to the Hawthorne Redevelopment Agency ("Successor Agency") to administer the enforceable obligations of the former Agency and otherwise unwind the former Agency's affairs, all subject to the review and approval by an oversight board ("Oversight Board"); and

WHEREAS, the Successor Agency desires to enter into an amendment agreement with Harris & Associates to provide services related to tax revenue sharing reporting to the Successor Agency, as detailed in the proposal dated May 8, 2025, for a term beginning April 7, 2025, and ending June June 30, 2030; and

WHEREAS, the Harris & Associates Successor Agency Consulting Contract is to be funded by the administrative cost allowance pursuant to Health & Safety Code Section 34171(b); and

WHEREAS, Health & Safety Code Section 34177(j)(3) requires proposals for arrangements for administrative and operations services provided by a city, county, or other entity to be submitted to the oversight board for its approval; and

WHEREAS, Health & Safety Code Section 34177.3(b) states that successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including acquiring necessary professional administrative services; and

WHEREAS, Successor Agency staff has reviewed and approved the proposed Harris & Associates Successor Agency Consulting Contract and recommends its approval.

NOW, THEREFORE, the Successor Agency to the Hawthorne Redevelopment Agency does hereby resolve as follows:

Section 1**.** The above recitals are true and correct and are a substantive part of this Resolution, incorporated herein by this reference.

Section 2. The Agency hereby approves the Harris & Associates Successor Agency Consulting Contract substantially in the form attached hereto and incorporated herein as Exhibit A and further authorizes the Executive Director to sign said agreement and any amendments thereto, with any minor, non-substantive changes to be made by Agency Counsel.

Section 3. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

PASSED AND ADOPTED by the Successor Agency at a meeting held on the 27th day of May 2025.

_____
ALEX VARGAS,
CHAIR, SUCCESSOR AGENCY TO THE HAWTHORNE REDEVELOPMENT AGENCY

ATTEST:

_____
DAYNA S. WILLIAMS-HUNTER
SECRETARY, SUCCESSOR AGENCY

APPROVED AS TO FORM:

_____
ROBERT M. KIM
LEGAL COUNSEL

EXHIBIT A

HARRIS & ASSOCIATES SUCCESSOR AGENCY CONSULTING CONTRACT

FIRST AMENDMENT
TO AGREEMENT BETWEEN THE CITY OF HAWTHORNE IN ITS ROLE AS THE SUCCESSOR AGENCY AND HARRIS & ASSOCIATES, INC.

This First Amendment to the Professional Services Agreement for Services Related to Tax Share Revenue Reporting ("First Amendment"), is made and effective as of July 1, 2025, by and between the City of Hawthorne in its role as the Successor Agency to the former Hawthorne Community Redevelopment Agency ("Successor Agency") and Harris & Associates, Inc. ("Consultant"). The Successor Agency and Consultant are sometimes individually referred to herein as a "Party" or collectively referred to as the "Parties."

RECITALS

WHEREAS, the Parties entered into an Agreement effective April 7, 2025 (the "Agreement") pursuant to which Consultant agreed to provide certain professional services to Successor Agency. The Agreement established a contract term of April 7, 2025, through June 30, 2025, and a compensation of a fee not to exceed $10,000.00.

WHEREAS, the Parties desire to extend the Agreement's term end from June 30, 2025, to June 30, 2030.

WHEREAS, the Parties desire to increase the Agreement compensation amount by $40,600, increasing the total compensation to the amount not to exceed $50,600.

NOW, THEREFORE, in consideration of the foregoing Recitals, the Agreement of the Parties as set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the Agreement as follows:

1. **TERM.** Section 1, TERM of the Agreement is amended to extend the term to June 30, 2030.

2. **COMPENSATION**. Section 5.0 COMPENSATION of the Agreement is amended to increase the compensation amount by $40,600, increasing the total compensation to the amount not to exceed $50,600. The Successor Agency agrees to pay Consultant in accordance with the payment rates, terms, and schedule of payment based upon flat fees as set forth in Exhibit A, attached hereto and incorporated herein by this reference as though set forth in full.

3. **EFFECT**. Except as otherwise specifically amended herein in this First Amendment, all other terms and conditions contained in the original Agreement shall remain in full force and effect.

4. This First Amendment may be executed in counterparts.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, this First Amendment to the Agreement has been executed by their duly authorized representatives.

SUCCESSOR AGENCY

By: _____
Vontray Norris, City Manager
Successor Agency

CONSULTANT

By: Dima Galkin
Dima Galkin, Director
Harris & Associates

APPROVED AS TO FORM:

By: _____
Robert M. Kim, General Counsel
Successor Agency

EXHIBIT A

First Amendment: Tax Revenue Sharing Agreement Reporting

FIRST AMENDMENT: TAX REVENUE SHARING AGREEMENT REPORTING

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

Harris & Associates

Harris & Associates

May 8, 2025

Von Norris
City Manager
City of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250

FIRST AMENDMENT: TAX REVENUE SHARING AGREEMENT REPORTING

Dear Mr. Norris,

We are pleased to present this proposal to the City of Hawthorne ("City") in its role as the Successor Agency to the former Hawthorne Community Redevelopment Agency ("Successor Agency"). This proposal is for Harris & Associates ("Harris") to provide services related to tax revenue sharing reporting to the Successor Agency through an amendment ("First Amendment") to the existing contract executed and made effective as of April 7, 2025 ("Original Contract").

The First Amendment will:

- Extend the Original Contract term end from June 30, 2025, to June 30, 2030. This extension will align this contract with a separate contract between the Successor Agency and Harris for other services related to the Gateway Center Disposition and Development Agreement ("DDA") & Oceangate Owner Participation Agreement ("OPA").
- Increase the total compensation amount & adjust the compensation structure from an annual not-to-exceed fee to an annual flat fee with annual escalators through the term end to account for cost increases (detailed in the Budget section of this document).

Tax revenue sharing reporting is required as of 2025 per Regulation 1808 adopted by the California Department of Tax and Fee Administration ("CDTFA"). Regulation 1808 requires every local agency to electronically complete and submit a tax revenue sharing agreement reporting form to the CDTFA by April 30 of each year to report information required by Revenue and Taxation Code ("RTC") section 7213 for the immediately preceding fiscal year. This reporting requirement was identified to apply to the following Successor Agency agreements:

- The Gateway Center Disposition and Development Agreement (DDA). The DDA requires rebates of tax increment, sales tax, and transient occupancy tax revenues used for payment of debt service on the CFD 1999-1 2010 Special Tax Refunding Bonds and for repayment of the Agency Note debt assumed by the Hawthorne Community Redevelopment Agency to incentivize private improvements to public infrastructure in the Gateway development.
- The Oceangate Owner Participation Agreement (OPA). The Hawthorne Community Redevelopment Agency entered the OPA, which requires sales tax and tax increment rebates to property owners in the OPA project area, to redevelop certain parcels for commercial purposes and fund public improvements.

The successful completion of this work will ensure annual compliance with the CDTFA's Regulation 1808.

SCOPE OF WORK

1. TAX REVENUE SHARING AGREEMENT REPORTING

Harris will complete and submit to the CDTFA a tax revenue sharing agreement report for the Successor Agency's DDA and OPA. Reporting will be completed in accordance with CDTFA requirements and submitted annually by April 30th through the term end of the First Amendment.

Regulation 1808 requires that public agencies publish the information submitted to CDTFA as part of the reporting requirements on the public agency's website. Annually, Harris will provide the information required to be posted to the City's website for City staff to upload to the City's website.

Harris will coordinate with the CDTFA as needed regarding data reported on, including providing supplemental information electronically to CDTFA staff.

Deliverables:

One (1) set of the following deliverables will be prepared for the following fiscal years and their corresponding reporting periods: Fiscal Year 2025-26, 2026-27, 2027-28, 2028-29 & 2029-30.

- One (1) electronic submission of a tax revenue sharing agreement reporting form related to the OPA & DDA (combined).
- One (1) confirmation of submission of the report.
- One (1) final report submitted to City staff to upload to the City's website.

SCHEDULE

The contract term for the services described in the Scope of Work will run through June 30, 2030. This extension will align this contract with a separate contract between the Successor Agency and Harris for other services related to the DDA & OPA.

BUDGET

Harris will provide services on a flat fee basis per the schedule detailed in the following table. Escalators were incorporated through the contract term end to account for annual cost increases. Fees will be collected annually only after completion of deliverables detailed in the Scope of Work. Harris and the Successor Agency may revisit the fee schedule if reporting requirements are changed.

Fiscal Year	Flat Fee
2025-26	$7,500
2026-27	$7,800
2027-28	$8,100
2028-29	$8,400
2029-30	$8,800
Total	**$40,600**

Services provided under this contract will be provided on a flat fee basis. However, if the Successor Agency and Harris determine that work should be billed on a time-and-materials basis, work billed will be based on the hourly billing rates detailed in the following table. Fees may be adjusted annually beginning January 1, 2026, not to exceed 4% per year. Miscellaneous costs including items such as mileage, phone calls, and postage are included in the hourly rates.

2025 Hourly Billing Rates	
Position	**Billing Rate**
Principal in Charge	$312
Senior Director	$275
Director	$250
Senior Project Manager	$238
Project Manager	$212
Deputy Project Manager	$196
Senior Analyst	$160
Analyst	$150
Research Analyst	$140

We appreciate the opportunity to continue working with the City of Hawthorne and the Successor Agency. Please feel free to contact us if you have any questions.

Sincerely,





Dima Galkin
Director
Community Development + Housing
Dima.Galkin@WeAreHarris.com

Zaire Marin
Project Manager
Community Development + Housing
Zaire.Marin@WeAreHarris.com

EXHIBIT B

Contract 04/7/25: Tax Revenue Sharing Agreement Reporting

AGREEMENT BETWEEN THE CITY OF HAWTHORNE IN ITS ROLE AS THE SUCCESSOR AGENCY AND HARRIS & ASSOCIATES FOR SERVICES RELATED TO TAX SHARE REVENUE REPORTING

THIS AGREEMENT is made and effective as of April 7, 2025, between the City of Hawthorne in its role as the Successor Agency to the former Hawthorne Community Redevelopment Agency ("Successor Agency") and Harris & Associates ("Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on April 7, 2025, for services associated with the Successor Agency's reporting requirements and tasks as specified and set forth in Exhibit A, attached hereto and incorporated herein. This agreement shall remain and continue in effect until tasks described herein are completed, but in no event later than June 30, 2025, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full.

3. PERFORMANCE

Consultant shall at all times faithfully, competently and to the best of its ability, experience, and talent, perform all tasks described herein. Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. CITY MANAGEMENT

The City Manager or the Finance Director shall represent Successor Agency in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by Consultant, but not including the authority to enlarge the Tasks to Be Performed or change the compensation due to Consultant. The City Manager shall be authorized to act on Successor Agency's behalf and to execute all necessary documents, which enlarge the Tasks to Be Performed or change Consultant's Compensation.

5. COMPENSATION

(a) The Successor Agency agrees to pay Consultant in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit A, attached hereto and incorporated herein by this reference as though set forth in full, based upon a time and materials or a flat fee, as detailed in Exhibit A.

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement, which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing, by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time Successor Agency's written authorization is given to Consultant for the performance of said services.

(c) Consultant will submit invoices for actual services performed. Payment shall be made within forty-five (45) days of receipt of each invoice as to all non-disputed fees. If the Successor Agency disputes any of Consultant's fees it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

6. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

(a) The Successor Agency may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the Successor Agency suspends or terminates a portion of this Agreement, such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the Successor Agency shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the Successor Agency. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the Successor Agency.

(c) Consultant may terminate this Agreement for cause if the Successor Agency fails to cure a material default in performance within a period of 30 days, or such longer period as Consultant may allow, after receipt from Consultant of a written termination notice specifying the default in performance. In the event of termination for cause by Consultant, the Successor Agency will pay Consultant for all services performed up to and including the effective date of termination.

7. DEFAULT OF CONSULTANT

(a) The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, Successor Agency shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's reasonable control, and without fault or negligence of the Consultant, it shall not be considered a default.

(b) If the City Manager or their designee determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, he/she shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the Successor Agency shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

8. OWNERSHIP OF DOCUMENTS

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Successor Agency that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of Successor Agency or its designees at reasonable times to such books and records; shall give Successor Agency the right to examine and audit said books and records; shall permit Successor Agency to make transcripts there from as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, and provided that consultant has been paid in full for services rendered hereunder, all original documents,

designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the Successor Agency and may be used, reused, or otherwise disposed of by the Successor Agency without the permission of the Consultant. Any reuse without written verification or adaptation by Consultant for the specific purpose intended will be at Successor Agency's sole risk and without liability or legal exposure to Consultant.

9. INDEMNIFICATION

When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, and hold harmless Successor Agency and any and all of its officials, employees ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including reasonable attorney's fees and costs to the extent same are caused by any negligent act, error or omission of Consultant, its officers, agents, employees or sub-consultants (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement. With respect to the design of public improvements, the Consultant shall not be liable for any injuries or property damage resulting from the reuse of the design at a location other than that specified in Exhibit A without the written consent of the Consultant.

To the extent that the Consultant's services are subject to California Civil Code 2782.8, the above indemnity, including the cost to defense, shall be limited to the extent required by Civil Code Section 2782.8.

10. INSURANCE

(a) Consultant shall maintain in-force: Commercial General Liability and Professional Liability Insurance. During the term of this Agreement, Consultant shall maintain in full force and effect a policy of public liability insurance with minimum coverage of $2,000,000 in accordance with the requirements provided by City to Consultant. Consultant shall also maintain in-force; Professional Liability Insurance (and/or Errors & Omissions Insurance) with minimum limits of liability of $2,000,000 per claim against an injury, death, loss, or damages because of wrongful or negligent acts or omissions by the named insured.

(b) Contractor shall maintain in-force Workers' Compensation and Employer's Liability Insurance as required by the California Labor Code. Evidence of coverage shall take the form of a Certificate of Insurance or a California Certificate to Self-Insure. Acceptable minimum limits for this coverage are Workers' Compensation; Statutory in California; Employer's Liability: $1,000,000.

(c) Consultant shall maintain in-force: Automobile Liability in an amount not less than $1,000,000 combined single limit per accident for bodily injury and property damage.

(d) Certificates of Insurance. Contractor shall furnish to City evidence of any insurance required by this Agreement. A Certificate of Insurance from an insurer admitted or authorized to do business in the State of California will be provided, indicating that the respective policy(s) meets the following requirements: (1) The City, its officers, employees, and agents shall be named as additional insured on the General Liability Insurance; (2) Insurance shall not be canceled or terminated without 30 days written notice to City or 10 day notice for non-payment of the premium; (3) General Liability shall be primary and any insurance held by City for its own protection shall be excess and shall be effective only upon exhaustion of Contractor's insurance; (4) Insurance shall be maintained for the duration of the Agreement, including any period extended beyond the expiration date of this Agreement required to complete performance as stipulated in this Agreement and all amendments thereto.

(e) To the extent permitted by law, Consultant's total aggregate liability arising out of or relating to this Agreement shall not exceed $2,000,000 or the total compensation received by Consultant under this Agreement, whichever is greater.

11. INDEPENDENT CONSULTANT

(a) Consultant is and shall at all times remain as to the Successor Agency a wholly independent Consultant. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither Successor Agency nor any of its officers, employees, or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the Successor Agency. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against Successor Agency, or bind Successor Agency in any manner.

(b) No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, Successor Agency shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for Successor Agency. Successor Agency shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

12. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of applicable State and Federal laws and regulations, which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such laws and regulations pursuant to sound professional practices. The Successor Agency, and its officers and employees, shall not be liable at law or in equity occasioned by negligent failure of the Consultant to comply with this Section.

13. UNDUE INFLUENCE

Consultant declares that no undue influence or pressure is used against or in concert with any officer or employee of the Successor Agency in connection with the award, terms, or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Successor Agency will receive compensation, directly or indirectly, from Consultant, or from any officer, employee, or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the Successor Agency to any and all remedies at law or in equity.

14. NO BENEFIT TO ARISE TO LOCAL EMPLOYEES

No member, officer, or employee of Successor Agency, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

15. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without Successor Agency 's prior written authorization. Consultant, its officers, employees, agents, or sub-consultants, shall not without written authorization from the City Manager or unless requested by the Successor Agency's general counsel, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the Successor Agency. Response

to a subpoena or court order shall not be considered "voluntary" provided Consultant gives Successor Agency notice of such court order or subpoena.

(b) Consultant shall promptly notify Successor Agency should Consultant, its officers, employees, agents, or sub-consultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the Successor Agency. Successor Agency retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with Successor Agency and to provide the opportunity to review any response to discovery requests provided by Consultant. However, Successor Agency's right to review any such response does not imply or mean the right by Successor Agency to control, direct, or rewrite said response.

16. NOTICES

The Parties shall submit in writing all notices and correspondence that this Agreement requires or permits and shall deliver the notices and correspondence to the places set forth below. The parties may give notice by: (a) personal delivery; (b) U.S. mail, first class postage prepaid; (c) "Certified" U.S. mail, postage prepaid, return receipt requested; (d) facsimile or (e) email.

SUCCESSOR AGENCY:
Vontray Norris, City Manager
City of Hawthorne
4455 West 126th Street
Hawthorne, CA 90250

CONSULTANT:
Harris & Associates
Dima Galkin, Director
101 Progress, Suite 250
Irvine, CA 92618

17. ASSIGNMENT

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the Successor Agency. Because of the personal nature of the services to be rendered pursuant to this Agreement, only Consultant staff shall perform the services described in this Agreement.

18. LICENSES

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

19. GOVERNING LAW

The Successor Agency and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over the City of Hawthorne.

20. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he/she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be effective the day and year first above written.

SUCCESSOR AGENCY

4/14/25

Vontray Norris, City Manager
Hawthorne Successor Agency

CONSULTANT

Dima Galkin

Dima Galkin, Director
Harris & Associates

Approved as to Form:

Robert M. Kim, General Counsel
Hawthorne Successor Agency

EXHIBIT A

Harris & Associates Proposal for Tax Revenue Sharing Agreement

Reporting

TAX REVENUE SHARING AGREEMENT REPORTING

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE

Harris & Associates

Harris & Associates

April 7, 2025

Von Norris
City Manager
City of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250

PROPOSAL: TAX REVENUE SHARING AGREEMENT REPORTING

Dear Mr. Norris,

We are pleased to present this proposal to the City of Hawthorne ("City") in its role as the Successor Agency to the former Hawthorne Community Redevelopment Agency ("Successor Agency"). This proposal is for Harris & Associates ("Harris") to provide services related to tax revenue sharing reporting to the Successor Agency.

Regulation 1808, adopted by the California Department of Tax and Fee Administration ("CDTFA"), requires every local agency to electronically complete and submit a tax revenue sharing agreement reporting form to the CDTFA by April 30 of each year to report the tax revenue sharing agreement information required to be reported by Revenue and Taxation Code ("RTC") section 7213 for the immediately preceding fiscal year. Harris identified this reporting to apply to:

- The Gateway Center Disposition and Development Agreement ("DDA"). The DDA requires rebates of tax increment, sales tax, and transient occupancy tax revenues used for payment of debt service on the CFD 1999-1 2010 Special Tax Refunding Bonds and for repayment of the Agency Note debt assumed by the Hawthorne Community Redevelopment Agency to incentivize private improvements to public infrastructure in the Gateway development.
- The Oceangate Owner Participation Agreement ("OPA"). The Hawthorne Community Redevelopment Agency entered the OPA, which requires sales tax and tax increment rebates to property owners in the OPA project area, to redevelop certain parcels for commercial purposes and fund public improvements.

The successful completion of this work will ensure compliance with the CDTFA's Regulation 1808.

SCOPE OF WORK

1. TAX REVENUE SHARING AGREEMENT REPORTING

Harris will complete and submit to the CDTFA a tax revenue sharing agreement report for the Successor Agency's DDA and OPA. Reporting will be completed in accordance with CDTFA requirements and submitted by April 30th, 2025.

Regulation 1808 requires that public agencies publish the information submitted to CDTFA as part of the reporting requirements on the public agency's website. Harris will provide the information required to be posted to the City's website for City staff to upload to the City's website.

Deliverables:

- One (1) electronic submission of a tax revenue sharing agreement reporting form related to the OPA & DDA (combined).
- One (1) confirmation of submission of the report.
- One (1) copy of reporting information submitted for City staff to upload to the City's website.

SCHEDULE

The contract term for the services described in the Scope of Work will run through June 30, 2025. This timing allows for the submission of the required reporting by the reporting deadline and time for needed coordination with the CDTFA that may occur after the submission. Time for coordination after the reporting deadline is being built in because 2025 is the first year the CDTFA requires the tax revenue sharing agreement report. Follow-up may be needed with the CDTFA to provide information beyond what is submitted in the report due to the complexity and nature of the data being reported.

BUDGET

Harris will provide services on a time-and-materials basis with a not-to-exceed budget for the total contract of **$10,000**. Any work billed on a time and materials basis will be billed based on the hourly billing rates detailed in the following table.

2025 Hourly Billing Rates	
Position	**Billing Rate**
Principal in Charge	$312
Senior Director	$275
Director	$250
Senior Project Manager	$238
Project Manager	$212
Deputy Project Manager	$196
Senior Analyst	$160
Analyst	$150
Research Analyst	$140

Fees may be adjusted annually beginning January 1, 2026, not to exceed 4% per year. Out-of-pocket fees paid on behalf of the City for filing required reports or to obtain data from the County or other sources will be invoiced with a 10% markup. Miscellaneous costs including items such as mileage, phone calls, and postage are included in the hourly rates.

We appreciate the opportunity to work with the City of Hawthorne and the Successor Agency. Please feel free to contact us if you have any questions.

Sincerely,

Harris & Associates, Inc.

Dima Galkin

Dima Galkin, Director
Community Development + Housing

Dima.Galkin@WeAreHarris.com

AGENDA ITEM NO. 13.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Planning

City Manager: **Department Head:**

SUBJECT:
ORDINANCE NO. 2257 (2nd READING). AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AMENDING CHAPTER 17.76 (SALE OF ALCOHOLIC BEVERAGES), AND ADDING SECTION 17.76.030 (OPERATIONAL STANDARDS), OF CHAPTER 17.76 (SALE OF ALCOHOLIC BEVERAGES), OF TITLE 17 (ZONING) OF THE HAWTHORNE MUNICIPAL CODE, AND MAKING A FINDING OF EXEMPTION IN COMPLIANCE WITH CEQA IN CONNECTION THEREWITH.

RECOMMENDED MOTION:
Staff Recommends that City Council adopt Ordinance No. 2257

DISCUSSION:
The State of California's Department of Alcoholic Beverage Control (ABC) issues various types of alcoholic beverage licenses, but defers to the local jurisdictions for land use approvals. In Hawthorne, this historically meant that all businesses intending to sell alcohol were required to obtain a conditional use permit (CUP) from the City prior to being issued an alcohol license by ABC. The City's intention when creating a CUP requirement was to minimize the potentially harmful impacts to the community that the sale of alcohol may have in certain locations and circumstances. However, over the years, alcohol sales in conjunction with restaurants have been uniformly approved by the Planning Commission without any modification to the conditions of approval, and none have been denied. In situations where all of a particular type of application are routinely approved with essentially identical conditions, it is legitimate to ask if the applications can be managed in a less time-consuming and expensive way. In the case of alcohol sales, Staff believes the appropriate response is to codify the standard conditions of approval as operational standards in the chapter on alcohol sales, and make certain types of alcohol licenses administrative approvals.
One of the City's economic development goals is to encourage restaurants to open in the City, and this amendment will lower the cost of establishing a restaurant here. Certain other types of alcohol permits are also proposed to be exempt from the CUP requirement. These include wholesale alcohol sales, industrial alcohol, California winegrowers' agents, out-of-state shippers, temporary daily permits, at theaters, controlled access cabinets (such as in a hotel), and wine sales to the public through mail, telephone, or online. These types share the characteristics of either not providing sales to the general public, or under such conditions that are very unlikely to create negative impacts on the community.
One important addition to the chapter is a statement that indicates an exemption from the CUP requirement does not diminish the City's ability to address nuisances that may be related to the sale of alcohol.
The CUP requirement remains unchanged for bars, taverns, liquor stores, convenience stores, grocery stores, and all other businesses selling alcohol at retail or for on-site consumption.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
Goal 3: Improve development processing and customer service operations.
Goal 4: Update the zoning code for the 21st century.

FISCAL IMPACT:
Loss of conditional use permit application fees should be offset by increased restaurant sales tax and business license revenue.

NOTICING PROCEDURE:
The public hearing notice was published in the Hawthorne Press Tribune on April 24, 2025.

ATTACHMENTS
Ord. No. 2257

ORDINANCE NO. 2257

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HAWTHORNE, CALIFORNIA, AMENDING CHAPTER 17.76 (SALE OF ALCOHOLIC BEVERAGES), AND ADDING SECTION 17.76.030 (OPERATIONAL STANDARDS), OF CHAPTER 17.76 (SALE OF ALCOHOLIC BEVERAGES), OF TITLE 17 (ZONING) OF THE HAWTHORNE MUNICIPAL CODE, AND MAKING A FINDING OF EXEMPTION IN COMPLIANCE WITH CEQA IN CONNECTION THEREWITH

WHEREAS, the State of California's Department of Alcoholic Beverage Control (ABC) issues various types of alcoholic beverage licenses; and

WHEREAS, the City's intention when creating a Conditional Use Permit (CUP) requirement for alcohol sales was to minimize potentially harmful impacts to the community that the sale of alcohol may have in certain locations and circumstances; and

WHEREAS, the City's Economic Development Strategic Plan calls for the improvement of "customer service operations" (Goal 3, in part) and updating the "Zoning Code for the 21st Century" (Goal 4), and

WHEREAS, the City has determined that creating unnecessary hurdles for new businesses in the City is counterproductive to economic development; and

WHEREAS, restaurants within the City are a vital part of the City's economic footprint and they derive a significant portion of their revenue from the sale of alcoholic beverages; and

WHEREAS, dine-in restaurants are especially reliant on alcohol beverage sales to boost their profitability; and

WHEREAS, every alcohol CUP issued by the City has nearly identical conditions of approval; and

WHEREAS, when every application for alcohol sales is approved by the Planning Commission or the City Council, and all have the same general applicable conditions, and planning best practices suggest that such applications should be administratively processed rather than require a discretionary permit, such as a CUP; and

WHEREAS, the administrative approval processes are handled by Staff, who are required to approve applications that meet all of the standards and requirements of the Municipal Code, and are not permitted to use discretion in making the determination to approve or not; and

WHEREAS, the CUP application fee is over $4,000, and there are other expenses necessary for an application to be complete. Additionally, the time from application to approval is 2-3 months, at a minimum; and

WHEREAS, the cost and time required for dine-in restaurants to obtain a CUP for alcohol sales is especially burdensome for start-ups, creating an impediment to their success. Additionally, the alternative of forgoing the alcohol CUP is also an impediment to the dine-in restaurants' success; and

WHEREAS, enabling the alcohol approval process for dine-in restaurants as an administrative approval will be an economic boost to the City's local restaurants; and

WHEREAS, the change of alcohol approval process for dine-in restaurants has no bearing on ABC's licensing and application processes; and

WHEREAS, many ABC license types have very low to no propensity to becoming a nuisance to the community due to the specific nature of their operations and ABC restrictions; as a result, they should also be processed as administrative applications; and

WHEREAS, a Type 17 license is for beer and wine wholesalers, generally. This permits incidental sales to other supplier-type licensees. However, to qualify as a bona fide wholesaler, a licensee must sell alcoholic beverages to retailers. (B&P Code § 23779); and

WHEREAS, a Type 18 license is for distilled spirits wholesalers, generally. "Wholesale sale" or "sale at retail" means the sale by any on- or off-sale licensee for the purposes of resale (B&P Code § 23027). This permits incidental sales to other supplier-type licensees. However, to qualify as a bona fide wholesaler, a licensee must sell to retailers. (B&P Code § 23779, CCR § 28); and

WHEREAS, a Type 19 license is for an industrial alcohol dealer, which sells alcohol for use in the trades, professions, and industries, but not for beverage use. They may sell to non-licensees, only if they have a use permit issued by the Alcohol and Tobacco Tax and Trade Bureau. B&P Code § 23380 authorizes a dealer to sell undenatured ethyl alcohol in packages of more than one gallon for use in the trades, professions, or industries and not for beverage consumption. It also authorizes the importation and exportation of undenatured ethyl alcohol. Undenatured ethyl alcohol is alcohol that is fit for beverage purposes as differentiated from denatured alcohol which is not fit for beverage purposes; and

WHEREAS, a Type 27 license is for a California winegrower's agent, which acts as the sole representative for a California winegrower or brandy manufacturer (B&P Code § 23373.2). This license authorizes the holder to possess wine and brandy produced in this State in public and private warehouses; to sell only to wholesalers for his/her own account or to solicit and make sales of wine or brandy made in California only to wholesalers for his/her principal, and to invoice and collect payments for orders solicited by them (B&P Code § 23373). This license does not authorize the holder to represent an out-of-state winegrower or brandy manufacturer; and

WHEREAS, a Type 28 license authorizes the shipment of distilled spirits manufactured outside California to licensed importers in this state. A licensed importer may obtain distilled spirits only from the holder of an active out-of-state distilled spirits shipper's certificate. This certificate has no sale privilege within California; and

WHEREAS, a Type 31 license is issued as a temporary daily license for On-Sale/Off-Sale General or On-Sale/Off-Sale Beer and Wine issued to a valid non-profit 501(c)(3) or other qualified organizations to sell alcoholic beverages via auction or online raffle for fundraising events. Alcoholic beverages can be obtained via donation or purchased from a licensee as specified by law. License duration varies in length. Law enforcement approval may be required (B&P Code §§ 24045.2, 24045.3, 24045.4, 24045.6, 24045.8, 24045.9, 25600). This license type is subject to Responsible Beverage Service (RBS) requirements and requires at least one person to be RBS trained and certified. This person must be present at the event and actively oversee the alcohol service for the entire duration of the event; and

WHEREAS, a Type 34 license is issued as a temporary daily license for On-Sale Beer and Wine issued to a valid non-profit 501(c)(3) or other qualified organizations for fundraising events. This license allows on-site consumption to the general public. Sale of alcoholic beverages for off-sale is prohibited. Law enforcement approval may be required (B&P Code § 24045, CCR § 59). This license type is subject to Responsible Beverage Service (RBS) requirements and requires at least one person to be RBS trained and certified. This person must be present at the event and actively oversee the alcohol service for the entire duration of the event; and

WHEREAS, a Type 37 license is issued as a temporary daily license for On-Sale General issued to a valid non-profit 501(c)(3) or other qualified organizations for fundraising events. License allows on-site consumption to the general public. Sale of alcoholic beverages for off-sale is prohibited. Beer and wine may be purchased from a retailer or wholesaler. Law enforcement approval may be required (B&P Code § 24045.1, CCR § 59.5). This license type is subject to RBS requirements and requires at least one person to be RBS trained and certified. This person must be present at the event and actively oversee the alcohol service for the entire duration of the event; and

WHEREAS, a Type 41 license is issued to restaurants. It authorizes the sale of beer and wine for consumption on or off the premises where sold. Distilled spirits may not be on the premises (except brandy, rum, or liqueurs for use solely for cooking purposes). Must operate and maintain the licensed premises as a bona fide eating place. Must maintain suitable kitchen facilities and must make actual and substantial sales of meals for consumption on the premises. Minors are allowed on the premises. This license type is subject to RBS requirements and requires alcohol servers and managers of alcohol servers to be RBS certified; and

WHEREAS, a Type 47 license is issued to restaurants. It authorizes the sale of beer, wine, and distilled spirits for consumption on the licensed premises. It also authorizes the sale of beer and wine for consumption off the licensed premises. The Licensee must operate and maintain the licensed premises as a bona fide eating place.

The Licensee must also maintain suitable kitchen facilities and must make actual and substantial sales of meals for consumption on the premises. Minors are allowed on the premises. This license type is subject to RBS requirements and requires alcohol servers and managers of alcohol servers to be RBS certified; and

WHEREAS, a Type 64 license may be issued to certain non-profit theater companies as specified in B&P Code § 24045.7. Theater companies holding this license may sell and serve alcoholic beverages to ticketholders from two hours before to one hour after a bona fide theater performance of the company. This license type is subject to RBS requirements and requires alcohol servers and managers of alcohol servers to be RBS certified; and

WHEREAS, a Type 66 license is issued to licensed hotels or motels and allows for the sale of packaged distilled spirits in guestrooms. The distilled spirits sold pursuant to these permits shall be in containers of 50 milliliters or less and must be secured in a locked cabinet. This license type is subject to RBS requirements and requires alcohol servers and managers of alcohol servers to be RBS certified; and

WHEREAS, a Type 69 license allows qualified non-profit theater companies to sell and serve beer and wine to ticket holders. Sales and service of beer and wine may only occur during and up to two hours prior to a bona fide theater performance of the company. This license type is subject to RBS requirements and requires alcohol servers and managers of alcohol servers to be RBS certified; and

WHEREAS, a Type 85 license allows for the sale of wine to consumers for consumption off the licensed premises. Sales are restricted to those solicited and accepted via direct mail, telephone, or the Internet and may not be conducted from retail premises open to the public; and

WHEREAS, a Type 90 license authorizes the sale of beer, wine, and distilled spirits at retail for consumption on the premises in a music entertainment facility, as defined in B&P Code § 23550. Sale, service, and consumption of alcoholic beverages are limited to the time period from two hours before a live performance until one hour after the live performance. Minors are allowed on the premises. This license type is subject to RBS requirements and requires alcohol servers and managers of alcohol servers to be RBS certified; and

WHEREAS, on April 16, 2025, the Planning Commission of the City of Hawthorne considered the zone text amendment and addition and, after a duly noticed public hearing where all persons in support and in opposition were heard, adopted Resolution No. PC 2025-04, recommending approval of this ordinance to the City Council; and

WHEREAS, on May 13, 2025, the City Council of the City of Hawthorne considered the zone text amendment and addition and, after a duly noticed public hearing where all persons in support and in opposition were heard, introduced this ordinance; and

WHEREAS, the City Council of the City of Hawthorne wishes to now adopt this ordinance in furtherance of the City's objective pursuant to the Economic Development

Strategic Plan adopted by the City Council on April 25, 2023, to update and clarify Title 17 of the Hawthorne Municipal Code.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HAWTHORNE DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council of the City of Hawthorne hereby incorporates by reference all the recitals herein.

SECTION 2. Section 17.76.020 (Conditional Use Permit Required), of Chapter 17.76 (Sale of Alcoholic Beverages), of Title 17 (Zoning) of the City of Hawthorne Municipal Code is hereby amended and Section 17.76.030 (Operational Standards), of Chapter 17.76 (Sale of Alcoholic Beverages), to Title 17 (Zoning) is hereby added as follows (in bold):

Chapter 17.76 SALE OF ALCOHOLIC BEVERAGES

§ 17.76.010 Purpose.

Due to the special role that alcohol plays in American culture, including both benefits and negative impacts to a community, the following provisions are intended to ensure that ~~the occurrence of~~ alcoholic beverage outlets do~~es~~ not adversely impact the public health, safety, and general welfare of the ~~c~~City while providing economic benefits to the hospitality and dining establishments in the ~~c~~City.

§ 17.76.020 Conditional Use Permit Required.

~~All~~ Alcohol sales, for both on-site and off-site consumption, except those ~~associated with temporary licenses issued by the Department of Alcoholic Beverage Control,~~ listed below, shall require a ~~CUP~~ conditional use permit and shall be subject to reasonable and appropriate conditions as determined by the ~~p~~Planning ~~c~~Commission or ~~c~~City ~~c~~Council based upon the location, surrounding uses, and type of license sought.

A. Exempt from conditional use permit.

1. The following types of alcohol licenses issued by the Department of Alcoholic Beverage Control (ABC) are exempt from the requirement for a conditional use permit but are subject to the operational standards in Section 17.76.030.

   Type 17: Beer and wine wholesaler

   Type 18: Distilled spirits wholesaler

   Type 19: Industrial alcohol dealer

   Type 27: California winegrower's agent

Type 28: Out-of-state distilled spirits shipper's certificate

Type 31: Special daily (beer, wine, distilled spirits)

Type 34: Daily beer and wine

Type 37: Daily general

Type 41: On-sale beer and wine—eating place

Type 47: On-sale general eating place

Type 64: Special on-sale general for theater company

Type 66: Controlled access cabinet permits

Type 69: Special on-sale beer and wine theater

Type 85: Limited off-sale—wine license

Type 90: On-sale general for special use

2. Exemption from requiring a conditional use permit in no way diminishes the City's ability to address nuisances as defined in Titles 8, 9, 12, and elsewhere in this Municipal Code that may be related to the presence of alcohol.

~~A~~B. In addition to all submittal requirements for a conditional use permit described elsewhere in this title, ~~CUP~~ conditional use permit applicants for alcohol sales shall also be required to submit the following:

1. A map and listing of all properties partially or entirely within a radius of ~~three hundred~~ 300 feet drawn from the property lines where the license is sought. The list shall include the following:

   a. Addresses and land uses of each property;

   b. Any known sensitive uses, including, but not limited to, residential properties, schools, treatment and recovery centers, day care (including adult), preschools, parks, and playgrounds; and

   c. Any establishments that are licensed to sell alcohol, both on-sale and off-sale, and the type of license if known.

2. For any sensitive uses listed pursuant to the above requirement, a written statement by the applicant concerning how they intend to ensure that their business will not operate in a manner that will directly or indirectly cause a nuisance or recurring violation of any local, state or federal laws shall be required.

~~3. For any applications related to a request for a license at a bona fide eating establishment, evidence to support the determination that the~~

~~establishment is a bona fide eating establishment shall be required. Evidence may include a menu, floor plans, or photographs. See definitions (definitions chapter) for qualifications.~~

C. ~~CUPs~~ Conditional use permits for alcohol sales are subject to the same regulations and limitations as conditional use permits generally in the ~~c~~**C**ity. The ~~p~~Planning ~~c~~Commission may exercise its discretion to approve with conditions, modify and approve, or deny any ~~CUP~~ conditional use permit application if it finds it necessary to protect the health, safety, and general welfare of the community. Planning ~~c~~**C**ommission decisions are appealable to the ~~c~~City ~~c~~Council pursuant to processes described elsewhere in this title (administrative chapter).

~~C~~D. Any legally established alcohol sales prior to the adoption of Ordinance 1553 (1993) or made nonconforming by the adoption of this chapter, shall be subject to the limitations and benefits as described in the chapter within this title dealing with nonconforming uses.

§ 17.76.030 Operational standards.

A. Exempt licenses. The standards listed below are applicable to the extent they are relevant to each license type held:

1. The applicant must obtain and maintain an appropriate alcohol license from ABC prior to operation of the business.

2. Prior to issuance of a business license, signs shall be posted on the site per Penal Code Sections 552 through 555.5 and 11532 to prohibit loitering on the property.

3. Before issuance of a business license, a security plan must be approved by the Police Department. If there are multiple law enforcement actions or complaints related to the site or its operations, the Police Department shall review and revise the security plan to address the issues. Any revisions must be implemented within 60 days or upon renewal of the business license, whichever is sooner.

4. The operator of an alcohol business shall comply with all applicable requirements and provisions set forth by the Building Code, Fire Code, and Municipal Code.

B. Non-exempt licenses.

The following conditions of approval shall be attached to all resolutions for alcohol conditional use permits. The conditions may be modified, new conditions added, and inapplicable conditions removed to suit the site or operational characteristics of the business:

1. The applicant must obtain and maintain an appropriate alcohol license from ABC and abide by all local, state, and federal regulations prior to operation of the business. The surrender, lapse, termination, suspension, or payment of a fine in lieu of suspension or termination, of the alcoholic license issued for the site by ABC shall be grounds for revocation of the conditional use permit.

2. Signs shall be posted on the site per Penal Code Sections 552 through 555.5 and 11532 to prohibit loitering on the property. These signs shall be installed prior to issuance of a business license.

3. Alcohol service can occur only within designated areas on the floor or site plan attached.

4. In order to control the areas where alcohol is permitted, signs shall be posted inside the business and on the wall near the exits stating “No alcohol allowed past this point." These signs shall be installed prior to issuance of business license.

5. In order to help reinforce the minimum drinking age, the applicant shall post a prominent, permanent sign or signs stating, "No person under 21 will be served alcoholic beverages" and "Valid ID is required to purchase alcoholic beverages." These signs shall be installed prior to issuance of business license.

6. Display of alcoholic beverages shall not be located outside of the building or within five feet of any public entrance to the building.

7. The applicant shall ensure all pertinent employees obtain LEAD Certificates and copies of such certificates shall be kept on site and available for inspection upon request by a city official.

8. Applicant must have an approved security plan at all times during operation. Before issuance of a business license or prior to any alcohol service, a security plan must be approved by the Police Department. If there are multiple law enforcement actions or complaints, the Police Department shall review and may revise the security plan. This may include hiring a security guard and limiting hours of alcohol service. The applicant shall implement those changes within a reasonable time period acceptable to the Chief of Police.

9. Failure of the applicant to comply with conditions as set forth shall be cause for the Planning Commission to institute a public hearing for revocation purposes.

10. The applicant shall comply with all applicable requirements and provisions set forth in the municipal, building, and fire codes, and any

additional conditions included herein from the Fire, Building Safety, Public Works, and Planning Departments.

11. The applicant must conform to all business license regulations and maintain a current city license at all times.

12. All signs on the property shall comply with the regulations in the Hawthorne Municipal Code chapter dealing with signs.

13. The maximum occupancy, as determined by the Fire Department, shall not be exceeded. Signs indicating the occupant load shall be posted in a conspicuous place on an approved sign near the main exit and the exit of rooms designated for public gathering.

14. Emergency fire facilities shall be kept free and unobstructed at all times.

15. Per Section 8.22.050 of the Hawthorne Municipal Code, any graffiti painted or marked upon the premises or any adjacent area under the control of the permittee shall be removed or painted over within 24 hours of being applied.

SECTION 3. Any provision of the City of Hawthorne Municipal Code or appendices there inconsistent with the provisions of this Chapter, to the extent such inconsistencies and no further, are hereby repealed or modified to the extent necessary to affect the provisions of this Chapter.

SECTION 4. CEQA. The City Council hereby concurs with staff's determination and hereby finds that the adoption of this ordinance is a type of organizational activity involving the administration of the City that does not have the possibility to have a direct or indirect effect on the environment and is therefore exempt from review under the California Environmental Quality Act (CEQA), pursuant to Title 14, California Code of Regulations, Section 15379(b)(5). In addition, the actions taken by this ordinance are not a "project" under CEQA because the ordinance does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment to a specific project, which may result in a potentially significant physical impact on the environment and is also exempt from CEQA pursuant to the "common sense" exemption because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (Title 14, California Code of Regulations, Section 15061(b)(3).

SECTION 5. SEVERABILITY. If any section, subsection, phrase or clause of this ordinance is for any reason held to be unconstitutional or otherwise invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

SECTION 6. City Clerk. The City Clerk shall attest to the adoption of this ordinance and shall cause this ordinance to be posted in the manner required by law.

SECTION 7. EFFECTIVE DATE. This ordinance shall take effect 30 days after passage thereof.

SECTION 8. Publication. The City Clerk is directed to forward a copy of this ordinance to General Code, LLC, 781 Elmgrove Road, Rochester, NY 14824.

PASSED, APPROVED AND ADOPTED this 27th day of May, 2025.

ALEX VARGAS, Mayor
City of Hawthorne, California

ATTEST:

DAYNA WILLIAMS-HUNTER, City Clerk
City of Hawthorne, California

APPROVED AS TO FORM:

ROBERT KIM, City Attorney
City of Hawthorne, California

AGENDA ITEM NO. 14.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Public Works

City Manager: **Department Head:**

SUBJECT:
Resurfacing of Runway 7-25 and Resurfacing of Taxiways and Trench Drain Extension for Hawthorne Municipal Airport (Project # 25-06) - Reject and Out to Bid

RECOMMENDED MOTION:
Staff recommends that the City Council reject the bid received on the May 13, 2025 bid opening date and authorize the Director of Public Works to re-advertise for construction bids with a return date of June 24, 2025.

DISCUSSION:
This project was first approved for advertisement at the April 8, 2025 City Council Meeting. On May 13, 2025 one bid was received but rejected due to an incomplete bid submittal package. As there were no remaining responsive and responsible bidders, the project will be re-advertised with a return date of June 24, 2025.

The project will provide all services, labor, materials, permit, insurance, tools and equipment needed in accordance with the Plan(s), Technical Provisions, and Specifications to successfully and safely complete the Resurfacing of Runway 7-25 and Resurfacing of Taxiways and Trench Drain Extension for Hawthorne Municipal Airport located at 12101 Crenshaw Blvd., Hawthorne, CA 90250.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
This project is a result of the City working closely with funding and regulatory agencies to support and improve our infrastructure.

FISCAL IMPACT:
None. The project will be funded through FAA AIP Grant, Caltrans Aeronautics Matching Grant and Airport fund.

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act.

ATTACHMENTS
Notice Inviting Bids

NOTICE INVITING BIDS

(A Cash Contract)

Pursuant to statute and to the authorization by the City Council of the City of Hawthorne, California, and on file in the office of the City Clerk of said city, notice is hereby given that sealed proposals will be received by the City Clerk of the City of Hawthorne, California in the City Clerk's office in City Hall, 4455 W. 126th Street, Hawthorne, CA 90250, until **4:00 P.M.** on **TUESDAY, June 24th, 2025.**

Proposals will be publicly opened and recorded on a Bid List at **4:15 P.M.** of the same day in the City Clerk's office. Bidders, as well as the general public, are invited to view this proceeding.

Proposals will be read at a meeting of the City Council at **6:00 P.M.** on **TUESDAY, June 24th, 2025** for the following:

RESURFACING OF THE RUNWAY 7-25 AND RESURFACING OF TAXIWAYS AND TRENCH DRAIN EXTENSION FOR HAWTHORNE MUNICIPAL AIRPORT PROJECT

(Project #25-06)

AIP Project No: 3-06-0101-024-2025

SCOPE OF WORK

The work consists of resurfacing the Runway 7-25 and resurfacing of Taxiway and Extension of Drain and all other work necessary to complete the improvements in accordance with the Plans and Specifications for Hawthorne Airport located at 12101 Crenshaw Blvd., Hawthorne, CA 90250

ESTIMATED QUANTITIES

BASE BID				
ITEM #	**FAA SPEC NO.**	**DESCRIPTION**	**UNIT**	**APPROX QTY**
1	C-105	Mobilization (6%)	LS	1
2	C-106	Safety, Security and Maintenance of Traffic	LS	1
3	P-101	Crack Repair	LF	400

4	P-101	Crack Seal	LF	50,000
5	P-608	Emulsified Asphalt Seal Coat	SY	106,720
6	P-620	Pavement Marking (Yellow Reflectorized)	SF	47,100
7	P-620	Pavement Marking (White)	SF	92,200
8	P-620	Surface Painted Taxiway Location Sign	EA	14
BID ALTERNATE NO. 1				
ITEM #	**FAA SPEC NO.**	**DESCRIPTION**	**UNIT**	**APPROX QTY**
1	C-105	Mobilization (6%)	LS	1
2	C-106	Safety, Security and Maintenance of Traffic	LS	1
3	P-101	Pavement Removal	SY	330
4	P-153	Controlled Low-Strength Material (Slurry 18”)	CY	167
5	P-403	Asphalt Surface Course (6”)	TON	116
BID ALTERNATE NO. 2				
ITEM #	**FAA SPEC NO.**	**DESCRIPTION**	**UNIT**	**APPROX QTY**
1	C-105	Mobilization (6%)	LS	1

2	P-101	Diamond Grind Pavement	SY	90
3	P-608	Emulsified Asphalt Seal Coat	SY	90
BID ALTERNATE NO. 3				
ITEM #	**FAA SPEC NO.**	**DESCRIPTION**	**UNIT**	**APPROX QTY**
1	C-105	Mobilization (6%)	LS	1
2	C-106	Safety, Security and Maintenance of Traffic	LS	1
3	D-702	Trench Drain	LF	485
4	P-101	Pavement Removal	SY	1,555
5	P-153	Controlled Low-Strength Material (Slurry 18”)	CY	780
6	P-403	Asphalt Surface Course (6”)	TON	542
BID ALTERNATE NO. 4				
ITEM #	**FAA SPEC NO.**	**DESCRIPTION**	**UNIT**	**APPROX QTY**
1	P-101	Pavement Removal	SY	1
2	P-610	Concrete Fill	CF	9
BID ALTERNATE NO. 5				
ITEM #	**FAA SPEC NO.**	**DESCRIPTION**	**UNIT**	**APPROX QTY**
1	C-105	Mobilization (6%)	LS	1
2	C-106	Safety, Security and Maintenance of Traffic	LS	1
3	P-101	Pavement Removal	SY	180
4	P-153	Controlled Low-Strength Material (Slurry 18”)	CY	90

5	P-403	Asphalt Surface Course (6")	TON	65

TIME OF COMPLETION

Time of completion for this project will be 20 working days.

BID PROPOSAL, SPECIFICATIONS, AND PLANS

All proposal forms, specifications and plans can be purchased through the City of Hawthorne's Citizen self-service: **https://hawthorneca-energovweb.tylerhost.net/apps/selfservice#/home.**

All contractors will need to create a free account. Once they have created an account then they will need to apply for the ***Public Works Bid Plans and Specifications.*** Fill in all necessary information and once the application is submitted the Contractor will receive an invoice (see project information section below for price). Once all fees have been paid the Contractor will then receive three (3) PDFs: 1) general information/provisions PDF, 2) bid proposal forms PDF (see *SUBMISSION OF PROPOSALS* section below for instructions on how to submit all proposals) and 3) specifications/plans PDF.

NOTE TO PROSPECTIVE BIDDERS: THE COST OF PLANS AND SPECIFICATIONS IS $150.00 (non-refundable).

CLASSIFICATION OF CONTRACTORS

Contractors bidding this project must possess a valid State of California A and must meet minimum requirements set forth in the Specifications. The Contractor must be able to document five (5) years of satisfactory experience on project of similar complexity and dollar value and must provide a list of related construction projects at airports using FAA-specified materials.

MANDATORY PRE-BID JOB WALK

A mandatory pre-bid meeting job walk will be conducted at the Hawthorne Airport located at 12101 Crenshaw Blvd., Hawthorne, CA 90250 on **Monday, June 16th, 2025**, at **10:00 a.m.** All Bidders shall sign a Sign-In sheet at the job walk. All Bidders' questions will be answered at this time or by addenda. In addition, Bidders will have the opportunity to tour the proposed improvement and have an opportunity to talk to the City's Consultant and City's staff concerning any aspect of the job or the site. **BIDS WILL BE NULL AND VOID IF CONTRACTOR DOES NOT ATTEND THIS PRE-BID JOB WALK.**

SUBMISSION OF PROPOSALS

Original proposals must be submitted on the blank forms prepared and furnished for that purpose, See BID PROPOSAL SPECIFICATION, AND PLANS section above for instruction on how to obtain all needed forms, specifications and plans. All proposals must be physically submitted to the City Clerk's office located on the first floor of City of Hawthorne City Hall no later than 4:00

PM on Tuesday June 24th , 2025. Plans and specifications prepared and furnished for that purpose, which may be obtained through the City of Hawthorne's Citizen self-service: http://hawthorneca-energovweb.tylerhost.net/apps/selfservice#home.

No bid will be considered unless it conforms with the Proposal Requirements and Conditions. The City Council of the City of Hawthorne, also referred to as the City, reserves the right to reject any and all submitted proposals. Bids must be submitted in the special envelopes provided marked "Sealed Bid", and addressed to the City Clerk, and bearing on the outside the name of the bidder, address, and the name of the project for which the bid is submitted. It is the sole responsibility of the bidder to see that its bid is delivered to the proper place and received at the proper time. Any bid received after the scheduled closing time for receipt of bids will be returned to the bidder unopened.

Each bid shall be accompanied by bid security in the form of a bid bond, cashier's check, certified check, or in the amount of 10% of the total bid amount. All cashier's checks or certified checks must be drawn on a responsible bank doing business in the State of California and shall be made payable to the City of Hawthorne. Bid bonds must be issued by an admitted surety insurer licensed to do business in the State of California. Bids not accompanied by the required bid security will be rejected. Personal or company checks are not acceptable unless certified. The City shall return bid security of unsuccessful bidders when the successful bidder ("Contractor") enters into the Contract with the City.

A list of subcontractors shall be submitted with the bid on the form provided by the city.

Each bidder must supply all information required by the bid documents and specifications.

NONDISCRIMINATION

Any contract entered into pursuant to this notice will incorporate the provisions of the State Labor Code. Labor Code Section 1735 requires that no discrimination be made in the employment of persons upon Public Works because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, or sex of such persons, expect as provided in Government Code Section 12940. Affirmative action to ensure against discrimination in employment practices on the basis of race, color, national origin, ancestry, sex, or religion will also be required.

PERFORMANCE RETENTION

The successful bidder will be required to provide for performance security as provided by law. Requirements for performance retentions may be satisfied by deposit or securities specified in Section 16430 of the Government Code and in accordance with Section 22300 of the Public Contract Code.

CONTRACTOR REGISTRATION

A contractor or subcontractor shall not be qualified to bid on, be listed a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for Public Works, unless currently registered and qualified to perform Public Work pursuant to Labor Code Section 1725.5. An unregistered contractor may only submit a bid if authorized by

Section 7029.1 of the Business and Professions Code or by Section 10164 0r 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work at the time the contract is awarded.

WAGES AND EQUAL EMPLOYMENT OPPORTUNITIES

This proposed Contract is under and subject to Executive Order 11246, as amended, of September 24, 1965, and to the Equal Employment Opportunity (EEO) and Federal Labor Provisions. The EEO requirement, labor provisions, and wage rates are included in the Specifications and Bid documents and are available for inspection at the City Clerk's Office, City Hall, City of Hawthorne.

NOTICE IS FURTHER GIVEN that pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the City Council has obtained the general federal prevailing rate of per diem wages in accordance with the law to be paid for the construction of the above entitled Works and Improvements and General Prevailing rate for holiday and overtime work in this locality for each craft. The schedule has been obtained from the U.S. Department for Housing and Urban Development for Community Block Grant Programs of the type and nature proposed by the City, and reference is hereby made to copies thereof on file in the Office of the City Engineer, which said copies are available to any interested party upon request. Further, a copy shall be posted at the job site during the course of construction. All Contractors submitting bids must conform to current federal minimum prevailing wages.

In addition to the Contractor's obligations as to minimum wages rates, the Contractor shall abide by all other provisions and requirements stipulated in Sections 1770-1780, inclusive, of the Labor Code of the State of California, including, but not limited to, those dealing with the employment of registered apprentices. The responsibility of compliance with Section 1777.5 of the Labor Code shall be with the prime contractor.

AMERICANS WITH DISABILITIES ACT:

By signing this Grant Agreement, Grantee assures State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 *et seq*.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

DBE REQUIREMENTS

The bidder shall make good faith efforts, as defined in Title 49 of the Code of Federal Regulations, Part 26, and the State of California, Department of Transportation Disadvantaged Business Enterprise (DBE) Program Plan.

The City of Hawthorne established an AADPL of 8.2%. The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR, Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as recipient deems appropriate.

PROJECT INFORMATION

Plans and specifications prepared and furnished for that purpose, which may be obtained through the City of Hawthorne's Citizen self-service:
http://hawthorneca-energovweb.tylerhost.net/apps/selfservice#home.

All contractors will need to create a free account. Once they have created an account then they will need to apply for the **Public Works Bid Plans and Specifications**. Fill in all necessary information once the application is submitted the Contractor will receive an invoice (see project information section).

NOTE TO PROSPECTIVE BIDDERS: THE COST OF PLANS AND SPECIFICATIONS IS $150.00 (non-refundable).

If you have any questions regarding this project, please contact **Guido Fernandez**, Airport Manager, at **310-349-1636** or **David Esfandi** Senior Engineer, Department of Public Works, at telephone number **(310) 349-2984.**

CERTIFICATION OF OFFEROR/BIDDER REGARDING DEBARMENT

By submitting a bid/proposal under this solicitation, the bidder or offeror certifies that neither it nor its principals are presently debarred or suspended by any Federal department or agency from participation in this transaction.

Certification of Lower Tier Contractors Regarding Debarment

The successful bidder, by administrating each lower tier subcontract that exceeds $25,000 as a "covered transaction", must verify each lower tier participant of a "covered transaction "under the project is not presently debarred or otherwise disqualified from participation in this assisted project, The bidder is to provide a Data Universal Numbering System (DUNS) number. The bidder will accomplish this by:

1. Checking the system for Award Management at website: http://www.sam.gov
2. Collecting a certification statement similar to the Certification of Offeror/Bidder Regarding Debarment, above.
3. Inserting a clause or condition in the covered transaction with the lower tier contract

   The Contractor is required to obtain an "Active Status". If the City of Hawthorne later determines that a lower tier participation failed to disclose a higher tier participant that it was excluded or disqualified at the time it entered the covered transaction, the City of Hawthorne may pursue any available remedies, including suspension and debarments of the non-compliant participant.

AGENDA ITEM NO. 15.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Attorney

City Manager: **Department Head:**

SUBJECT:
Sublease Non-Disturbance & Attornment Agreements Re. Terminal Building and T-Hangars Assignments from Willow Vista Rentals, LLC to 395 Park Place, LLC.

RECOMMENDED MOTION:
Staff recommends that the city council approve the Sublease Non-Disturbance & Attornment Agreements for the Assignments of T-Hangars and Terminal Building from Willow Vista Rentals, LLC to 395 Park Place, LLC and authorize the City Manager to execute the Agreements and make minor amendments thereto.

DISCUSSION:
The City of Hawthorne is the Master Landlord of the Airport Ground Lease with Hawthorne Airport, LLC. The Ground Lease provides for the City to not unreasonably withhold the assignments of subleases. Hawthorne Airport, LLC has approved the assignments of certain T-Hangars and Terminal Building from Willow Vista Rentals, LLC to 395 Park Place, LLC. The Assignment and Assumption Agreements for the T-Hangars and Terminal Building are attached hereto.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
N/A

FISCAL IMPACT:
None

NOTICING PROCEDURE:
72 hours posted notice pursuant to Ralph M. Brown Act.

ATTACHMENTS
Sublease Non-Disturbance & Attornment Agreement (T-Hangars)
Sublease Non-Disturbance & Attornment Agreement (Terminal Building)
Assignment &assumption Agreement (T-Hangars)
Assignment & Assumption Agreement (Terminal Building)

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SUBLEASE NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This SUBLEASE NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("SNDA") dated as of _____is made by and between THE CITY OF HAWTHORNE, a municipal corporation ("MASTER LANDLORD"), and 395 PARK PLACE, LLC, a California limited liability company ("ASSIGNEE"), who agree as follows:

1. Background.

   A. **SUBLEASED PREMISES**. MASTER LANDLORD is the owner of the municipal airport commonly known as the "Hawthorne Municipal Airport- Jack Northrup Field", including the portion commonly known as "T-HANGARS", which consists of two buildings totaling approximately fifty thousand four hundred eighty-one (50,481) square feet of space (the "SUBLEASED PREMISES"). The SUBLEASED PREMISES is subject to (1) a certain Master Ground Lease and its subsequent amendments thereto (hereinafter referred to as the "MGL") between the MASTER LANDLORD, as landlord, and Hawthorne Airport, LLC, a Delaware limited liability company (the "MASTER TENANT"), as tenant, and (2) a certain Ground Sublease (hereafter referred to as the "SUBLEASE") between the Airport, on the one hand, and, on the other, Willow Vista Rentals, LLC, a California limited liability company ("ASSIGNOR").

   B. **Purchase & Sale and Assignment of the SUBLEASE**. ASSIGNOR and ASSIGNEE have contemporaneously entered into (i) an Agreement for Purchase and Sale of the T-Hangars Interests (the "PSA") and (ii) an Agreement for Assignment and Assumption of Sublease and T-Hangars Leases (the "ASSIGNMENT"), which incorporate the MGL and the SUBLEASE as part of the transaction.

   C. **Purpose**. The MASTER LANDLORD and ASSIGNEE desire to assure ASSIGNEE'S possession of the SUBLEASED PREMISES upon the terms and conditions therein mentioned, irrespective of a termination of the MGL.

2. **Consent**. MASTER LANDLORD consents to the execution and delivery of the ASSIGNMENT in the form attached hereto as Exhibit "1". The Parties to this SNDA agree and acknowledge that MASTER LANDLORD's consent is not a condition precedent to the effectiveness of either the PSA or the ASSIGNMENT.

3. **Continuation of Sublease**.

   A. **Continuation**. If the current term of the MGL shall terminate before the expiration of the

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term of the SUBLEASE, for any reason other than condemnation, fire or other damage to the SUBLEASED PREMISES, then, subject to the conditions set forth in Section 3.B below, the SUBLEASE, if then in existence, shall continue as a lease between MASTER LANDLORD as landlord, and ASSIGNEE, as tenant, with the same force and effect as if MASTER LANDLORD, as landlord, and ASSIGNEE, as tenant, had entered into a lease as of the date of the termination of the MGL, containing the same terms, covenants and conditions as those contained in the SUBLEASE for a term equal to the unexpired term of the SUBLEASE.

B. **Conditions**. As provided in Section 16.2.2 of the MGL, the continuation of the SUBLEASE shall occur only if at the time of the termination of the MGL: (i) not more than two months' rent under the SUBLEASE shall have been prepaid and (ii) no default shall exist under the SUBLEASE which at such time would then permit the ASSIGNEE or MASTER LANDLORD under the SUBLEASE to terminate or to terminate any dispossession remedy under the SUBLEASE, the MGL, or the ASSIGNMENT.

C. **Rights Limited to ASSIGNEE and ASSIGNEE's Assignee.** The rights under this Section 3 shall inure to the benefit of ASSIGNEE and any assignee of ASSIGNEE who assumes the obligations of ASSIGNEE under the SUBLEASE.

D. **Curing MASTER TENANT Default**. Any option which shall be or become vested in ASSIGNEE to cancel the SUBLEASE, because of default of MASTER TENANT, shall be ineffective unless ASSIGNEE shall give MASTER LANDLORD notice of such default, and MASTER LANDLORD shall fail to cure such default within the time and in the manner MASTER TENANT would have been authorized to do had MASTER TENANT simultaneously received such notice. The provisions of this paragraph shall apply to any default occurring before or after the termination of the MGL.

4. **Attornment**. From and after any termination of the MGL:

A. ASSIGNEE will attorn to MASTER LANDLORD, and MASTER LANDLORD will accept such attornment.

B. MASTER LANDLORD will have the same remedies by entry, action or otherwise of the nonperformance of any agreement contained in the SUBLEASE for the recovery of rent, for the commission of any waste or for any cause of forfeiture which MASTER TENANT had or would have had if the MGL had not been terminated.

C. From and after the time of such attornment, ASSIGNEE shall have the same remedies

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against MASTER LANDLORD for the breach of an agreement contained in the SUBLEASE that ASSIGNEE might have had against MASTER TENANT if the MGL had not been terminated, except that MASTER LANDLORD shall not be (i) liable for any act or omission of MASTER TENANT, (ii) subject to any offsets or defenses which ASSIGNEE might have against MASTER TENANT, or (iii) bound by any rent or additional rent which ASSIGNEE might have paid in advance to MASTER TENANT.

5. **Amendments**. Neither ASSIGNEE nor its successors or assigns shall enter into any agreement with shall modify, surrender, or merge the SUBLEASE without MASTER LANDLORD's consent. Any agreement made in contravention to the provisions of this Section 5 shall be of no force or effect as to MASTER LANDLORD.

6. **Definition of MASTER LANDLORD**. The term "MASTER LANDLORD" as used in this Agreement means only the owner for the time being of the SUBLEASED PREMISES, so that in the event of any sale or other transfer of an interest in the SUBLEASED PREMISES, MASTER LANDLORD shall be and thereby is entirely freed and relieved of all covenants and obligations of the MASTER LANDLORD under this AGREEMENT. The provisions of this AGREEMENT, however, shall bind any subsequent owner of the SUBLEASED PREMISES.

7. **Notices**. Any notices relating to this AGREEMENT shall be given in writing and shall be deemed sufficiently given and served for all purposes when delivered personally by generally recognized overnight courier service by fax (provided that sender retains a printed confirmation of delivery to the fax number provide below), or three days after deposit in the United States mail certified or registered return receipt requested, with postage prepaid addressed as follows:

MASTER LANDLORD:
The City of Hawthorne
4455 West 126th Street
Hawthorne, CA 90250
Attn: City Manager and City Attorney
Fax: (310) 970-7058

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

Either party and its respective successors in interest taking the benefit of this Agreement may designate by notice in writing a new or other address to which such notice or demand shall thereafter be so given made or mailed.

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IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed as of the day and year first above written.

The parties have agreed as set forth above as of the date indicated next to their signature.

ASSIGNEE:
395 PARK PLACE, LLC, a California limited liability company

Date: 3/26/2025

By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

Date: 3/31/2025

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

Date: 3/26/2025

By: DocuSigned by: Robert Frerichs C0524E623D734A3...
Robert Frerichs, Manager

MASTER LANDLORD
CITY OF HAWTHORNE, a municipal corporation

Date:

By: _____

Printed Name: _____

Title: _____

MASTER TENANT CONSENT

The undersigned hereby consents to the execution and delivery of the foregoing Non-Disturbance and Attornment Agreement and agrees that neither the execution of the same nor anything done pursuant to the provisions thereof shall be deemed or taken to modify the Master Lease referred to therein.

HAWTHORNE AIRPORT, LLC, a Delaware limited liability company
By: VR HOLDINGS, LLC
Its: Manager

Date: 3/31/2025

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Date: 3/26/2025

By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

Date: 4/4/2025

By: Signed by: Darin Puhl DC0102BF186E4C0...
Darin Puhl, Manager

Date: 4/2/2025

By: DocuSigned by: Wade Brandenberger 1FF4329066064C0...
Wade Brandenberger, Manager

Date: 4/7/2025

By: DocuSigned by: D90D970306254CB...
Martin Howard, Manager

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SUBLEASE NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This SUBLEASE NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("SNDA") dated as of _____is made by and between THE CITY OF HAWTHORNE, a municipal corporation ("MASTER LANDLORD"), and 395 PARK PLACE, LLC, a California limited liability company ("ASSIGNEE"), who agree as follows:

1. Background.

   A. **SUBLEASED PREMISES**. MASTER LANDLORD is the owner of the municipal airport commonly known as the "Hawthorne Municipal Airport- Jack Northrup Field" generally, including the portion commonly referred to as Terminal Building, (the "SUBLEASED PREMISES"), including (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 located in the City of Hawthorne, County of Los Angeles, California. The SUBLEASED PREMISES is subject to (1) a certain Master Ground Lease and its subsequent amendments thereto (hereinafter referred to as the "MGL") between the MASTER LANDLORD, as landlord, and Hawthorne Airport, LLC, a Delaware limited liability company (the "MASTER TENANT"), as tenant, and (2) a certain Ground Sublease (hereafter referred to as the "SUBLEASE") between the Airport, on the one hand, and, on the other, Willow Vista Rentals, LLC, a California limited liability company and Terminal Building, LLC, a California limited liability company (collectively, "ASSIGNORS").

   B. **Purchase & Sale and Assignment of the SUBLEASE**. ASSIGNORS and ASSIGNEE have contemporaneously entered into (i) an Agreement for Purchase and Sale of the Terminal Building and Ramp Areas Interests (the "PSA") and (ii) an Agreement for Assignment and Assumption of Sublease and Terminal Building Leases (the "ASSIGNMENT"), which incorporate the MGL and the SUBLEASE as part of the transaction.

   C. **Purpose**. The MASTER LANDLORD and ASSIGNEE desire to assure ASSIGNEE'S possession of the SUBLEASED PREMISES upon the terms and conditions therein mentioned, irrespective of a termination of the MGL.

2. **Consent**. MASTER LANDLORD consents to the execution and delivery of the ASSIGNMENT in the form attached hereto as Exhibit "1". The Parties to this SNDA agree and acknowledge that MASTER LANDLORD's consent is not a condition precedent to the effectiveness of either the PSA or the ASSIGNMENT.

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3. **Continuation of Sublease**.

A. **Continuation**. If the current term of the MGL shall terminate before the expiration of the term of the SUBLEASE, for any reason other than condemnation, fire or other damage to the SUBLEASED PREMISES, then, subject to the conditions set forth in Section 3.B below, the SUBLEASE, if then in existence, shall continue as a lease between MASTER LANDLORD as landlord, and ASSIGNEE, as tenant, with the same force and effect as if MASTER LANDLORD, as landlord, and ASSIGNEE, as tenant, had entered into a lease as of the date of the termination of the MGL, containing the same terms, covenants and conditions as those contained in the SUBLEASE for a term equal to the unexpired term of the SUBLEASE.

B. **Conditions**. As provided in Section 16.2.2 of the MGL, the continuation of the SUBLEASE shall occur only if at the time of the termination of the MGL: (i) not more than two months' rent under the SUBLEASE shall have been prepaid and (ii) no default shall exist under the SUBLEASE which at such time would then permit the ASSIGNEE or MASTER LANDLORD under the SUBLEASE to terminate or to terminate any dispossession remedy under the SUBLEASE, the MGL, or the ASSIGNMENT.

C. **Rights Limited to ASSIGNEE and ASSIGNEE's Assignee.** The rights under this Section 3 shall inure to the benefit of ASSIGNEE and any assignee of ASSIGNEE who assumes the obligations of ASSIGNEE under the SUBLEASE.

D. **Curing MASTER TENANT Default**. Any option which shall be or become vested in ASSIGNEE to cancel the SUBLEASE, because of default of MASTER TENANT, shall be ineffective unless ASSIGNEE shall give MASTER LANDLORD notice of such default, and MASTER LANDLORD shall fail to cure such default within the time and in the manner MASTER TENANT would have been authorized to do had MASTER TENANT simultaneously received such notice. The provisions of this paragraph shall apply to any default occurring before or after the termination of the MGL.

4. **Attornment**. From and after any termination of the MGL:

A. ASSIGNEE will attorn to MASTER LANDLORD, and MASTER LANDLORD will accept such attornment.

B. MASTER LANDLORD will have the same remedies by entry, action or otherwise of the nonperformance of any agreement contained in the SUBLEASE for the recovery of rent, for the commission of any waste or for any cause of forfeiture which MASTER TENANT

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had or would have had if the MGL had not been terminated.

C. From and after the time of such attornment, ASSIGNEE shall have the same remedies against MASTER LANDLORD for the breach of an agreement contained in the SUBLEASE that ASSIGNEE might have had against MASTER TENANT if the MGL had not been terminated, except that MASTER LANDLORD shall not be (i) liable for any act or omission of MASTER TENANT, (ii) subject to any offsets or defenses which ASSIGNEE might have against MASTER TENANT, or (iii) bound by any rent or additional rent which ASSIGNEE might have paid in advance to MASTER TENANT.

5. **Amendments**. Neither ASSIGNEE nor its successors or assigns shall enter into any agreement with shall modify, surrender, or merge the SUBLEASE without MASTER LANDLORD's consent. Any agreement made in contravention to the provisions of this Section 5 shall be of no force or effect as to MASTER LANDLORD.

6. **Definition of MASTER LANDLORD**. The term "MASTER LANDLORD" as used in this Agreement means only the owner for the time being of the SUBLEASED PREMISES, so that in the event of any sale or other transfer of an interest in the SUBLEASED PREMISES, MASTER LANDLORD shall be and thereby is entirely freed and relieved of all covenants and obligations of the MASTER LANDLORD under this AGREEMENT. The provisions of this AGREEMENT, however, shall bind any subsequent owner of the SUBLEASED PREMISES.

7. **Notices**. Any notices relating to this AGREEMENT shall be given in writing and shall be deemed sufficiently given and served for all purposes when delivered personally by generally recognized overnight courier service by fax (provided that sender retains a printed confirmation of delivery to the fax number provide below), or three days after deposit in the United States mail certified or registered return receipt requested, with postage prepaid addressed as follows:

MASTER LANDLORD:
The City of Hawthorne
4455 West 126th Street
Hawthorne, CA 90250
Attn: City Manager and City Attorney
Fax: (310) 970-7058

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

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Either party and its respective successors in interest taking the benefit of this Agreement may designate by notice in writing a new or other address to which such notice or demand shall thereafter be so given made or mailed.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed as of the day and year first above written.

The parties have agreed as set forth above as of the date indicated next to their signature.

ASSIGNEE:
395 PARK PLACE, LLC, a California limited liability company

Date: 3/26/2025

By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

Date: 3/31/2025

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

Date: 3/26/2025

By: DocuSigned by: Robert Frerichs C0524E623D734A3...
Robert Frerichs, Manager

MASTER LANDLORD
CITY OF HAWTHORNE, a municipal corporation

Date:

By: _____

Printed Name: _____

Title: _____

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

MASTER TENANT CONSENT

The undersigned hereby consents to the execution and delivery of the foregoing Non-Disturbance and Attornment Agreement and agrees that neither the execution of the same nor anything done pursuant to the provisions thereof shall be deemed or taken to modify the Master Lease referred to therein.

HAWTHORNE AIRPORT, LLC, a Delaware limited liability company
By: VR HOLDINGS, LLC
Its: Manager

Date: 3/31/2025

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

Date: 3/26/2025

By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

Date: 4/4/2025

By: Signed by: Darin Puhl DC0102BF186E4C0...
Darin Puhl, Manager

Date: 4/2/2025

By: DocuSigned by: Wade Brandenberger 1FF4329066064C0...
Wade Brandenberger, Manager

Date: 4/7/2025

By: DocuSigned by: D90D970306254CB...
Martin Howard, Manager

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AGREEMENT FOR ASSIGNMENT AND ASSUMPTION OF SUBLEASE AND T-HANGARS LEASES

This AGREEMENT FOR ASSIGNMENT, AND ASSUMPTION OF SUBLEASE AND T-HANGARS LEASES ("ASSIGNMENT") is entered into by and between Willow Vista Rentals, LLC, a California limited liability company ("ASSIGNOR"), 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 ASSIGNOR 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. ASSIGNOR and SUBLANDLORD are parties to that certain written ground sublease dated as of July 1, 2010 ("SUBLEASE"), for that certain portion of the AIRPORT, commonly known as "T-HANGARS", which consists of two buildings totaling approximately fifty thousand four hundred eighty-one (50,481) square feet of space (the "SUBLEASED PREMISES"), and more particularly described in the SUBLEASE attached hereto as "Exhibit B.".

C. ASSIGNOR desires by this ASSIGNMENT, and with the approval of SUBLANDLORD, to assign all of its 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 ASSIGNOR's 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. ASSIGNOR hereby assigns to ASSIGNEE all of its right, title and interest in the SUBLEASE and the SUBLEASE PREMISES as of EFFECTIVE DATE.

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ASSIGNEE hereby accepts such assignment and assumes and agrees to be bound by and perform all covenants, conditions, obligations and duties of the ASSIGNOR under the SUBLEASE arising from and after the EFFECTIVE DATE. ASSIGNEE agrees to indemnify, defend and hold harmless ASSIGNOR 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, ASSIGNOR further assigns all rights and obligations arising with respect to the current tenants of the T-HANGARS (the "T-HANGARS LEASES"). Such assignment shall also include the assignment and transfer of all security deposits and operating account funds directly relating to the T-HANGARS LEASES. ASSIGNEE hereby accepts such assignment and assumes and agrees to be bound by and perform all covenants, conditions, obligations and duties of ASSIGNOR under the T-HANGARS LEASES arising from and after the EFFECTIVE DATE. ASSIGNEE agrees to indemnify, defend and hold harmless ASSIGNOR with respect to any claims or demands arising under the T-HANGARS LEASES that first accrue, from and after the EFFECTIVE DATE. ASSIGNEE agrees to promptly notify the tenants of the T-HANGARS 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 Two Million Dollars ($2,000,000) (the "ASSIGNMENT PRICE") for the assignment of the SUBLEASE and possession of the SUBLEASE PREMISES.

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

5. **ASSIGNOR Warranties**:

A. ASSIGNOR warrants that the SUBLEASE is in full force and effect;

B. ASSIGNOR warrants that ASSIGNOR has paid to SUBLANDLORD all rents and other sums and charges payable by ASSIGNOR to SUBLANDLORD prior to the EFFECTIVE DATE;

C. ASSIGNOR warrants that it has fully performed all covenants and obligations under the SUBLEASE required to be performed by to the EFFECTIVE DATE;

D. ASSIGNOR warrants that it has 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. ASSIGNOR warrants that it has provided PURCHASER with a full, complete, and accurate accounting of the T-HANGAR LEASES and all related security deposits, past and current tenant balances, and current operating account funds;

F. ASSIGNOR warrants that, to its actual knowledge, SUBLANDLORD has fully

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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 ASSIGNOR:

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

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8. **Gate Card Access to the AIRPORT**. ASSIGNEE acknowledges that ASSIGNOR does 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 ASSIGNOR 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 ASSIGNOR 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 ASSIGNOR 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-sublease the SUBLEASE PREMISES shall be governed by the SUBLEASE.

12. **Assignment By ASSIGNOR**. ASSIGNOR shall be allowed to assign the rights under this ASSIGNMENT without approval from ASSIGNEE. However, ASSIGNOR 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

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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 entitle. 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 ASSIGNOR to ASSIGNEE.

18. **Written Amendment Required**. This ASSIGNMENT may not be amended or altered except by a written instrument executed by ASSIGNOR and ASSIGNEE and SUBLANDLORD, as applicable.

19. **Partial Invalidity**. Any provision of this ASSIGNMENT that is unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforceability of this ASSIGNMENT shall be of no effect, but all the remaining provisions of this ASSIGNMENT shall remain in full force.

20. **Exhibits**. All attached exhibits are incorporated in this ASSIGNMENT by this reference.

21. **Governing Law**. The validity, meaning, and effect of this ASSIGNMENT shall be determined in accordance with California laws.

22. **Non-Disturbance And Attornment**. Concurrently with the ASSIGNMENT, ASSIGNEE and MASTER LANDLORD are entering into a Non-Disturbance And Attornment Agreement, a true and correct copy of which is attached hereto as Exhibit "C".

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23. **Authority**. Each signatory of this ASSIGNMENT on behalf of ASSIGNOR, ASSIGNEE and SUBLANDLORD represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

24. **Counterparts**. Separate copies of this ASSIGNMENT may be signed by the parties hereto, with the same effect as though all of the parties had signed one copy of this ASSIGNMENT. Signatures received by pdf, facsimile any other electronic transmission system shall be accepted as original signatures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the Effective Date.

ASSIGNOR:

WILLOW VISTA RENTALS, LLC, a California limited liability company

By: WEDGEWOOD
Its: Manager

By: Signed by: Lisa Ishizaki-Wehrly C595B15B388E439...
Lisa Ishizaki-Wehrly, its President.

ASSIGNEE:

395 PARK PLACE, LLC, a California limited liability company

By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

By: DocuSigned by: Robert Frerichs C0524E623D734A3...
Robert Frerichs, Manager

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APPROVAL BY SUBLANDLORD:

HAWTHORNE AIRPORT, LLC, a Delaware limited liability company

By: VR HOLDINGS, LLC
Its: Manager

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

By: Signed by: Darin Puhl DC0102BF186E4C0...
Darin Puhl, Manager

By: DocuSigned by: Wade Brandenberger 1FF4329066064C0...
Wade Brandenberger, Manager

By: DocuSigned by: D90D970306254CB...
Martin Howard, Manager

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

EXHIBIT “A”

Master Ground Lease and Amendments

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GROUND LEASE

This GROUND LEASE ("**Lease**") is entered into as of January 3, 2005 (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

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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).

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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

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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:

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(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

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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

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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^{th}) 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

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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.

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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 (5th) 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.

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(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

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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

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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

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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 (1st) 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

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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

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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

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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

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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^{th}) 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.

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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.

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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

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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 (2nd) 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.

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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;

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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.

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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.

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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.

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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.

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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

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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

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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

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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 dispossess remedy provided for therein and (iii) the

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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

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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

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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:

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(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

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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

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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

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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.

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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 26th 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, 9th 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

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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.

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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

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

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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

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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

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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.

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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

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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;

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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

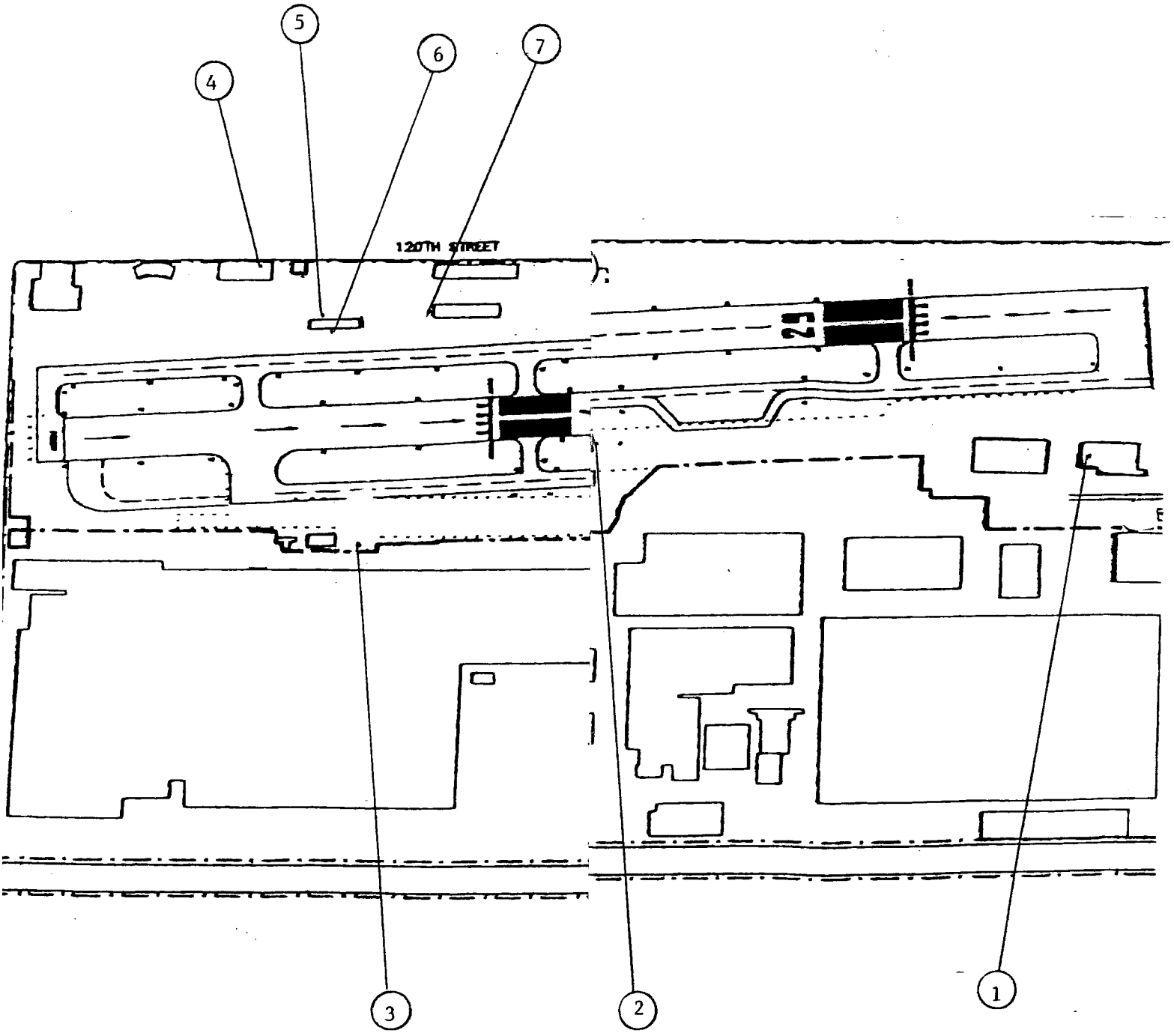
30.1 Refinancing Proceeds. As used herein the term "**Refinancing Proceeds**" shall mean (a) all cash proceeds actually received by Tenant from a Refinancing of all or a portion of the Leased Premises less (b) the sum of (i) any debts and liabilities then encumbering the Leased Premises (or a portion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

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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.

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ACILITIES

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

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 Printes
Name: _____
Title:

"TENANT": HAWTHORNE AIRPORT, LLC,
a Delaware limited liability company

By: _____
Name: Jeff Ditley
Title: Co-President

By: _____
Name: David Wehrly
Title: manager

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EXHIBIT "A"

LEGAL DESCRIPTION OF LEASED PREMISES

[To be completed prior to execution]

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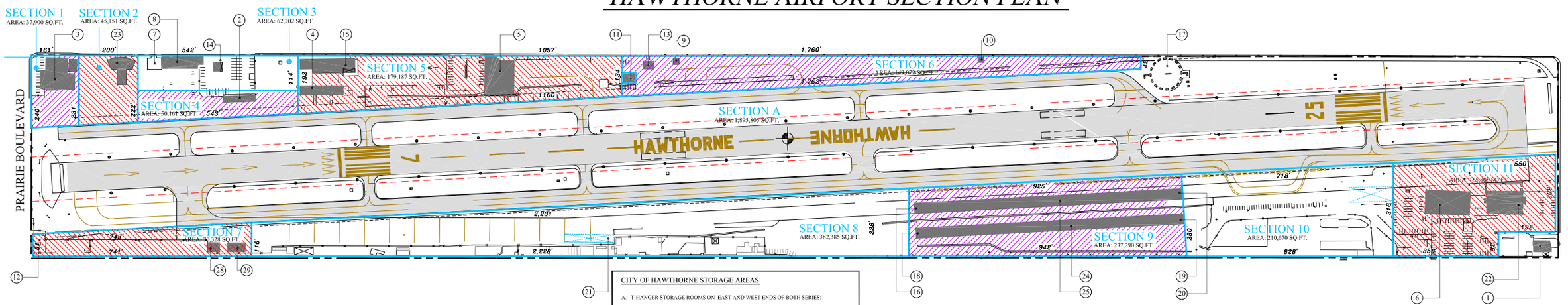
EXHIBIT "A"

DEPICTION OF LEASED PREMISES AND OPTION PREMISES

[Hard Copy To Be Provided by Tenant]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

HAWTHORNE AIRPORT SECTION PLAN



SECTION/BUILDING FOOTPRINT AREAS

SECTION 1

Area: 37,900 sq.ft.
Building 3 : 11,750 sq.ft.

SECTION 2

Area : 45,151 sq.ft
Building 23 : 4,800 sq.ft

SECTION 3

Area: 62,202 sq.ft
Building 8 : 6,000
Building 14 : 1,400
Total : 7,400

SECTION 4

Area: 50,161 sq.ft.

Building 2 : 2,301 sq.ft.

SECTION 5

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.

SECTION 6

Area: 149,072 SQ.FT.
Building 13 : 1,000 sq.ft
Building 10 : 500 sq.ft
Total : 1,500 sq.ft

SECTION 7

Area: 70,328 sq.ft

Building 28 : 1,420 sq.ft
Building 29 : 1,800 sq.ft
Total : 3,220 sq.ft

SECTION 8

Area: 382,385 sq.ft

SECTION 9

Area: 237,290 sq.ft

Building 24 : 35,000 sq.ft.
Building 25 : 35,000 sq.ft.
Total : 70,000 sq.ft.

SECTION 10

Area: 210,670 sq.ft

SECTION 11

Area: 165,806 sq.ft.

Building 6 : 12,200 sq.ft.
Building 22 : 10,000 sq.ft.
Total : 22,200 sq.ft.

CONTROL TOWER SECTION

BUILDING 11 : 1,260 sq.ft.

December 22nd 2004

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.

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

TRUE NORTH

0 150 300
SCALE IN FEET

A DEVELOPMENT BY
Hawthorne Airport LLC

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

EXHIBIT "B"

LEGAL DESCRIPTION OF OPTION PREMISES

[To be completed prior to execution]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

EXHIBIT "B"

LANDLORD/TENANT MAINTENANCE OBLIGATIONS

HAWTHORNE MUNICIPAL AIRPORT
LANDLORD OBLIGATIONS

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

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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

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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, **LLC**
   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.

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, **HHR**
   Transient aircraft light standards, 100 series east maintenance shop,
   200 series east supply hangar, and electrical to hangar # 218.

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. 120th St., north east corner inside of HHR maintenance shop.

   Services: PD hangar, HHR maintenance staff workshop, **HHR**
   Wash rack rainwater diversion system, offices to the east.

5. CA # 2-01-544-6818, Service Acct # 3-001-1728-07, Meter # AE308-223291
   Location: 3854 W.120th (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.120th (Aris building) south side of building.

   Services: Suite 3 (HHR maint.) and suite 4 (RCC); lights and receptacles. **LLC**
   (Suite's numbered 1-5 west to east)

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. 120th St., ATC tower equipment room.

   Services: North and south taxiway lights, intersection signs, 1000' makers, **HHR**
   and runway lights.

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).

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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

   Location: 12016 Prairie Ave., in the sidewalk west of museum entrance. **LLC**
   Services: Museum and museum planters.

4. ACCOUNT # 27-61-22-0892-1, METER # 29096651 **LLC**
   Location: 3924 W. 120th 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. 120th 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. 120th 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)*

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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

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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.

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EXHIBIT "D"

RENT ROLL

[See Hard Copy Attached]

Billing - Dec. 2004

Notes for January 2005 Billing

p_invce
11/30/2004 16:09:18

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Page
Group: p

Original Document#: 2749999 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90484
Invoice#: 052788 Description: TIE DOWN PULL THRU FEE
Customer: 07-0023-10 A & J'S AERIAL PHOTO SERVICE L

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#: 2750001 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90483
Invoice#: 052787 Description: HANGAR FEE (& others)
Customer: 07-0020-14 A AND E FLYING CLUB

Type	Category		Account number	Amount
Billing	hangar	Hangar Fee	R 520-120-2160	325.00 CR
Billing	td	Tie Down Fee	R 520-120-2161	140.00 CR
Billing	tdpt	Tie Down Pull Thru Fee	R 520-120-2161	200.00 CR
S		Automatic summary	B 520-48100	665.00 CR
S		Automatic summary	B 520-12500	665.00 DB

Document totals: 665.00 DB 665.00 CR Difference: 0.00

Original Document#: 2750002 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90485
Invoice#: 052789 Description: TIE DOWN FEE
Customer: 07-0025-10 ABBOTT, BRUCE

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750003 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90486
Invoice#: 052790 Description: HANGAR FEE
Customer: 07-0035-10 ABELL, JOHN

Type	Category		Account number	Amount
Billing	hangar	Hangar Fee	R 520-120-2160	325.00 CR

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750003 (continued)

Type	Category		Account number	Amount
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

Document#: 2750004 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90487
Invoice#: 052791 Description: HANGAR FEE
Customer: 07-0041-13 ADAMS, JAMES S

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

Document#: 2750005 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90488
Invoice#: 052792 Description: AUTO PARKING
Customer: 07-0050-12 ADAMS, SCOTT

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: 30.00 DB 30.00 CR Difference: 0.00

Document#: 2750006 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90489
Invoice#: 052793 Description: TIE DOWN PULL THRU FEE
Customer: 07-0079-10 ANDERSON, HANS

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750006 (continued)

Document totals: 100.00 DB 100.00 CR Difference: 0.00

Document#: 2750007 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90490
Invoice#: 052794 Description: HANGAR FEE
Customer: 07-0082-10 APLIN, STU

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

Document#: 2750008 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90492
Invoice#: 052796 Description: STORAGE SPACE (& others)
Customer: 07-0085-15 ARIS HELICOPTERS LTD

Type	Category	Account number	Amount
Billing	a-stor Storage Space	R 520-120-2181	120.00 CR
Billing	l25 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

Credit Acct - Due to Record file error. Ø Balance due

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

Document#: 2750009 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90501
Invoice#: 052805 Description: HANGAR FEE
Customer: 07-0480-16 AUFILL, LIESE

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750010 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90493
Invoice#: 052797 Description: HANGAR FEE
Customer: 07-0264-14 BARNWELL, M P

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750011 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90494
Invoice#: 052798 Description: TIE DOWN FEE
Customer: 07-0295-10 BECKER, VERNE

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750012 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90495
Invoice#: 052799 Description: HANGAR FEE
Customer: 07-0331-19 BERINGER, GLEN

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750013 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90496
Invoice#: 052800 Description: HANGAR FEE
Customer: 07-0380-12 BIGBEE AVIATION CORP

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750013 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750014 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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	110	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

Change to reflect 3 spaces January 2005

Add 2 mor Auto-parki Total bill in 3 Auto-par = $90/m

Document totals: 610.00 DB 610.00 CR Difference: 0.00

Document#: 2750015 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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 Difference: 0.00

Document#: 2750016 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750016 (continued)

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750017 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90502
Invoice#: 052806 Description: HANGAR FEE
Customer: 07-0520-14 BURTON, CHARLES I

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750018 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90503
Invoice#: 052807 Description: LEASE AGREEMENT TYPE 25
Customer: 07-0533-11 CALIFORNIA BLACK

Type	Category		Account number	Amount
Billing	125	Lease Agreement Type 25	R 520-120-2162	
S		Automatic summary	B 520-48100	94.50 CR
S		Automatic summary	B 520-12500	94.50 CR
				94.50 DB

Document totals: 94.50 DB 94.50 CR Difference: 0.00

Document#: 2750019 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90504
Invoice#: 052808 Description: TIE DOWN PULL THRU FEE
Customer: 07-0536-10 CAPACI, TONY

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

Document totals: 100.00 DB 100.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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

Paid balance due in Dec 2004
January 2005 - amount due.

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

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.

Address —
5000 Centinela Ave. #133
Los Angeles 90066

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

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
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

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

Add 2 tie-downs.

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750023 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750024 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90508
Invoice#: 052812 Description: HANGAR FEE
Customer: 07-0670-18 COLEMAN, WILLIAM

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750025 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90509
Invoice#: 052813 Description: HANGAR FEE
Customer: 07-0690-10 COMSTOCK, CROSSER

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750026 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90510
Invoice#: 052814 Description: HANGAR FEE
Customer: 07-0735-13 CRYDER, NANCY

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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	
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 CR
			325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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	
S	Automatic summary	B 520-48100	480.00 CR
S	Automatic summary	B 520-12500	480.00 CR
			480.00 DB

Document totals: 480.00 DB 480.00 CR Difference: 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	
S	Automatic summary	B 520-48100	30.00 CR
S	Automatic summary	B 520-12500	30.00 CR
			30.00 DB

Document totals: 30.00 DB 30.00 CR Difference: 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	
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 CR
			325.00 DB

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750030 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750031 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90515
Invoice#: 052819 Description: TIE DOWN FEE
Customer: 07-0975-10 EDELL, JOHN

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750032 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90516
Invoice#: 052820 Description: LEASE AGREEMENT
Customer: 07-1020-17 FAA ATCT AWP22A

Type	Category		Account number	Amount
Billing	lease	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

Document#: 2750033 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90517
Invoice#: 052821 Description: HANGAR FEE
Customer: 07-1063-12 FERRANDO, JAMES P

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750034 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90518
Invoice#: 052822 Description: HANGAR FEE
Customer: 07-1075-12 FIRST GLOBE, INC.

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750035 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90519
Invoice#: 052823 Description: HANGAR FEE
Customer: 07-1100-19 FLYERS INC

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

Document totals: 213.00 DB 213.00 CR Difference: 0.00

Document#: 2750036 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90520
Invoice#: 052824 Description: HANGAR FEE
Customer: 07-1121-18 FOWLER, KENNETH

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750037 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90521
Invoice#: 052825 Description: HANGAR FEE
Customer: 07-1150-19 FREEWING AIR INC

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750037 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

Type	Category		Account number	Amount
Billing	apark	Auto Parking	R 520-120-2181	
S		Automatic summary	B 520-48100	90.00 CR
S		Automatic summary	B 520-12500	90.00 CR
				90.00 DB

Document totals: 90.00 DB 90.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750041 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90586
Invoice#: 052890 Description: AUTO PARKING
Customer: 07-4800-14 GORDON, JEFF

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

Document totals: 30.00 DB 30.00 CR Difference: 0.00

Document#: 2750042 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90525
Invoice#: 052829 Description: HANGAR FEE
Customer: 07-1570-17 HAMRICK, TERRY

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750043 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90526
Invoice#: 052830 Description: HANGAR FEE
Customer: 07-1655-14 HAYOS, ROBERT

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750044 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90527
Invoice#: 052831 Description: HANGAR FEE
Customer: 07-1665-10 HEINTZ, JOHN F.

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750044 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750045 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90528
Invoice#: 052832 Description: TIE DOWN FEE
Customer: 07-1675-16 HERRICK, RICK

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750046 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90529
Invoice#: 052833 Description: HANGAR FEE
Customer: 07-1725-10 HOLT, CHARLES ETAL

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750047 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90530
Invoice#: 052834 Description: TIE DOWN FEE
Customer: 07-1780-11 HURTE, LORENZO

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750048 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90531
Invoice#: 052835 Description: HANGAR FEE
Customer: 07-1790-10 ICHIYASU, CLIFFORD

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750049 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90532
Invoice#: 052836 Description: HANGAR FEE
Customer: 07-1805-12 INGRAM, JOHN

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750050 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90533
Invoice#: 052837 Description: HANGAR FEE
Customer: 07-1815-18 IRVIN, STEPHAN

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750051 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90534
Invoice#: 052838 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	
S	Automatic summary	B 520-48100	325.00 CR
			415.00 CR

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750051 (continued)

Type	Category		Account number		Amount
S		Automatic summary	B 520-12500		415.00 DB

Document totals: 415.00 DB 415.00 CR Difference: 0.00

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

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

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

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

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

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

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

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S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750055 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90539
Invoice#: 052843 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: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750056 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90541
Invoice#: 052845 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: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750057 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90543
Invoice#: 052847 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: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750058 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90544
Invoice#: 052848 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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750058 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750059 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90546
Invoice#: 052850 Description: TIE DOWN FEE
Customer: 07-2313-17 MARTIN, HAROLD N

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750060 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90548
Invoice#: 052852 Description: HANGAR FEE
Customer: 07-2456-16 MCQUOWN, KIRK

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750061 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90549
Invoice#: 052853 Description: AUTO PARKING
Customer: 07-2460-10 MEMLEY AVIATION INC

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

Document totals: 30.00 DB 30.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750065 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750066 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90554
Invoice#: 052858 Description: TIE DOWN PULL THRU FEE
Customer: 07-2542-10 MURPHY, CYNTHIA

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

Document#: 2750067 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90499
Invoice#: 052803 Description: HANGAR FEE
Customer: 07-0450-18 NARR, CRAIG

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

Document#: 2750068 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90555
Invoice#: 052859 Description: LEASE AGREEMENT
Customer: 07-2565-19 NAT'S AIRPORT CAFE

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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

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

Document totals: 3,645.17 DB 3,645.17 CR Difference: 0.00

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

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

Document totals: 3,414.75 DB 3,414.75 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750072 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750076 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90564
Invoice#: 052868 Description: TIE DOWN FEE
Customer: 07-2810-10 PERNA, MARILYN

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750077 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90565
Invoice#: 052869 Description: HANGAR FEE
Customer: 07-3090-15 ROSSO, JOHN A

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

Document#: 2750078 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90566
Invoice#: 052870 Description: LEASE AGREEMENT
Customer: 07-3095-10 ROUTH FAMILY TRUST

Type	Category		Account number	Amount
Billing	lease	Lease Agreement	R 520-120-2162	1,215.90 CR
S		Automatic summary	B 520-48100	1,215.90 CR
S		Automatic summary	B 520-12500	1,215.90 DB

Document totals: 1,215.90 DB 1,215.90 CR Difference: 0.00

Document#: 2750079 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90567
Invoice#: 052871 Description: TIE DOWN PULL THRU FEE
Customer: 07-3098-11 SALAZAR, RICK

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750079 (continued)

Document totals: 100.00 DB 100.00 CR Difference: 0.00

Document#: 2750080 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90568
Invoice#: 052872 Description: TIE DOWN FEE
Customer: 07-3120-17 SAPPINGTON, STEVE

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750081 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90569
Invoice#: 052873 Description: HANGAR FEE
Customer: 07-3130-10 SARKHOSH, NADER

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

Document#: 2750082 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90570
Invoice#: 052874 Description: LEASE AGREEMENT
Customer: 07-3155-10 SCHAF

Type	Category		Account number	Amount
Billing	lease	Lease Agreement	R 520-120-2162	2,000.00 CR
S		Automatic summary	B 520-48100	2,000.00 CR
S		Automatic summary	B 520-12500	2,000.00 DB

Document totals: 2,000.00 DB 2,000.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 30.00 DB 30.00 CR Difference: 0.00

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

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

Document totals: 3,219.50 DB 3,219.50 CR Difference: 0.00

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

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750086 (continued)

Type	Category		Account number	Amount
S		Automatic summary	B 520-12500	385.00 DB

Document totals: 385.00 DB 385.00 CR Difference: 0.00

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

Document#: 2750088 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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	1,082.66 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

Document#: 2750089 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750089 (continued)

Document totals: 60.00 DB 60.00 CR Difference: 0.00

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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	R 520-120-2181	
S		Automatic summary	B 520-48100	30.00 CR
S		Automatic summary	B 520-12500	30.00 CR
				30.00 DB

Document totals: 30.00 DB 30.00 CR Difference: 0.00

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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	R 520-120-2160	
S		Automatic summary	B 520-48100	325.00 CR
S		Automatic summary	B 520-12500	325.00 CR
				325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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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	R 520-120-2160	
S		Automatic summary	B 520-48100	325.00 CR
S		Automatic summary	B 520-12500	325.00 CR
				325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750093 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90581
Invoice#: 052885 Description: HANGAR FEE
Customer: 07-3651-12 STANLEY, LANG J

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

Document#: 2750094 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90536
Invoice#: 052840 Description: TIE DOWN PULL THRU FEE
Customer: 07-1915-10 SWANSON, HILARY

Delinquent Account.

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

Document#: 2750095 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90582
Invoice#: 052886 Description: HANGAR FEE
Customer: 07-3841-14 TATE, THOMAS E DDS

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

Document#: 2750096 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90542
Invoice#: 052846 Description: HANGAR/ELECTRICAL FEE
Customer: 07-2235-19 TERRY TRUSTEE, DONALD

Type	Category	Account number	Amount
Billing	hangel 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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750096 (continued)

Document totals: 340.00 DB 340.00 CR Difference: 0.00

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Document#: 2750097 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90545
Invoice#: 052849 Description: TIE DOWN FEE
Customer: 07-2300-10 THURSTON, TIMOTHY D.

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

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Document#: 2750098 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90583
Invoice#: 052887 Description: HANGAR FEE
Customer: 07-3960-13 TRAUB, G BRUCE

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

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Document#: 2750099 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90584
Invoice#: 052888 Description: TIE DOWN FEE
Customer: 07-4100-10 VANDENBERG, KENT

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750100 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90557
Invoice#: 052861 Description: LEASE AGREEMENT
Customer: 07-2620-14 VOUGHT AIRCRAFT

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

Document totals: 11,476.31 DB 11,476.31 CR Difference: 0.00

Document#: 2750101 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90585
Invoice#: 052889 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: 325.00 DB 325.00 CR Difference: 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: 55,635.31 DB 55,635.31 CR Difference: 0.00

S = Automatic summary

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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

S = Automatic summary

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EXHIBIT "E"

MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

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

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.

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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: _____
Name: _____
Title: _____

"TENANT"

HAWTHORNE AIRPORT, LLC,
a Delaware limited liability company

By: _____
Name: Jeff Ritter
Title: Co-President

By: _____
Name: David R Welch
Title: manager

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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)

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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 frill.

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.

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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"

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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)

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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

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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

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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.)

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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.

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FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (this "**Amendment**") is entered into as of November 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

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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

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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]

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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 Dilley
Name: Jeff Dilley
Title: Co-President

By:
Name: David Wehrle
Title: Co-President

Approved as to Form

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EXHIBIT "A"

[Attached as the immediately following page(s)]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

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

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LEGAL DESCRIPTION

SECTION 2

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



John Chiappe, Jr., PLS 7230

PSOMAS

2/4/06

Date

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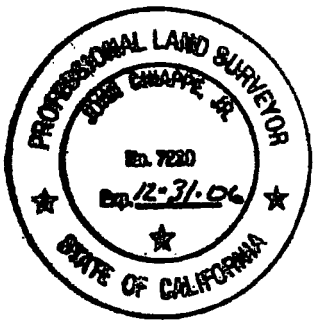
LEGAL DESCRIPTION

SECTION 4

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

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

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LEGAL DESCRIPTION

SECTION 5

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.

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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



John Chiappe, Jr., PLS 7230

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LEGAL DESCRIPTION

SECTION 6

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

John Chiappe Jr., PLS 7230

PSOMAS

2/4/05

Date

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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 122nd 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

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LEGAL DESCRIPTION

SECTION 9

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

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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



John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

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EXHIBIT "B"

[Attached as the immediately following page(s)]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

LEGAL DESCRIPTION

SECTION 2-A2

A 5.50 foot wide strip of land over that portion of 120th 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



John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

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LEGAL DESCRIPTION

SECTION 5-A1

A 5.50 foot wide strip of land over that portion of 120th 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



John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

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EXHIBIT "C"

[Attached as the immediately following page(s)]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

LEGAL DESCRIPTION

SECTION 1-A

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

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Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

LEGAL DESCRIPTION

SECTION 2-A1

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

John Chiappe, Jr., PLS 7230

PSOMAS

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LEGAL DESCRIPTION

SECTION 5-A2

A 5 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

John Chiappe, Jr., PLS 7230

PSOMAS

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EXHIBIT "D"

[Attached as the immediately following page(s)]

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LEGAL DESCRIPTION

SECTION 3

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 89°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

John Chiappe, Jr., PLS 7230

PSOMAS

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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 122nd 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.

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April 12, 2005
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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



John Chiappe, Jr., PLS 7230

PSOMAS

4/12/05

Date

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LEGAL DESCRIPTION

SECTION 10

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 89°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

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

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February 01, 2005
PLY:jdc

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EXHIBIT "E"

[Attached as the immediately following page(s)]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

LEGAL DESCRIPTION

SECTION 3-A1

That portion of 120th 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 0°01'14" East 219.91 feet to the northerly line of said Block B and the True Point of Beginning; thence easterly 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, North 0°01'14" East 5.50 feet to a line parallel with and 5.50 feet northerly of said northerly line of Block B; thence westerly along said parallel line, North 89°58'46" West 209.67 feet; thence South 0°01'14" West 1.50 feet to a line parallel with and 4.00 feet northerly of said northerly line of Block A; thence westerly along said parallel line, North 89°58'46" West 9.22 feet; thence North 0°01'14" East 1.50 feet to a line parallel with and 5.50 feet northerly of said northerly line of Block B; thence westerly along said line, North 89°58'46" West 321.93 feet to a line which bears at right angles to the northerly line of said Block B and passes through the True Point of Beginning; thence southerly along said line, South 0°01'14" West 5.50 feet to the True Point of Beginning.

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February 01, 2005
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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

PROFESSIONAL LAND SURVEYOR
JOHN CHIAPPE JR.
No. 7230
Exp. 12/31/06
STATE OF CALIFORNIA

John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

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EXHIBIT "F"

[Attached as the immediately following page(s)]

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LEGAL DESCRIPTION

SECTION 3-A2

That portion of 120th 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

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February 01, 2005
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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**").

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. 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:

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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.

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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

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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

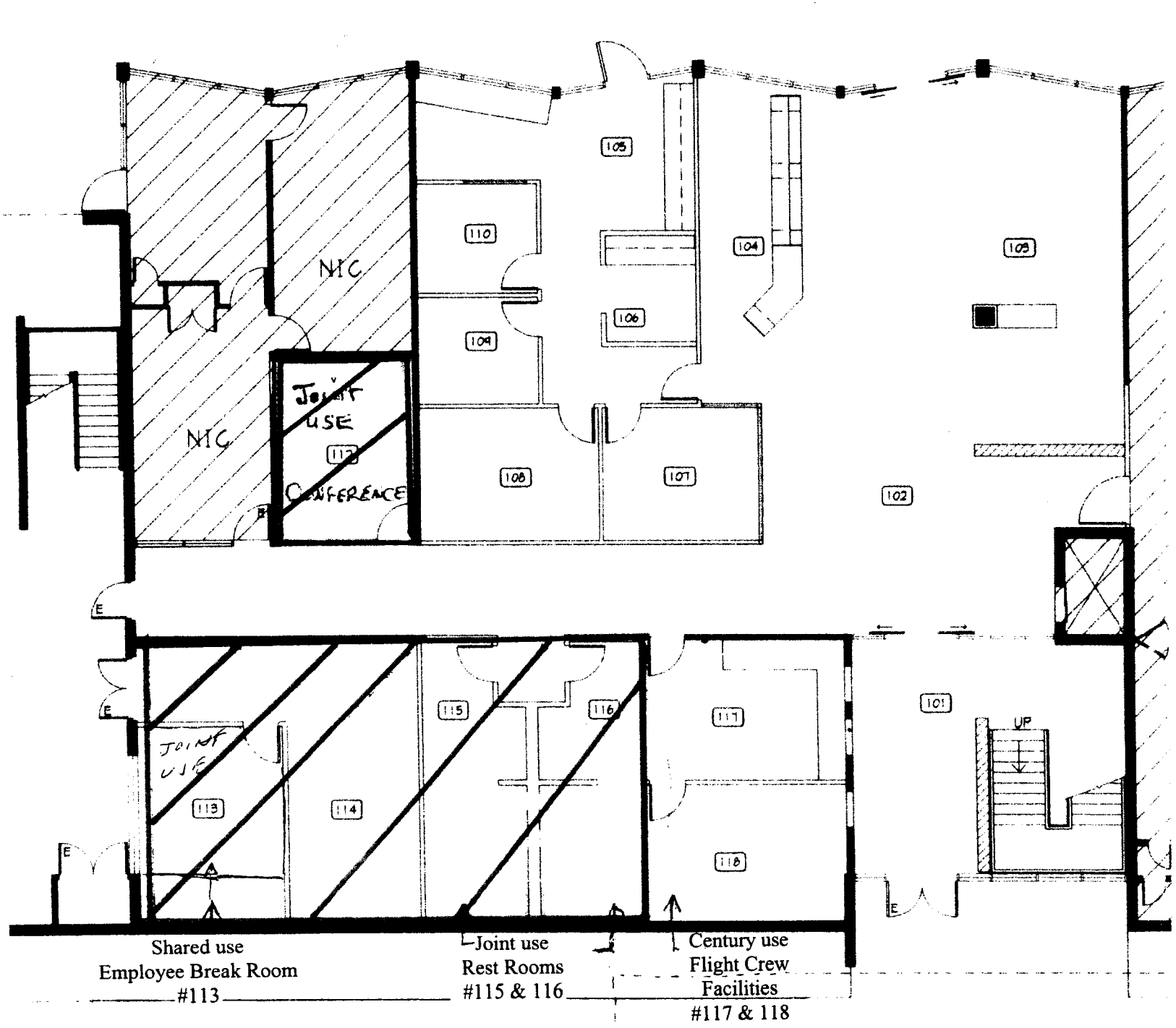
By: _____
Name: Jeff Dailey
Title: Co-President

By: _____
Name: _____
Title: _____

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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 50/50% split use	178 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.

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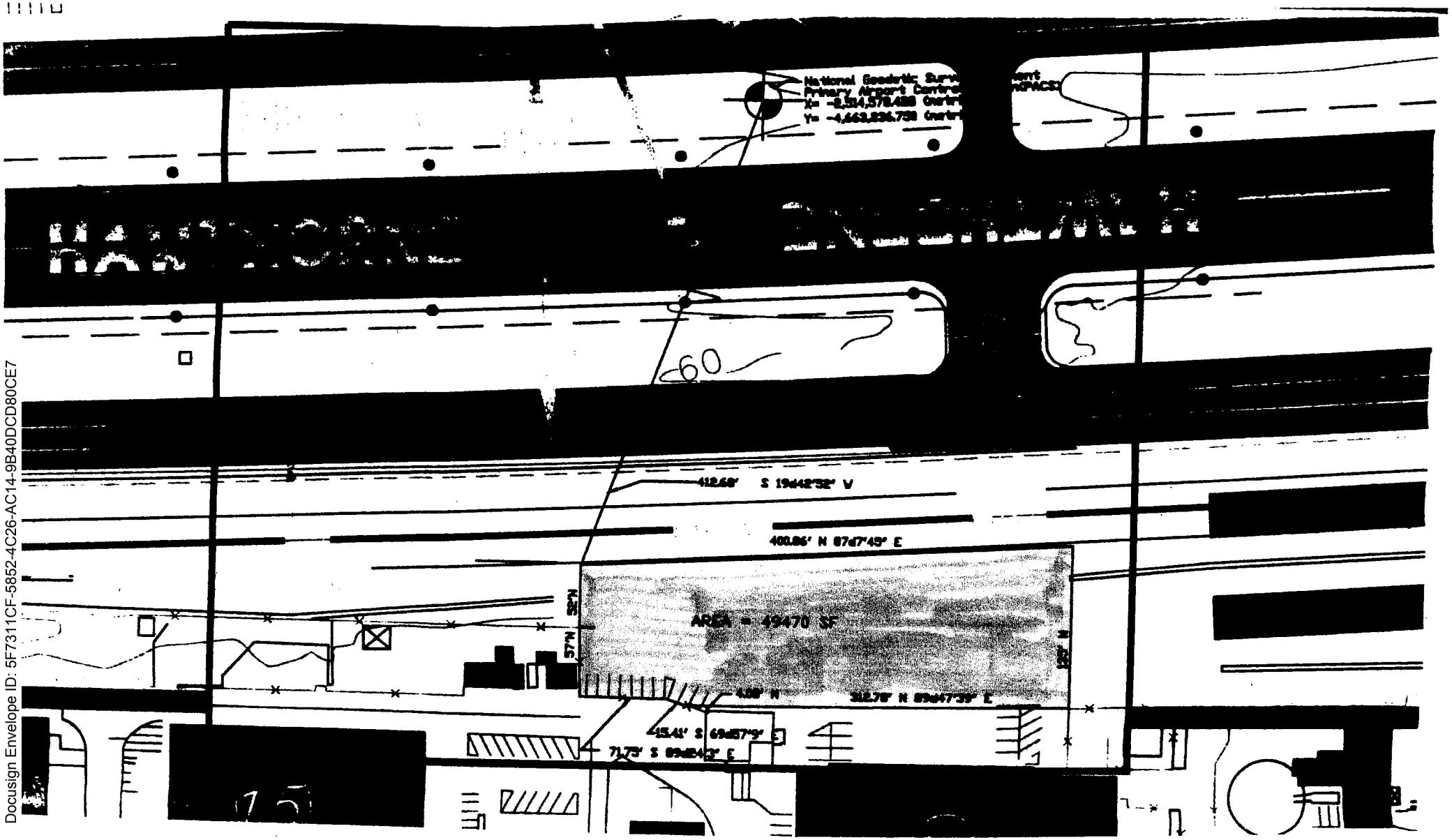
NORTHROP LICENSE AGREEMENT
LEGAL DESCRIPTION

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-2



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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 Hanger 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 Hanger (the "New Police Helicopter Hanger").

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 Hanger with rights in the New Storage Area and the New Police Helicopter Hanger. 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

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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 Hanger 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. .

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- 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

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By:_____
Name: Arnold Shadbehr, City Manager

APPROVED AS TO FROM:
By:_____
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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

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

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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

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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

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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 Digitally signed by: Levi Stockton DN: CN = Levi Stockton email = lstockton@flyadvancedair.com C = AD Date: 2024.01.17 15:36:19 -08'00'

By: _____
Name: Levi Stockton
Title: President

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EXHIBIT “B”

Ground Sublease

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GROUND SUBLEASE

This Ground Sublease ("**Sublease**") is made effective as of July 1, 2010 ("**Effective Date**") by and between HAWTHORNE AIRPORT, LLC, a Delaware limited liability company (hereinafter referred to as "**Sublandlord**") and Willow Vista Rentals, LLC (hereinafter referred to as "**Subtenant**") with regard to the following facts.

RECITALS:

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 the Property, commonly known as "T-hangars", which consists of two buildings totaling approximately fifty thousand four hundred eighty-one (50,481) square feet of space (which portion shall be hereafter referred to 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.

AGREEMENT:

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. In addition to the foregoing, Sublandlord grants to Subtenant a non-exclusive license (the "**License**") to use the common areas as reasonably necessary for the continued use of the Subleased Premises as airplane hangars.

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**"

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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. 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.

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1.5 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 use commercially reasonable 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 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

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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 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 (as defined below) 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 Subleased Premises (as set forth in Recital Paragraph B hereof) as the numerator and (ii) the aggregate square footage of the Property which Sublandlord reasonably anticipates will be developed by Sublandlord for commercial purposes and the existing commercial facilities which will remain after Sublandlord's development of the Property as the denominator; as of the Effective Date of this Sublease, Sublandlord reasonably anticipates that the aggregate footage of the Property which will be developed by Sublandlord for commercial purposes and the existing commercial facilities which will remain after Sublandlord's development of the Property is 227,711 square feet. Based on the foregoing, Sublandlord and Subtenant hereby acknowledge and agree that Subtenant's Share shall be 22.2%. 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

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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 taxes assessed against the Subleased Premises and Premises and such taxes shall be subject to reimbursement as an element of Operating Expenses (as defined below).

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**" is defined to include (i) all Operating Expenses (as defined in the Master Lease), (ii) all costs identified as "Operating Expenses" on Exhibit "E" attached hereto and (iii) all other costs incurred by Lessor in connection with the operation and maintenance of the Property, including without limitation the following:

(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);

(iii) Expenses incurred by Sublandlord for the operation, repair, refurbishment, replacement, and maintenance of the common areas;

(iv) A fair market administrative fee for management of the Property.

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^{st}) 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

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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,

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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 five percent (5%) or more of the actual Operating Expenses which was the subject of 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) aircraft hangars (the "**Hangar**") for the purpose of storing and maintaining aircraft utilizing the Airport, 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

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(collectively, the "**Permitted Use**"). Subtenant acknowledges that Landlord's express written consent is required for any use of the Subleased Premises as (A) a fixed base operation, (B) 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. 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

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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.

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 which do not interfere with the use of, or require alterations to, the common areas. Without first obtaining Sublandlord's (and, if required, Landlord's) prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, any limitations imposed by Landlord under the Master Lease and any other applicable law, Subtenant shall not make any exterior, structural alterations, additions or improvements to the Subleased Premises, or make any alterations, additions or improvements which interfere with the use of, or require alterations to, the common areas. 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), (ii) the terms of this Sublease and the Master Lease (with specific reference to Article 6 of the Master Lease) and (iii) 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

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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.

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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 Hangar, are entirely Subtenant's obligation. 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. The Parties specifically agree and acknowledge that Sublandlord is solely responsible for the maintenance of all roads, taxiways, or driveways except for the area directly between the two t-hangar buildings.

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

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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; however, Sublandlord shall use reasonable efforts to minimize the inconvenience to Subtenant's normal operations caused thereby.

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.

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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 minimum rental 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) Subtenant's moving expenses, trade fixtures and equipment and (2) 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; provided, however, if this Sublease does not terminate as a result of a taking, Subtenant shall assign the portion of the award described in this clause (2) to Sublandlord for the purpose of repairing and restoring the Subleased Premises and Hanger. Subtenant will deliver such further assignments of the foregoing as Sublandlord may from time to time request.

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

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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 or other breach by Subtenant, Sublandlord may at any time thereafter, with or without notice of demand and without

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limiting Sublandlord in the exercise of any right or remedy which Sublandlord may have by reason of such default or breach, 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 mutiplying 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.

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(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. 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 or hereafter 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

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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, the terms of this Sublease shall remain in full force and effect, pursuant to that Acknowledgment dated ____, between Landlord and Subtenant. It is the intent of Landlord and Subtenant that in the event of cancellation, termination, or involuntary surrender of the Master Lease prior to the expiration of the Sublease, that the Subtenant will continue to lease the Subleased Premises from the Landlord, and that Landlord and Subtenant have the same rights and obligations towards each other as Sublandlord and Subtenant had towards each other under the Sublease.

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. Intentionally deleted.

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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.

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: Willow Vista Rentals, LLC
Attn: _____
_____
_____

To Landlord: The City of Hawthorne
4455 West 26th Street
Hawthorne, California 90250
Attention: City Manager and City Attorney

with a copy to: McDonough, Holland & Allen PC
555 Capitol Mall, 9th 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.

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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.

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.

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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. Intentionally deleted.

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.

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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

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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.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

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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: HOONIE KANG
Its: VICE PRESIDENT

"Subtenant":

WILLOW VISTA RENTALS, LLC,
a California limited liability company

By: _____
Printed Name: David R. Wehling
Its: manager

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EXHIBIT "A"

THE MASTER LEASE

[Attached as the immediately following pages.]

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EXHIBIT "A-1"

THE PROPERTY

[Attached as the immediately following page.]

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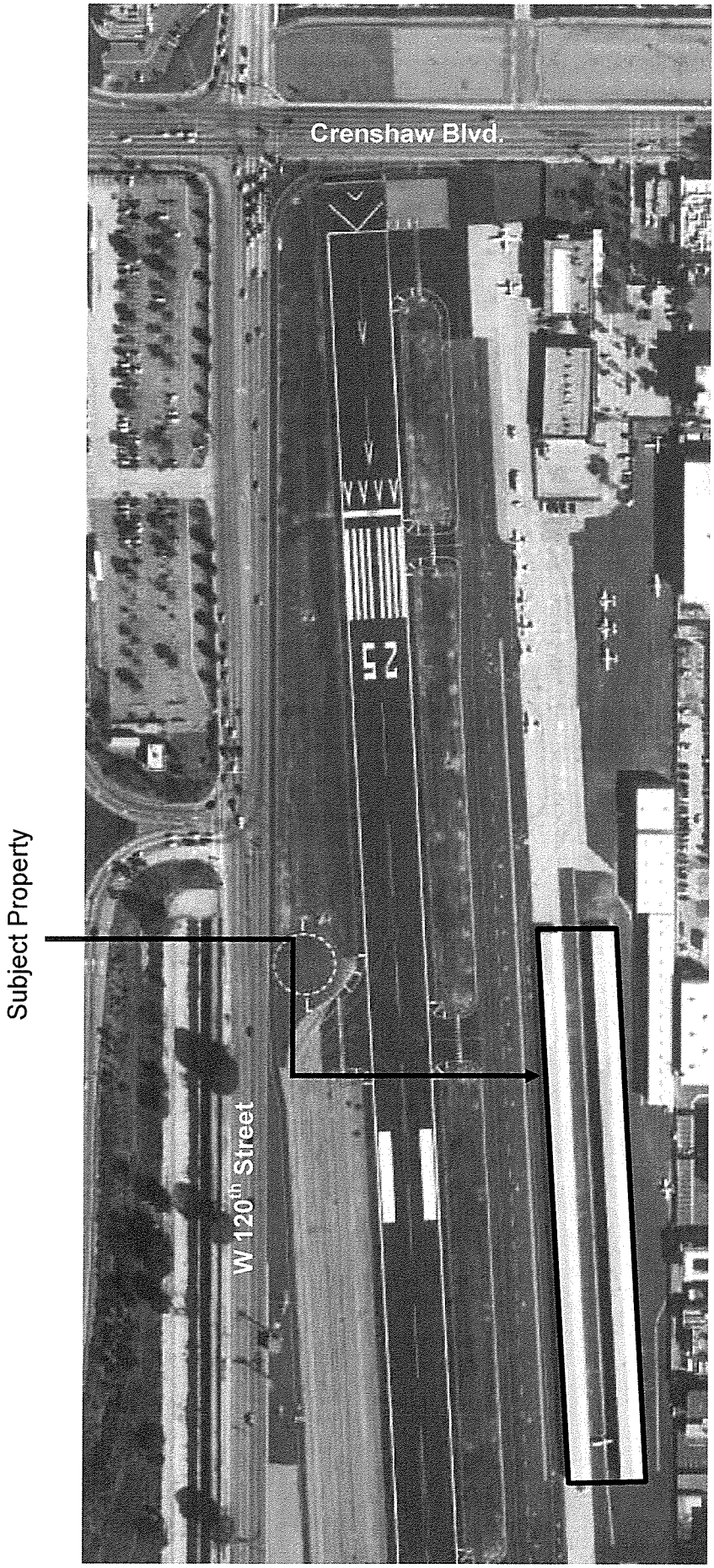
EXHIBIT "B"

THE SUBLEASED PREMISES

[Attached as the immediately following page.]

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EXHIBIT B



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EXHIBIT "C"

RULES AND REGULATIONS

The primary purpose of these rules is to maintain an aesthetically pleasing and uniformly appearing complex for the quiet enjoyment of the tenants and occupants. The secondary purpose is to provide all desired services to the complex while keeping common costs to a minimum. These rules can be added to, deleted, or amended at any time by Sublandlord subject to written notice of any changes. All rules must be reasonable and in the best interest of a majority of the Subtenants in the complex. Violation of any rule, which remains uncorrected for thirty (30) days after written notice, constitutes a default in the Sublease.

GENERAL RULES

1. Sublandlord reserves the right to refuse access to any persons Sublandlord in good faith judges to be a threat to the safety, reputation or property of the Property.

2. Subtenant (and its tenants) shall not suffer or permit the obstruction of any common areas, including driveways, walkways and stairways.

3. Subtenant (and its tenants) shall not make or permit any noise or odors that annoy or interfere with other Tenants or persons having business within the Property.

4. Subtenant (and its tenants) shall not keep animals or birds within the Subleased Premises and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.

5. Subtenant (and its tenants) shall not make, suffer or permit litter, waste or garbage, except in appropriate receptacles for that purpose.

6. Subtenant (and its tenants) shall not alter any lock or install new or additional locks or bolts (other than the Subleased Premises).

7. Subtenant (and its tenants) shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.

8. Subtenant (and its tenants) shall not deface the walls, partitions or other surfaces of the Property.

9. Subtenant (and its tenants) shall not suffer or permit anything in or around the Subleased Premises that causes excessive vibration or floor loading in any part of the facility.

10. Intentionally deleted.

11. Intentionally deleted.

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12. No Subtenant, employee or invitee shall go upon the roof of any building in the Property (other than the Subleased Premises).

13. Subtenant (and its tenants) shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in the Subleased Premises or in any other indoor portions of the Property.

14. Subtenant shall not install, maintain or operate any vending machines upon the property of Sublandlord.

15. Subtenant (and its tenants) shall comply with all safety, fire protection and evacuation regulations established by Sublandlord or any applicable governmental agency.

16. Intentionally deleted.

17. Subtenant assumes all risks from theft or vandalism and agrees to keep the Subleased Premises locked as may be required.

18. Sublandlord reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of Sublandlord and its occupants. Subtenant agrees to abide by these and such rules and regulations.

VEHICLE PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "**Permitted Size Vehicles**". Vehicles other than Permitted Size Vehicles are herein referred to as "**Oversized Vehicles**".

2. Tenants shall not permit or allow any vehicles that belong to or are controlled by Subtenant or Subtenant's tenants, employees, suppliers, shippers, customers or invitees to be loaded, unloaded, or parked in areas other than those designated by Sublandlord for such activities.

3. Sublandlord reserves the right to relocate all or part of parking spaces and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.

4. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.

5. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Sublandlord will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

6. The maintenance, washing, waxing or cleaning of vehicles in the parking areas is prohibited.

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7. Sublandlord shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements; however, Sublandlord is not responsible for the acts or omissions of other tenants and their employees, agents and invitees.

8. Subtenant shall be responsible for seeing that all of its tenants, employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.

9. Sublandlord reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.

10. Such parking use as herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

AIRCRAFT RULES

1. The aircrafts to be hangared at the Subleased Premises must fit within the assigned hangared areas. The aircraft must not be allowed to protrude or infringe into an adjacent area so as to constitute a safety hazard, intrude into entryways or taxiways or otherwise block the public right of way.

2. Aircraft maintenance is prohibited in the aircraft hangars where aircraft are stored in common. Maintenance may be performed in the individual aircraft hangars so long as such maintenance does not interfere with the use and enjoyment of the facilities by the other tenants and does not constitute a hazard, threat or liability to the facilities or its occupants. Spray painting, the use of open flames or welding and storage of flammables, caustics, oxidizers, reactants or any hazardous substances or materials are prohibited.

3. Fueling of an aircraft while in a hangar is prohibited.

4. Only Tenants of Sublandlord and their invited guests are authorized access to the airport operations area.

5. Subtenant (and its tenants) shall operate their aircraft in a safe, courteous manner and faithfully observe all applicable federal, state and local laws, including all Federal Aviation Administration and County of Los Angeles rules and regulations. In addition, Subtenant shall faithfully comply with all rules and regulations adopted from time to time by Sublandlord.

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EXHIBIT "D"

SUBTENANT'S INSURANCE REQUIREMENTS

1.1 Insurance. At all times during the Term, Subtenant shall keep the Subleased Premises and any improvements installed therein insured for the mutual benefit of Sublandlord and Subtenant, under policies naming Sublandlord as an additional insured, against the following:

1.1.1 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 actual replacement costs of the improvements located in the Subleased Premises and any of Subtenant's personal property located therein ("**Casualty Insurance**");

1.1.2 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; and

1.1.3 Before commencement of any alterations to the Subleased Premises, Subtenant 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 Sublandlord, 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 amount of the Liability Insurance which is to be maintained pursuant to this Paragraph 1.1.1 shall be reviewed by Sublandlord and Subtenant every five (5) years to consider whether the amount of the coverage shall be increased.

1.2 Policy Provisions.

1.2.1 All insurance required under this Sublease 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 of the Subleased Premises, Premises or Airport). Certificates evidencing all such policies shall be delivered to Sublandlord upon execution of this Sublease. 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 Subtenant to the holder of the expiring original policy, and certificates thereof shall be delivered to Sublandlord. 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

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policies shall contain language to the effect that (i) the insurer waives the right of subrogation against Sublandlord and Landlord and (ii) the policies are primary and noncontributing with any insurance that may be carried by Sublandlord and Landlord.

1.2.2 All policies of insurance required herein shall name Sublandlord, Landlord and Subtenant 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 of the Subleased Premises, Premises or Airport 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 Subtenant with the insurance companies.

1.2.3 Nothing in this Paragraph 1.2 shall prevent Subtenant from taking out any of the insurance required hereunder under a blanket policy or policies of insurance which covers other properties owned by Subtenant or affiliates of Subtenant as well as the Subleased 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).

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EXHIBIT "E"

OPERATING EXPENSES

[See Attached]

OPERATING EXPENSE ESTIMATE FOR 2010
HHR COMMON AREA CHARGES

T Hangars	Entire Airport OPX 227,711 SF 100%	Building/Yr. 50,481 SF 22.17%	Building/Mon.	Notes
OPERATING EXPENSES				
LANDSCAPE/MAINTENANCE	9,500.00	2,106.04	175.50	Based on Budget - Represents an allocation of Jose's labor plus tree trimming & mulch
UTILITIES - WATER LANDSCAPE	1,260.90	279.53	23.29	Based on Budget - 30% of LLC's water bills allocated to irrigation
UTILITIES - TRASH REMOVAL	1,800.00	399.04	33.25	Based on Budget - Trash removal
SWEEPING	1,600.00	354.70	29.56	Assumes $400/qrt; based on 10Q1 service
CAPITAL RESERVES	5,026.00	1,114.21	92.85	Asphalt seal coat and repairs every 7 years
MANAGEMENT FEE	15,160.70	3,360.96	280.08	3.5% of total reimbursement (assumes assessor will direct bill taxes)
TOTAL CAM	**34,347.60**	**7,614.48**	**634.54**	

* Assumes Los Angeles County Assessor will bill real estate taxes directly to the buyer.

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EXHIBIT "F"

TENANT LEASES

[See Attached]

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Database: KEARNY
Bldg Status Active only

Rent Roll
HAWTHORNE AIRPORT, LLC-SEC 9
7/1/2010

Date: 7/1/2010

Bldg Id-Suit Id	Occupant Name	Rent Start	Expiration	Monthly Base Rent	Security Deposit
New Leases					
HSEC09 -TS210	ADAM COFFEY	7/15/2010	8/14/2010	301.58 (7/15-7/31 Rent)	550.00
Occupied Suites					
HSEC09 -TN100	VERNE/ROBIN/MAHLONE BECKER	5/2/2007	6/2/2007	525.00	450.00
HSEC09 -TN101	JAMES ADAMS	3/15/2004	4/14/2004	500.00	
HSEC09 -TN102	DAVID ODLE	8/1/1991	8/31/1991	525.00	
HSEC09 -TN103	PATRICK CAREY	5/21/1993	6/20/1993	500.00	
HSEC09 -TN104	MARLON & OSCAR JOHNSON	6/9/1996	7/8/1996	525.00	
HSEC09 -TN105	DP AVIATION, INC.	1/27/2006	2/26/2006	500.00	450.00
HSEC09 -TN106	DEAN WILLIAMS	5/15/2006	6/15/2006	525.00	475.00
HSEC09 -TN107	JAMES P FERRANDO	4/6/1989	5/5/1989	500.00	
HSEC09 -TN108	MARK KILLAM	5/1/2005	5/31/2005	525.00	
HSEC09 -TN109	STEPHEN IRVIN	1/1/1993	1/31/1993	500.00	
HSEC09 -TN110	STEVE OLIVEIRA&DAVID ROBINSON	3/18/2004	4/17/2004	525.00	
HSEC09 -TN111	LAND AIR CONSULTING, LLC	6/6/2010	7/5/2010	525.00	525.00
HSEC09 -TN112	THOMAS F. HILL	9/1/2003	9/30/2003	525.00	
HSEC09 -TN113	FIRST GLOBE INC	7/5/2000	8/4/2000	500.00	
HSEC09 -TN114	DEAN EGGUM	2/15/1993	3/14/1993	525.00	

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Bldg Id-Sui	Occupant Name	Rent Start	Expiration	Monthly Base Rent	Security Deposit
HSEC09 -TN115	CRAIG DEVEREUX	4/7/2010	5/6/2010	500.00	550.00
HSEC09 -TN116	CHESTER GLEMBOTSKI	2/1/1997	2/28/1997	525.00	
HSEC09 -TN117	PETER EZZELL	2/1/1997	2/28/1997	500.00	450.00
HSEC09 -TN118	SIDLINGER COMPUTER CORP.	1/1/2006	1/31/2006	525.00	
HSEC09 -TN119	MICHAEL MEAGHER	7/1/2007	8/1/2007	500.00	500.00
HSEC09 -TN120	DEAN SIRACUSA	2/10/2007	3/10/2007	525.00	475.00
HSEC09 -TN121	KENT VANDENBURG & FRANK WENZEL	9/1/2009	9/30/2009	500.00	500.00
HSEC09 -TN122	TIMOTHY WALLENDER	4/24/2001	5/23/2001	525.00	
HSEC09 -TN123	S & K INDUSTRIES	6/1/1971	6/30/1971	500.00	
HSEC09 -TN124	ALEKSANDAR PAINTING&WALLCOVER	5/4/2009	6/30/2009	575.00	575.00
HSEC09 -TN125	NADER SARKHOSH	3/24/2004	4/23/2004	500.00	
HSEC09 -TN126	BIG BEE AVIATION CORP	11/17/2003	12/16/2003	525.00	
HSEC09 -TN127	JERRY KEETON	7/18/2003	8/17/2003	500.00	
HSEC09 -TN128	GLEN BERINGER	12/1/2003	12/31/2003	525.00	
HSEC09 -TN129	MARC E ANDERSON	2/8/2010	3/7/2010	525.00	525.00
HSEC09 -TS200	DAVID DWOSKIN	1/7/1971	2/6/1971	500.00	
HSEC09 -TS201	JOHN A ROSSO	9/1/2004	9/30/2004	500.00	
HSEC09 -TS202	FREEWING AIR INC	12/1/1994	12/31/1994	500.00	
HSEC09 -TS203	BRUCE TRAUB	4/1/1973	4/30/1973	500.00	
HSEC09 -TS204	TERRY HAMRICK	2/2/1982	3/1/1982	500.00	
HSEC09 -TS205	JOHN INGRAM	2/1/1993	2/28/1993	500.00	
HSEC09 -TS206	JOHN LUZWICK	4/9/1999	5/8/1999	500.00	
HSEC09 -TS207	WAYNE SWART/METRO JET	12/1/2007	1/1/2008	500.00	900.00
HSEC09 -TS208	LATTITUDE 34 CORP.	4/19/2010	5/18/2010	525.00	

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Bldg Id-Sui	Occupant Name	Rent Start	Expiration	Monthly Base Rent		Security Deposit
HSEC09 -TS209	JOHN F HEINTZ	6/23/1999	7/22/1999	500.00		
HSEC09 -TS211	THOMAS E TATE	6/8/1969	7/7/1969	500.00		
HSEC09 -TS212	DAVID WOOD	3/14/2009	4/13/2009	575.00		575.00
HSEC09 -TS213	JOHN MORTON	11/4/1991	12/3/1991	500.00		
HSEC09 -TS214	SUSAN YING	6/1/2005	6/30/2005	500.00		
HSEC09 -TS215	SCOTT SCHUMACHER	9/1/2002	9/30/2002	500.00		
HSEC09 -TS216	TIM O'ROURKE	6/6/2000	7/5/2000	500.00		
HSEC09 -TS217	CHARLES BURTON	1/1/1970	1/31/1970	500.00		
HSEC09 -TS218	DONALD TERRY TRUSTEE	4/1/1983	4/30/1983	500.00		
HSEC09 -TS219	CHRISTOPHER VOLK	3/9/2010	4/8/2010	550.00		550.00
HSEC09 -TS220	TSUYUKO ICHIYASU FAMILY TRUST	2/1/2002	2/28/2002	500.00		
HSEC09 -TS221	LIESE AUFIL & DINA EL SHERIF	12/1/1997	12/31/1997	500.00		
HSEC09 -TS222	S & H ENTERPRISE, LLC	1/10/1997	2/9/1997	500.00		
HSEC09 -TS223	DYNAMIC AVIATION SERVICES	4/16/2007	5/15/2007	145.08	(7/1-7/9 Rent; Move out 7/9/10)	
HSEC09 -TS224	ADAM MICHELIN	6/6/2007	6/30/2007	500.00		500.00
HSEC09 -TS225	GLENN WISHON	4/1/2009	4/30/2009	575.00		575.00
HSEC09 -TS226	LINDA GOODRICH, MARTIN BAILEY&	2/1/2002	2/28/2002	500.00		
HSEC09 -TS227	TODD HENRY/DAVID SPANKNOBLE	5/27/2006	6/27/2006	500.00		475.00
HSEC09 -TS229	JAMES SNIDER	8/1/2007	8/31/2007	500.00		
Totals:				**29,646.66**		**9,600.00**

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

EXHIBIT "G"

ASSIGNMENT AND ASSUMPTION OF TENANT LEASES

THIS ASSIGNMENT AND ASSUMPTION OF TENANT LEASES AND CONTRACTS ("Assignment") is made as of the 30th day of April, 2010 by and between Hawthorne Airport, LLC, a Delaware limited liability company ("Assignor") and Wedgewood [NEED LEGAL ENTITY] ("Assignee").

WITNESSETH:

WHEREAS, that certain Ground Sublease dated as of April 30, 2010 ("Agreement") was entered into between Assignor, as Sublandlord, and Assignee as Subtenant pertaining to the lease of that certain property commonly known as "T-hangars", (the "Subleased Premises"); and

WHEREAS, as a condition to the closing of the transaction contemplated under the Ground Sublease (the "Closing"), Assignor and Assignee are required to execute and deliver this Assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignment. Assignor does hereby assign, transfer, set over and convey unto Assignee (i) those certain leases listed on the rent roll attached hereto as Exhibit "A" to Exhibit "G" and made a part hereof (the "Leases"), all pertaining to the Subleased Premises; to have and to hold the same unto Assignee, its successors and assigns, from and after the date of Closing, subject, however, to the terms, covenants, conditions and provisions of the Leases and this Assignment. Assignor represents and warrants that the Leases set forth, contain, and describe all of Assignor's obligations with respect to Subleased Premises.

2. Assumption of Obligations. Assignee hereby accepts the assignment of the Leases subject to the terms and conditions hereof, and, from and after the date of Closing, does hereby assume and become fully responsible for and agree to perform, discharge, fulfill and observe all of Assignor's obligations, covenants and conditions with respect to each of the Leases accruing from and after the date of Closing with the same force and effect as if Assignee were the original party thereto and agrees to be liable for the observation and performance thereof, from and after the date of Closing.

3. Successors. The terms, covenants, conditions and warranties herein contained and the powers hereby granted shall inure to the benefit of, and bind, all parties hereto and their respective successors and assigns.

4. Severability. If any provision of this Assignment or the application thereof to any entity, person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Assignment and the application of its provisions to other entities, persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

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5. Third Party Beneficiaries. It is expressly agreed by Assignor and Assignee that this Assignment shall not be construed or deemed made for the benefit of any third party or parties, except for any successors or assigns of Assignor or Assignee pursuant to paragraph 3 above.

6. Entire Agreement. This document and the Agreement contain the entire agreement concerning the assignment of Leases between the parties hereto. No variations, modifications or changes herein or hereof shall be binding upon any party hereto, unless set forth in a document duly executed by, or on behalf of, such party.

7. Construction. Whenever used herein and the context requires it, the singular number shall include the plural, the plural the singular, and any gender shall include all genders.

8. Governing Law. The parties agree that the law of the State of California shall govern the performance and enforcement of this Assignment.

9. Conflict. This Assignment has been delivered by Assignor to Assignee pursuant to the terms of the Agreement and nothing herein contained is intended to modify the terms of the Agreement. In the event of a conflict between the terms of this Assignment and the terms of the Agreement, the terms of the Agreement shall control.

10. Counterparts. This Assignment may be executed in counterparts.

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IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the day and year first above written.

ASSIGNOR:

Hawthorne Airport, LLC, a Delaware limited liability company

By: _____
Hoonie S. Kang
Vice President

ASSIGNEE:

Willow Vista Rentals,LLC, a California limited liability company

By: _____
Name:_____
Title:_____

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EXHIBIT “A” TO EXHIBIT “G”

RENT ROLL

[See Attached]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Database: KEARNY
Bldg Status Active only

Rent Roll
HAWTHORNE AIRPORT, LLC-SEC 9
7/1/2010

Date: 7/1/2010

Bldg Id-Suit Id	Occupant Name	Rent Start	Expiration	Monthly Base Rent	Security Deposit
New Leases					
HSEC09 -TS210	ADAM COFFEY	7/15/2010	8/14/2010	301.58 (7/15-7/31 Rent)	550.00
Occupied Suites					
HSEC09 -TN100	VERNE/ROBIN/MAHLONE BECKER	5/2/2007	6/2/2007	525.00	450.00
HSEC09 -TN101	JAMES ADAMS	3/15/2004	4/14/2004	500.00	
HSEC09 -TN102	DAVID ODLE	8/1/1991	8/31/1991	525.00	
HSEC09 -TN103	PATRICK CAREY	5/21/1993	6/20/1993	500.00	
HSEC09 -TN104	MARLON & OSCAR JOHNSON	6/9/1996	7/8/1996	525.00	
HSEC09 -TN105	DP AVIATION, INC.	1/27/2006	2/26/2006	500.00	450.00
HSEC09 -TN106	DEAN WILLIAMS	5/15/2006	6/15/2006	525.00	475.00
HSEC09 -TN107	JAMES P FERRANDO	4/6/1989	5/5/1989	500.00	
HSEC09 -TN108	MARK KILLAM	5/1/2005	5/31/2005	525.00	
HSEC09 -TN109	STEPHEN IRVIN	1/1/1993	1/31/1993	500.00	
HSEC09 -TN110	STEVE OLIVEIRA&DAVID ROBINSON	3/18/2004	4/17/2004	525.00	
HSEC09 -TN111	LAND AIR CONSULTING, LLC	6/6/2010	7/5/2010	525.00	525.00
HSEC09 -TN112	THOMAS F. HILL	9/1/2003	9/30/2003	525.00	
HSEC09 -TN113	FIRST GLOBE INC	7/5/2000	8/4/2000	500.00	
HSEC09 -TN114	DEAN EGGUM	2/15/1993	3/14/1993	525.00	

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Database: KEARNY
Bldg Status Active only

Rent Roll
HAWTHORNE AIRPORT, LLC-SEC 9
7/1/2010

Date: 7/1/2010

Bldg Id-Sui	Occupant Name	Rent Start	Expiration	Monthly Base Rent	Security Deposit
HSEC09 -TN115	CRAIG DEVEREUX	4/7/2010	5/6/2010	500.00	550.00
HSEC09 -TN116	CHESTER GLEMBOTSKI	2/1/1997	2/28/1997	525.00	
HSEC09 -TN117	PETER EZZELL	2/1/1997	2/28/1997	500.00	450.00
HSEC09 -TN118	SIDLINGER COMPUTER CORP.	1/1/2006	1/31/2006	525.00	
HSEC09 -TN119	MICHAEL MEAGHER	7/1/2007	8/1/2007	500.00	500.00
HSEC09 -TN120	DEAN SIRACUSA	2/10/2007	3/10/2007	525.00	475.00
HSEC09 -TN121	KENT VANDENBURG & FRANK WENZEL	9/1/2009	9/30/2009	500.00	500.00
HSEC09 -TN122	TIMOTHY WALLENDER	4/24/2001	5/23/2001	525.00	
HSEC09 -TN123	S & K INDUSTRIES	6/1/1971	6/30/1971	500.00	
HSEC09 -TN124	ALEKSANDAR PAINTING&WALLCOVER	5/4/2009	6/30/2009	575.00	575.00
HSEC09 -TN125	NADER SARKHOSH	3/24/2004	4/23/2004	500.00	
HSEC09 -TN126	BIG BEE AVIATION CORP	11/17/2003	12/16/2003	525.00	
HSEC09 -TN127	JERRY KEETON	7/18/2003	8/17/2003	500.00	
HSEC09 -TN128	GLEN BERINGER	12/1/2003	12/31/2003	525.00	
HSEC09 -TN129	MARC E ANDERSON	2/8/2010	3/7/2010	525.00	525.00
HSEC09 -TS200	DAVID DWOSKIN	1/7/1971	2/6/1971	500.00	
HSEC09 -TS201	JOHN A ROSSO	9/1/2004	9/30/2004	500.00	
HSEC09 -TS202	FREEWING AIR INC	12/1/1994	12/31/1994	500.00	
HSEC09 -TS203	BRUCE TRAUB	4/1/1973	4/30/1973	500.00	
HSEC09 -TS204	TERRY HAMRICK	2/2/1982	3/1/1982	500.00	
HSEC09 -TS205	JOHN INGRAM	2/1/1993	2/28/1993	500.00	
HSEC09 -TS206	JOHN LUZWICK	4/9/1999	5/8/1999	500.00	
HSEC09 -TS207	WAYNE SWART/METRO JET	12/1/2007	1/1/2008	500.00	900.00
HSEC09 -TS208	LATTITUDE 34 CORP.	4/19/2010	5/18/2010	525.00	

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Database: KEARNY
Bldg Status Active only

Rent Roll
HAWTHORNE AIRPORT, LLC-SEC 9
7/1/2010

Date: 7/1/2010

Bldg Id-Suit	Occupant Name	Rent Start	Expiration	Monthly Base Rent		Security Deposit
HSEC09 -TS209	JOHN F HEINTZ	6/23/1999	7/22/1999	500.00		
HSEC09 -TS211	THOMAS E TATE	6/8/1969	7/7/1969	500.00		
HSEC09 -TS212	DAVID WOOD	3/14/2009	4/13/2009	575.00		575.00
HSEC09 -TS213	JOHN MORTON	11/4/1991	12/3/1991	500.00		
HSEC09 -TS214	SUSAN YING	6/1/2005	6/30/2005	500.00		
HSEC09 -TS215	SCOTT SCHUMACHER	9/1/2002	9/30/2002	500.00		
HSEC09 -TS216	TIM O'ROURKE	6/6/2000	7/5/2000	500.00		
HSEC09 -TS217	CHARLES BURTON	1/1/1970	1/31/1970	500.00		
HSEC09 -TS218	DONALD TERRY TRUSTEE	4/1/1983	4/30/1983	500.00		
HSEC09 -TS219	CHRISTOPHER VOLK	3/9/2010	4/8/2010	550.00		550.00
HSEC09 -TS220	TSUYUKO ICHIYASU FAMILY TRUST	2/1/2002	2/28/2002	500.00		
HSEC09 -TS221	LIESE AUFIL & DINA EL SHERIF	12/1/1997	12/31/1997	500.00		
HSEC09 -TS222	S & H ENTERPRISE, LLC	1/10/1997	2/9/1997	500.00		
HSEC09 -TS223	DYNAMIC AVIATION SERVICES	4/16/2007	5/15/2007	145.08	(7/1-7/9 Rent; Move out 7/9/10)	
HSEC09 -TS224	ADAM MICHELIN	6/6/2007	6/30/2007	500.00		500.00
HSEC09 -TS225	GLENN WISHON	4/1/2009	4/30/2009	575.00		575.00
HSEC09 -TS226	LINDA GOODRICH, MARTIN BAILEY&	2/1/2002	2/28/2002	500.00		
HSEC09 -TS227	TODD HENRY/DAVID SPANKNOBLE	5/27/2006	6/27/2006	500.00		475.00
HSEC09 -TS229	JAMES SNIDER	8/1/2007	8/31/2007	500.00		
Totals:				**29,646.66**		**9,600.00**

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EXHIBIT "C"

Sublease Non-Disturbance and Attornment Agreement

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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

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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

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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

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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

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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-sublease 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 entitle. 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

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or altered except by a written instrument executed by ASSIGNORS and ASSIGNEE and SUBLANDLORD, as applicable.

19. **Partial Invalidity**. Any provision of this ASSIGNMENT that is unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforceability of this ASSIGNMENT shall be of no effect, but all the remaining provisions of this ASSIGNMENT shall remain in full force.

20. **Exhibits**. All attached exhibits are incorporated in this ASSIGNMENT by this reference.

21. **Governing Law**. The validity, meaning, and effect of this ASSIGNMENT shall be determined in accordance with California laws.

22. **Non Disturbance And Attornment**. Concurrently with the ASSIGNMENT, ASSIGNEE and MASTER LANDLORD are entering into a Non-Disturbance And Attornment Agreement, a true and correct copy of which is attached hereto as Exhibit "C".

23. **Authority**. Each signatory of this ASSIGNMENT on behalf of ASSIGNORS, ASSIGNEE and SUBLANDLORD represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

24. **Counterparts**. Separate copies of this ASSIGNMENT may be signed by the parties hereto, with the same effect as though all of the parties had signed one copy of this ASSIGNMENT. Signatures received by pdf, facsimile any other electronic transmission system shall be accepted as original signatures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the Effective Date.

ASSIGNORS:

WILLOW VISTA RENTALS, LLC, a California limited liability company

By: WEDGEWOOD
Its: Manager

Signed by:
By: Lisa Ishizaki-Wehrly
C595B15B388E439...
Lisa Ishizaki-Wehrly, its President.

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TERMINAL BUILDING, LLC, a California limited liability company

By: Signed by: Levi Stockton 8989E49BA4AE479...
Levi Stockton, Manager

By: DocuSigned by: D90D970306254CB...
Martin Howard, Manager

By: DocuSigned by: Robert Frerichs C0524E623D734A3...
Robert Frerichs, Manager

ASSIGNEE:

395 PARK PLACE, LLC, a California limited liability company

By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

By: DocuSigned by: Robert Frerichs C0524E623D734A3...
Robert Frerichs, Manager

APPROVAL BY SUBLANDLORD:

HAWTHORNE AIRPORT, LLC, a Delaware limited liability company

By: VR HOLDINGS, LLC
Its: Manager

By: Signed by: FBE38D3B05394BC...
David R. Wehrly, Manager

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By: DocuSigned by: Gregory Geiser 428B40630A764FE...
Gregory Geiser, Manager

By: Signed by: Darin Puhl DC0102BF186E4C0...
Darin Puhl, Manager

By: DocuSigned by: Wade Brandenberger 1FF4329066064C0...
Wade Brandenberger, Manager

By: DocuSigned by: D90D970306254CB...
Martin Howard, Manager

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EXHIBIT “A”

Master Ground Lease and Amendments

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GROUND LEASE

This GROUND LEASE ("**Lease**") is entered into as of January 3, 2005 (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

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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).

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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

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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:

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(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

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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

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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^{th}) 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

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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.

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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 (5th) 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.

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(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

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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

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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

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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 (1st) 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

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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

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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

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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

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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^{th}) 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.

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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.

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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

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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 (2nd) 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.

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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;

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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.

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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.

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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.

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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.

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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

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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

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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

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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 dispossess remedy provided for therein and (iii) the

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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

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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

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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:

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(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

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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

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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

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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.

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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 26th 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, 9th 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

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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.

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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

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

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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

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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

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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.

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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

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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;

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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

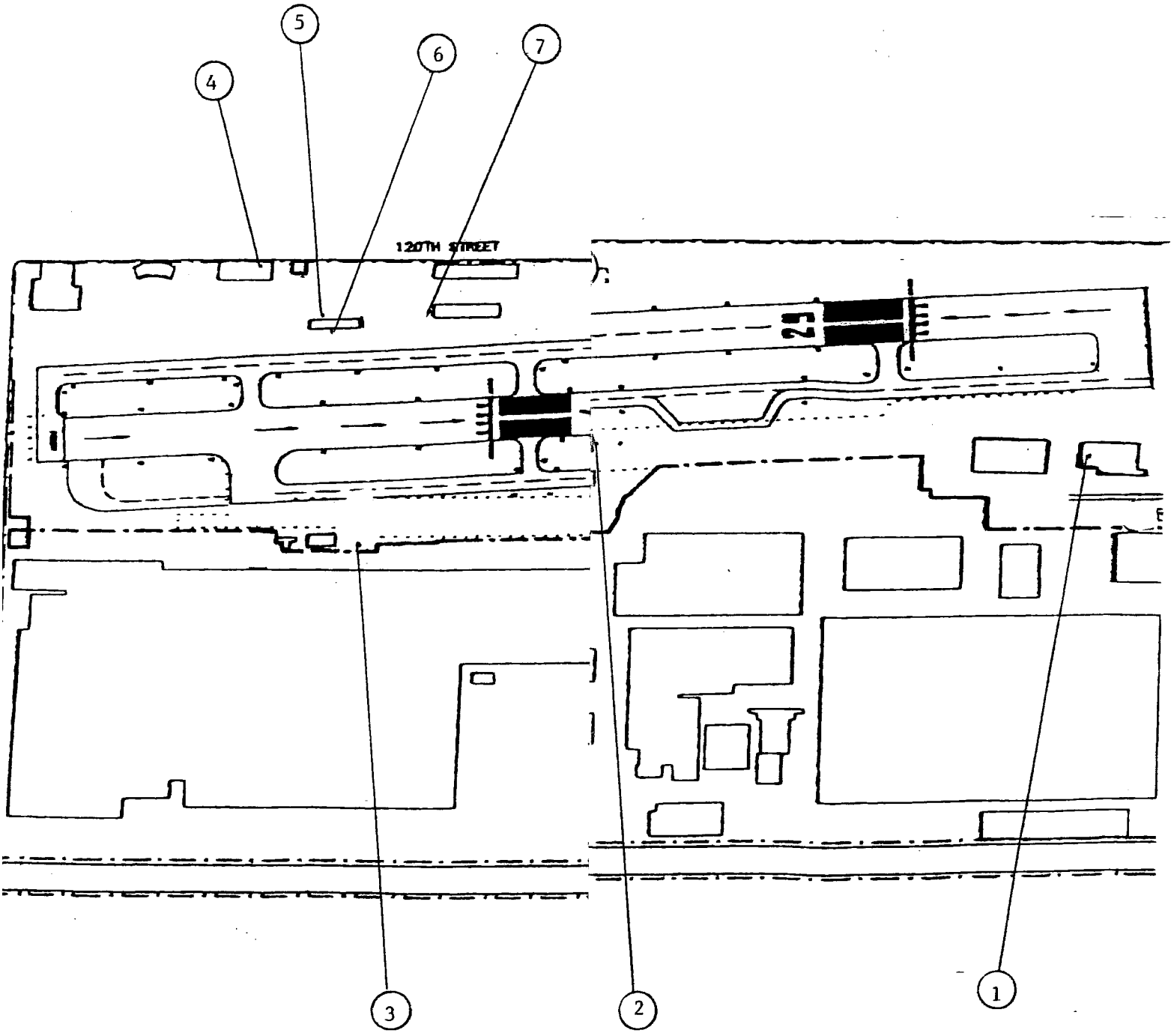
30.1 Refinancing Proceeds. As used herein the term "**Refinancing Proceeds**" shall mean (a) all cash proceeds actually received by Tenant from a Refinancing of all or a portion of the Leased Premises less (b) the sum of (i) any debts and liabilities then encumbering the Leased Premises (or a portion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

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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.

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ACILITIES

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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 Printes
Name: _____
Title:

"TENANT": HAWTHORNE AIRPORT, LLC,
a Delaware limited liability company

By: _____
Name: Jeff Ditley
Title: Co-President

By: _____
Name: David Wehrly
Title: manager

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EXHIBIT "A"

LEGAL DESCRIPTION OF LEASED PREMISES

[To be completed prior to execution]

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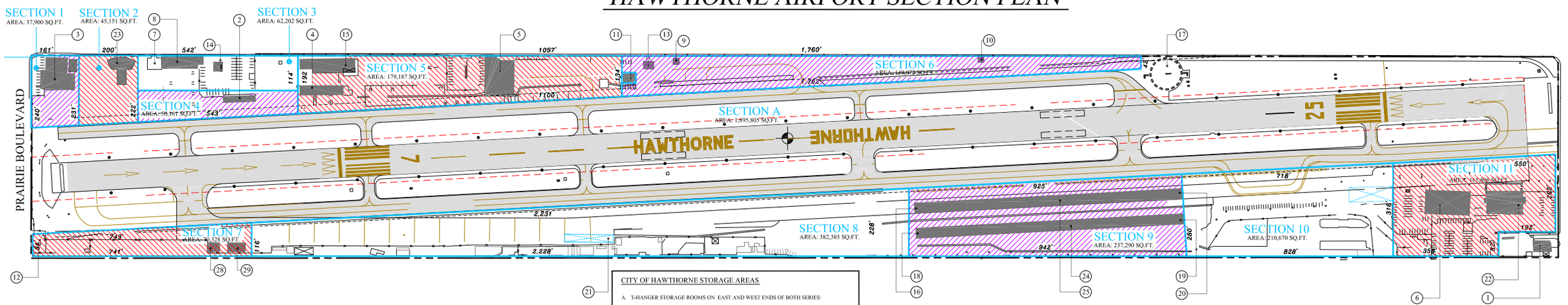
EXHIBIT "A"

DEPICTION OF LEASED PREMISES AND OPTION PREMISES

[Hard Copy To Be Provided by Tenant]

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HAWTHORNE AIRPORT SECTION PLAN



SECTION/BUILDING FOOTPRINT AREAS

SECTION 1

Area: 37,900 sq.ft.
Building 3 : 11,750 sq.ft.

SECTION 2

Area : 45,151 sq.ft
Building 23 : 4,800 sq.ft

SECTION 3

Area: 62,202 sq.ft
Building 8 : 6,000
Building 14 : 1,400
Total : 7,400

SECTION 4

Area: 50,161 sq.ft.

Building 2 : 2,301 sq.ft.

SECTION 5

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.

SECTION 6

Area: 149,072 SQ.FT.
Building 13 : 1,000 sq.ft
Building 10 : 500 sq.ft
Total : 1,500 sq.ft

SECTION 7

Area: 70,328 sq.ft

Building 28 : 1,420 sq.ft
Building 29 : 1,800 sq.ft
Total : 3,220 sq.ft

SECTION 8

Area: 382,385 sq.ft

SECTION 9

Area: 237,290 sq.ft

Building 24 : 35,000 sq.ft.
Building 25 : 35,000 sq.ft.
Total : 70,000 sq.ft.

SECTION 10

Area: 210,670 sq.ft

SECTION 11

Area: 165,806 sq.ft.

Building 6 : 12,200 sq.ft.
Building 22 : 10,000 sq.ft.
Total : 22,200 sq.ft.

CONTROL TOWER SECTION

BUILDING 11 : 1,260 sq.ft.

December 22nd 2004

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.

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

TRUE NORTH

0 150 300
SCALE IN FEET

A DEVELOPMENT BY
Hawthorne Airport LLC

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EXHIBIT "B"

LEGAL DESCRIPTION OF OPTION PREMISES

[To be completed prior to execution]

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EXHIBIT "B"

LANDLORD/TENANT MAINTENANCE OBLIGATIONS

HAWTHORNE MUNICIPAL AIRPORT
LANDLORD OBLIGATIONS

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

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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

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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, **LLC**
   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.

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, **HHR**
   Transient aircraft light standards, 100 series east maintenance shop,
   200 series east supply hangar, and electrical to hangar # 218.

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. 120th St., north east corner inside of HHR maintenance shop.

   Services: PD hangar, HHR maintenance staff workshop, **HHR**
   Wash rack rainwater diversion system, offices to the east.

5. CA # 2-01-544-6818, Service Acct # 3-001-1728-07, Meter # AE308-223291
   Location: 3854 W.120th (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.120th (Aris building) south side of building.

   Services: Suite 3 (HHR maint.) and suite 4 (RCC); lights and receptacles. **LLC**
   (Suite's numbered 1-5 west to east)

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. 120th St., ATC tower equipment room.

   Services: North and south taxiway lights, intersection signs, 1000' makers, **HHR**
   and runway lights.

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).

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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

   Location: 12016 Prairie Ave., in the sidewalk west of museum entrance. **LLC**
   Services: Museum and museum planters.

4. ACCOUNT # 27-61-22-0892-1, METER # 29096651 **LLC**
   Location: 3924 W. 120th 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. 120th 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. 120th 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)*

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

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.

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

EXHIBIT "D"

RENT ROLL

[See Hard Copy Attached]

Billing - Dec. 2004

Notes for January 2005 Billing

p_invce
11/30/2004 16:09:18

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Page
Group: p

Original Document#: 2749999 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90484
Invoice#: 052788 Description: TIE DOWN PULL THRU FEE
Customer: 07-0023-10 A & J'S AERIAL PHOTO SERVICE L

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#: 2750001 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90483
Invoice#: 052787 Description: HANGAR FEE (& others)
Customer: 07-0020-14 A AND E FLYING CLUB

Type	Category		Account number	Amount
Billing	hangar	Hangar Fee	R 520-120-2160	325.00 CR
Billing	td	Tie Down Fee	R 520-120-2161	140.00 CR
Billing	tdpt	Tie Down Pull Thru Fee	R 520-120-2161	200.00 CR
S		Automatic summary	B 520-48100	665.00 CR
S		Automatic summary	B 520-12500	665.00 DB

Document totals: 665.00 DB 665.00 CR Difference: 0.00

Original Document#: 2750002 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90485
Invoice#: 052789 Description: TIE DOWN FEE
Customer: 07-0025-10 ABBOTT, BRUCE

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Original Document#: 2750003 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90486
Invoice#: 052790 Description: HANGAR FEE
Customer: 07-0035-10 ABELL, JOHN

Type	Category		Account number	Amount
Billing	hangar	Hangar Fee	R 520-120-2160	325.00 CR

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750003 (continued)

Type	Category		Account number	Amount
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

Document#: 2750004 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90487
Invoice#: 052791 Description: HANGAR FEE
Customer: 07-0041-13 ADAMS, JAMES S

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

Document#: 2750005 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90488
Invoice#: 052792 Description: AUTO PARKING
Customer: 07-0050-12 ADAMS, SCOTT

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: 30.00 DB 30.00 CR Difference: 0.00

Document#: 2750006 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90489
Invoice#: 052793 Description: TIE DOWN PULL THRU FEE
Customer: 07-0079-10 ANDERSON, HANS

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750006 (continued)

Document totals: 100.00 DB 100.00 CR Difference: 0.00

Document#: 2750007 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90490
Invoice#: 052794 Description: HANGAR FEE
Customer: 07-0082-10 APLIN, STU

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

Document#: 2750008 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90492
Invoice#: 052796 Description: STORAGE SPACE (& others)
Customer: 07-0085-15 ARIS HELICOPTERS LTD

Type	Category	Account number	Amount
Billing	a-stor Storage Space	R 520-120-2181	120.00 CR
Billing	l25 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

Credit Acct - Due to Record file error. Ø Balance due

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

Document#: 2750009 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90501
Invoice#: 052805 Description: HANGAR FEE
Customer: 07-0480-16 AUFILL, LIESE

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750010 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90493
Invoice#: 052797 Description: HANGAR FEE
Customer: 07-0264-14 BARNWELL, M P

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750011 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90494
Invoice#: 052798 Description: TIE DOWN FEE
Customer: 07-0295-10 BECKER, VERNE

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750012 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90495
Invoice#: 052799 Description: HANGAR FEE
Customer: 07-0331-19 BERINGER, GLEN

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750013 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90496
Invoice#: 052800 Description: HANGAR FEE
Customer: 07-0380-12 BIGBEE AVIATION CORP

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750013 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750014 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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	110	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

Change to reflect 3 spaces January 2005

Add 2 mor Auto-parki Total bill in 3 Auto-par = $90/m

Document totals: 610.00 DB 610.00 CR Difference: 0.00

Document#: 2750015 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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 Difference: 0.00

Document#: 2750016 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750016 (continued)

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750017 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90502
Invoice#: 052806 Description: HANGAR FEE
Customer: 07-0520-14 BURTON, CHARLES I

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750018 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90503
Invoice#: 052807 Description: LEASE AGREEMENT TYPE 25
Customer: 07-0533-11 CALIFORNIA BLACK

Type	Category		Account number	Amount
Billing	125	Lease Agreement Type 25	R 520-120-2162	
S		Automatic summary	B 520-48100	94.50 CR
S		Automatic summary	B 520-12500	94.50 CR
				94.50 DB

Document totals: 94.50 DB 94.50 CR Difference: 0.00

Document#: 2750019 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90504
Invoice#: 052808 Description: TIE DOWN PULL THRU FEE
Customer: 07-0536-10 CAPACI, TONY

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

Document totals: 100.00 DB 100.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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

Paid balance due in Dec 2004
January 2005 - amount due.

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

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.

Address —
5000 Centinela Ave. #133
Los Angeles 90066

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

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
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

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

Add 2 tie-downs.

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750023 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750024 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90508
Invoice#: 052812 Description: HANGAR FEE
Customer: 07-0670-18 COLEMAN, WILLIAM

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750025 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90509
Invoice#: 052813 Description: HANGAR FEE
Customer: 07-0690-10 COMSTOCK, CROSSER

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750026 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90510
Invoice#: 052814 Description: HANGAR FEE
Customer: 07-0735-13 CRYDER, NANCY

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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	
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 CR
			325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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	
S	Automatic summary	B 520-48100	480.00 CR
S	Automatic summary	B 520-12500	480.00 CR
			480.00 DB

Document totals: 480.00 DB 480.00 CR Difference: 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	
S	Automatic summary	B 520-48100	30.00 CR
S	Automatic summary	B 520-12500	30.00 CR
			30.00 DB

Document totals: 30.00 DB 30.00 CR Difference: 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	
S	Automatic summary	B 520-48100	325.00 CR
S	Automatic summary	B 520-12500	325.00 CR
			325.00 DB

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750030 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750031 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90515
Invoice#: 052819 Description: TIE DOWN FEE
Customer: 07-0975-10 EDELL, JOHN

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750032 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90516
Invoice#: 052820 Description: LEASE AGREEMENT
Customer: 07-1020-17 FAA ATCT AWP22A

Type	Category		Account number	Amount
Billing	lease	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

Document#: 2750033 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90517
Invoice#: 052821 Description: HANGAR FEE
Customer: 07-1063-12 FERRANDO, JAMES P

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750034 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90518
Invoice#: 052822 Description: HANGAR FEE
Customer: 07-1075-12 FIRST GLOBE, INC.

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750035 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90519
Invoice#: 052823 Description: HANGAR FEE
Customer: 07-1100-19 FLYERS INC

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

Document totals: 213.00 DB 213.00 CR Difference: 0.00

Document#: 2750036 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90520
Invoice#: 052824 Description: HANGAR FEE
Customer: 07-1121-18 FOWLER, KENNETH

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750037 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90521
Invoice#: 052825 Description: HANGAR FEE
Customer: 07-1150-19 FREEWING AIR INC

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750037 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

Type	Category		Account number	Amount
Billing	apark	Auto Parking	R 520-120-2181	
S		Automatic summary	B 520-48100	90.00 CR
S		Automatic summary	B 520-12500	90.00 CR
				90.00 DB

Document totals: 90.00 DB 90.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750041 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90586
Invoice#: 052890 Description: AUTO PARKING
Customer: 07-4800-14 GORDON, JEFF

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

Document totals: 30.00 DB 30.00 CR Difference: 0.00

Document#: 2750042 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90525
Invoice#: 052829 Description: HANGAR FEE
Customer: 07-1570-17 HAMRICK, TERRY

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750043 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90526
Invoice#: 052830 Description: HANGAR FEE
Customer: 07-1655-14 HAYOS, ROBERT

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750044 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90527
Invoice#: 052831 Description: HANGAR FEE
Customer: 07-1665-10 HEINTZ, JOHN F.

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750044 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750045 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90528
Invoice#: 052832 Description: TIE DOWN FEE
Customer: 07-1675-16 HERRICK, RICK

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750046 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90529
Invoice#: 052833 Description: HANGAR FEE
Customer: 07-1725-10 HOLT, CHARLES ETAL

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750047 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90530
Invoice#: 052834 Description: TIE DOWN FEE
Customer: 07-1780-11 HURTE, LORENZO

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750048 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90531
Invoice#: 052835 Description: HANGAR FEE
Customer: 07-1790-10 ICHIYASU, CLIFFORD

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750049 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90532
Invoice#: 052836 Description: HANGAR FEE
Customer: 07-1805-12 INGRAM, JOHN

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750050 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90533
Invoice#: 052837 Description: HANGAR FEE
Customer: 07-1815-18 IRVIN, STEPHAN

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750051 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90534
Invoice#: 052838 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	
S	Automatic summary	B 520-48100	325.00 CR
			415.00 CR

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750051 (continued)

Type	Category		Account number		Amount
S		Automatic summary	B 520-12500		415.00 DB

Document totals: 415.00 DB 415.00 CR Difference: 0.00

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

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

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

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

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

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

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

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S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750055 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90539
Invoice#: 052843 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: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750056 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90541
Invoice#: 052845 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: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750057 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90543
Invoice#: 052847 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: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750058 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90544
Invoice#: 052848 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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750058 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750059 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90546
Invoice#: 052850 Description: TIE DOWN FEE
Customer: 07-2313-17 MARTIN, HAROLD N

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750060 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90548
Invoice#: 052852 Description: HANGAR FEE
Customer: 07-2456-16 MCQUOWN, KIRK

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750061 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90549
Invoice#: 052853 Description: AUTO PARKING
Customer: 07-2460-10 MEMLEY AVIATION INC

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

Document totals: 30.00 DB 30.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750065 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

Document#: 2750066 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90554
Invoice#: 052858 Description: TIE DOWN PULL THRU FEE
Customer: 07-2542-10 MURPHY, CYNTHIA

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

Document#: 2750067 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90499
Invoice#: 052803 Description: HANGAR FEE
Customer: 07-0450-18 NARR, CRAIG

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

Document#: 2750068 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90555
Invoice#: 052859 Description: LEASE AGREEMENT
Customer: 07-2565-19 NAT'S AIRPORT CAFE

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

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

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

Document totals: 3,645.17 DB 3,645.17 CR Difference: 0.00

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

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

Document totals: 3,414.75 DB 3,414.75 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750072 (continued)

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750076 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90564
Invoice#: 052868 Description: TIE DOWN FEE
Customer: 07-2810-10 PERNA, MARILYN

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750077 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90565
Invoice#: 052869 Description: HANGAR FEE
Customer: 07-3090-15 ROSSO, JOHN A

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

Document#: 2750078 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90566
Invoice#: 052870 Description: LEASE AGREEMENT
Customer: 07-3095-10 ROUTH FAMILY TRUST

Type	Category		Account number	Amount
Billing	lease	Lease Agreement	R 520-120-2162	1,215.90 CR
S		Automatic summary	B 520-48100	1,215.90 CR
S		Automatic summary	B 520-12500	1,215.90 DB

Document totals: 1,215.90 DB 1,215.90 CR Difference: 0.00

Document#: 2750079 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90567
Invoice#: 052871 Description: TIE DOWN PULL THRU FEE
Customer: 07-3098-11 SALAZAR, RICK

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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750079 (continued)

Document totals: 100.00 DB 100.00 CR Difference: 0.00

Document#: 2750080 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90568
Invoice#: 052872 Description: TIE DOWN FEE
Customer: 07-3120-17 SAPPINGTON, STEVE

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

Document#: 2750081 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90569
Invoice#: 052873 Description: HANGAR FEE
Customer: 07-3130-10 SARKHOSH, NADER

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

Document#: 2750082 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90570
Invoice#: 052874 Description: LEASE AGREEMENT
Customer: 07-3155-10 SCHAF

Type	Category		Account number	Amount
Billing	lease	Lease Agreement	R 520-120-2162	2,000.00 CR
S		Automatic summary	B 520-48100	2,000.00 CR
S		Automatic summary	B 520-12500	2,000.00 DB

Document totals: 2,000.00 DB 2,000.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

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

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

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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

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

Document totals: 30.00 DB 30.00 CR Difference: 0.00

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

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

Document totals: 3,219.50 DB 3,219.50 CR Difference: 0.00

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

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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750086 (continued)

Type	Category		Account number	Amount
S		Automatic summary	B 520-12500	385.00 DB

Document totals: 385.00 DB 385.00 CR Difference: 0.00

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

Document#: 2750088 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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	1,082.66 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

Document#: 2750089 Date: 11/30/2004 Post into: 05/2005
Original Document#: 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

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750089 (continued)

Document totals: 60.00 DB 60.00 CR Difference: 0.00

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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	R 520-120-2181	
S		Automatic summary	B 520-48100	30.00 CR
S		Automatic summary	B 520-12500	30.00 CR
				30.00 DB

Document totals: 30.00 DB 30.00 CR Difference: 0.00

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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	R 520-120-2160	
S		Automatic summary	B 520-48100	325.00 CR
S		Automatic summary	B 520-12500	325.00 CR
				325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

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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	R 520-120-2160	
S		Automatic summary	B 520-48100	325.00 CR
S		Automatic summary	B 520-12500	325.00 CR
				325.00 DB

Document totals: 325.00 DB 325.00 CR Difference: 0.00

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750093 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90581
Invoice#: 052885 Description: HANGAR FEE
Customer: 07-3651-12 STANLEY, LANG J

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

Document#: 2750094 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90536
Invoice#: 052840 Description: TIE DOWN PULL THRU FEE
Customer: 07-1915-10 SWANSON, HILARY

Delinquent Account.

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

Document#: 2750095 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90582
Invoice#: 052886 Description: HANGAR FEE
Customer: 07-3841-14 TATE, THOMAS E DDS

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

Document#: 2750096 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90542
Invoice#: 052846 Description: HANGAR/ELECTRICAL FEE
Customer: 07-2235-19 TERRY TRUSTEE, DONALD

Type	Category	Account number	Amount
Billing	hangel 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

S = Automatic summary

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

Document#:2750096 (continued)

Document totals: 340.00 DB 340.00 CR Difference: 0.00

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Document#: 2750097 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90545
Invoice#: 052849 Description: TIE DOWN FEE
Customer: 07-2300-10 THURSTON, TIMOTHY D.

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

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Document#: 2750098 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90583
Invoice#: 052887 Description: HANGAR FEE
Customer: 07-3960-13 TRAUB, G BRUCE

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

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Document#: 2750099 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90584
Invoice#: 052888 Description: TIE DOWN FEE
Customer: 07-4100-10 VANDENBERG, KENT

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

Document totals: 70.00 DB 70.00 CR Difference: 0.00

S = Automatic summary

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Invoice Posting List
City of Hawthorne
Posting Sequence: 10551

Document#: 2750100 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90557
Invoice#: 052861 Description: LEASE AGREEMENT
Customer: 07-2620-14 VOUGHT AIRCRAFT

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

Document totals: 11,476.31 DB 11,476.31 CR Difference: 0.00

Document#: 2750101 Date: 11/30/2004 Post into: 05/2005
Original Document#: 90585
Invoice#: 052889 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: 325.00 DB 325.00 CR Difference: 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: 55,635.31 DB 55,635.31 CR Difference: 0.00

S = Automatic summary

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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

S = Automatic summary

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Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

EXHIBIT "E"

MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

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

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.

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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: _____
Name: _____
Title: _____

"TENANT"

HAWTHORNE AIRPORT, LLC,
a Delaware limited liability company

By: _____
Name: Jeff Ritter
Title: Co-President

By: _____
Name: David R Welch
Title: manager

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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)

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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 frill.

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.

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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"

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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)

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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

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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

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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.)

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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.

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FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (this "**Amendment**") is entered into as of November 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

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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

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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]

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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 Dilley
Name: Jeff Dilley
Title: Co-President

By:
Name: David Wehrle
Title: Co-President

Approved as to Form

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EXHIBIT "A"

[Attached as the immediately following page(s)]

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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

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LEGAL DESCRIPTION

SECTION 2

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



John Chiappe, Jr., PLS 7230

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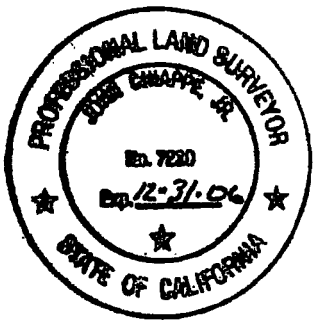
LEGAL DESCRIPTION

SECTION 4

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

John Chiappe, Jr., PLS 7230

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LEGAL DESCRIPTION

SECTION 5

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.

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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



John Chiappe, Jr., PLS 7230

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LEGAL DESCRIPTION

SECTION 6

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

John Chiappe Jr., PLS 7230

PSOMAS

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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 122nd 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

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LEGAL DESCRIPTION

SECTION 9

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

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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



John Chiappe, Jr., PLS 7230

PSOMAS

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EXHIBIT "B"

[Attached as the immediately following page(s)]

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LEGAL DESCRIPTION

SECTION 2-A2

A 5.50 foot wide strip of land over that portion of 120th 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



John Chiappe, Jr., PLS 7230

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LEGAL DESCRIPTION

SECTION 5-A1

A 5.50 foot wide strip of land over that portion of 120th 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



John Chiappe, Jr., PLS 7230

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EXHIBIT "C"

[Attached as the immediately following page(s)]

Docusign Envelope ID: 5F7311CF-5852-4C26-AC14-9B40DCD80CE7

LEGAL DESCRIPTION

SECTION 1-A

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

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LEGAL DESCRIPTION

SECTION 2-A1

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.



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John Chiappe, Jr., PLS 7230

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LEGAL DESCRIPTION

SECTION 5-A2

A 5 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

John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

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EXHIBIT "D"

[Attached as the immediately following page(s)]

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LEGAL DESCRIPTION

SECTION 3

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 89°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

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

Date

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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 122nd 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.

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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



John Chiappe, Jr., PLS 7230

PSOMAS

4/12/05

Date

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April 12, 2005
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LEGAL DESCRIPTION

SECTION 10

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 89°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

John Chiappe, Jr., PLS 7230

PSOMAS

2/4/05

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EXHIBIT "E"

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LEGAL DESCRIPTION

SECTION 3-A1

That portion of 120th 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 0°01'14" East 219.91 feet to the northerly line of said Block B and the True Point of Beginning; thence easterly 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, North 0°01'14" East 5.50 feet to a line parallel with and 5.50 feet northerly of said northerly line of Block B; thence westerly along said parallel line, North 89°58'46" West 209.67 feet; thence South 0°01'14" West 1.50 feet to a line parallel with and 4.00 feet northerly of said northerly line of Block A; thence westerly along said parallel line, North 89°58'46" West 9.22 feet; thence North 0°01'14" East 1.50 feet to a line parallel with and 5.50 feet northerly of said northerly line of Block B; thence westerly along said line, North 89°58'46" West 321.93 feet to a line which bears at right angles to the northerly line of said Block B and passes through the True Point of Beginning; thence southerly along said line, South 0°01'14" West 5.50 feet to the True Point of Beginning.

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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

PROFESSIONAL LAND SURVEYOR
JOHN CHIAPPE JR.
No. 7230
Exp. 12/31/06
STATE OF CALIFORNIA

John Chiappe, Jr., PLS 7230

PSOMAS

11/10/05

Date

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EXHIBIT "F"

[Attached as the immediately following page(s)]

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LEGAL DESCRIPTION

SECTION 3-A2

That portion of 120th 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

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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**").

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. 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:

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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.

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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

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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

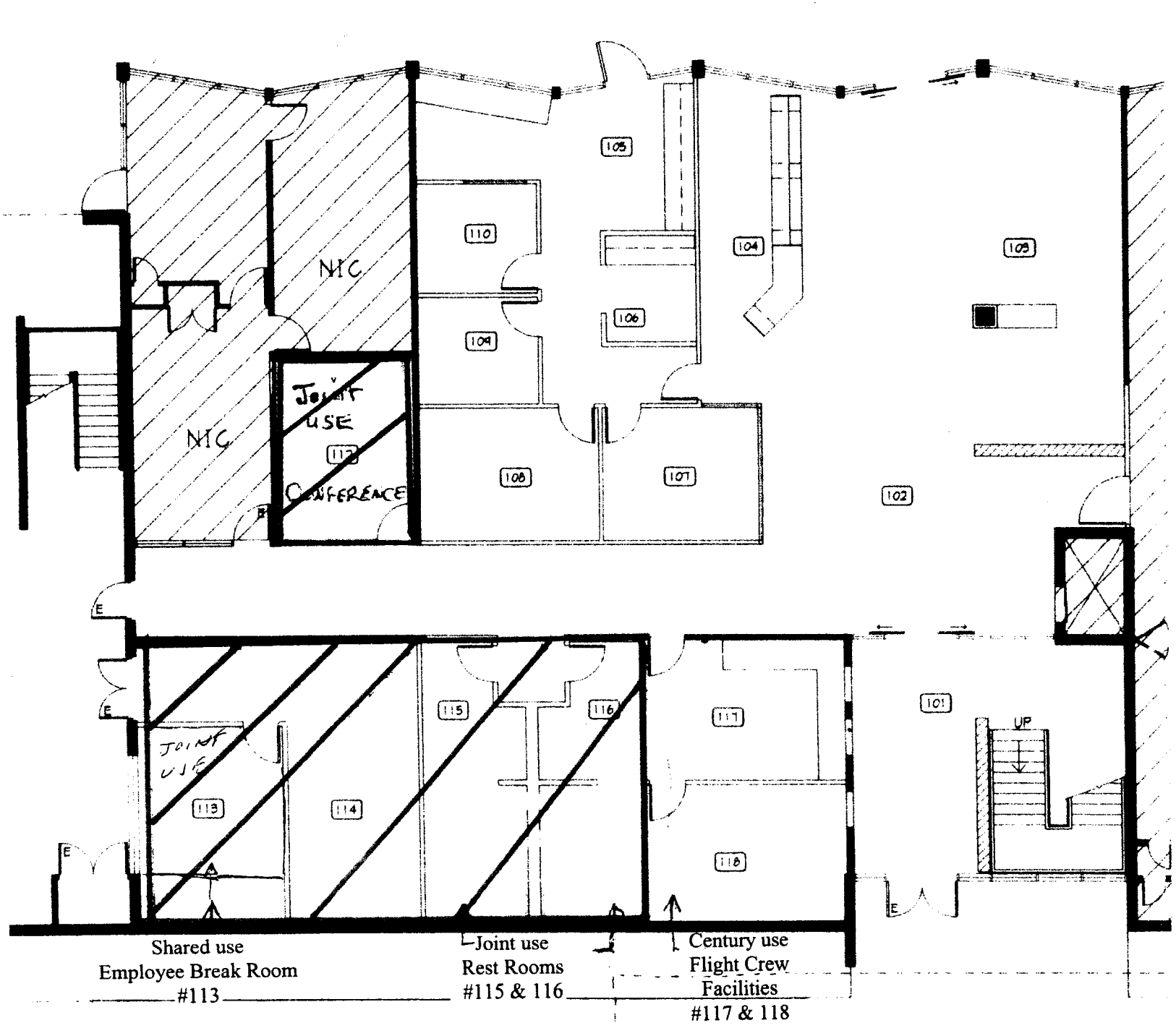
By: _____
Name: Jeff Dailey
Title: Co-President

By: _____
Name: _____
Title: _____

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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 50/50% split use	178 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.

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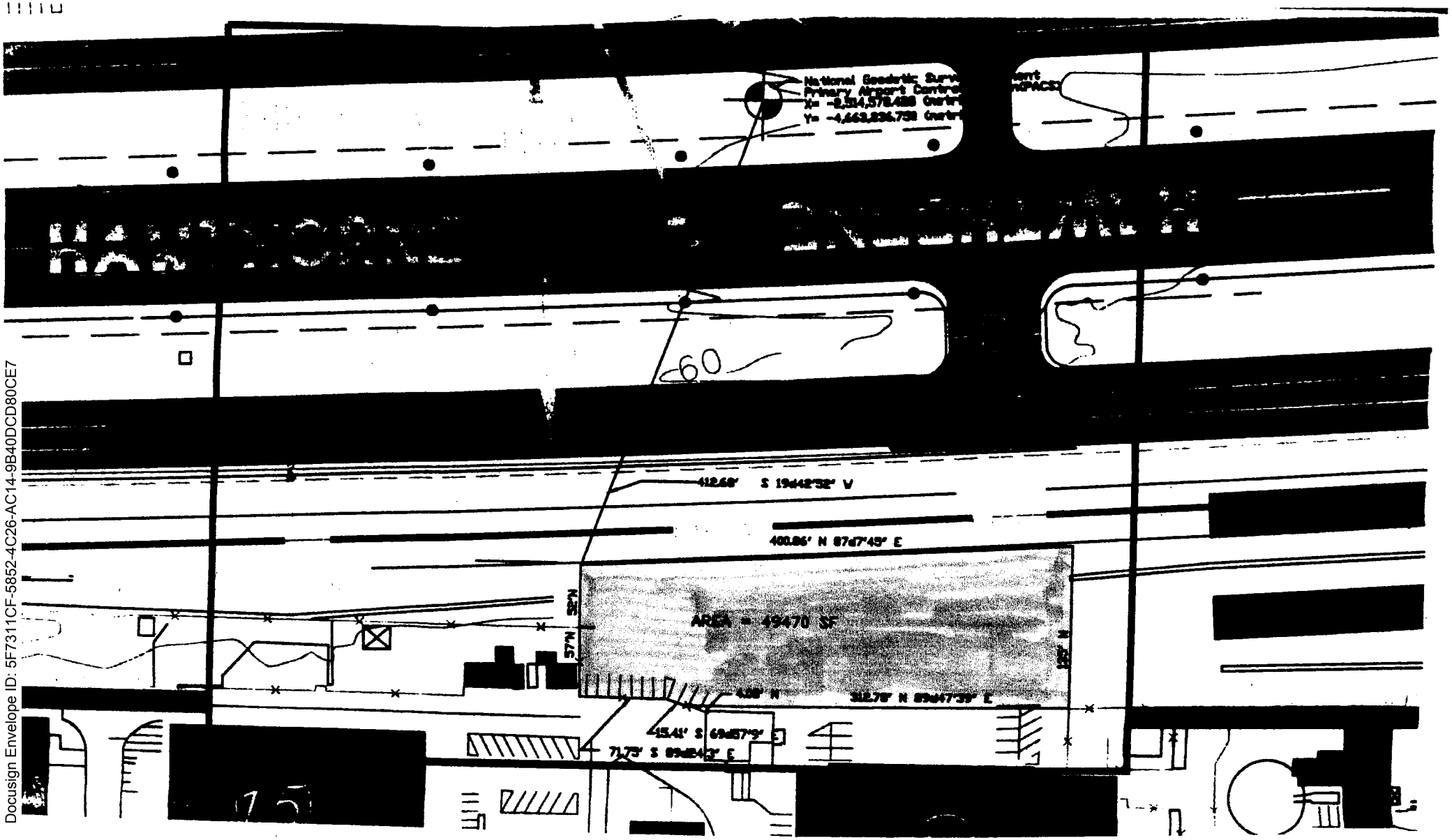
NORTHROP LICENSE AGREEMENT
LEGAL DESCRIPTION

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-2



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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 Hanger 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 Hanger (the "New Police Helicopter Hanger").

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 Hanger with rights in the New Storage Area and the New Police Helicopter Hanger. 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

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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 Hanger 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. .

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- 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

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By:_____
Name: Arnold Shadbehr, City Manager

APPROVED AS TO FROM:
By:_____
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

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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

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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

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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

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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 Digitally signed by: Levi Stockton DN: CN = Levi Stockton email = lstockton@flyadvancedair.com C = AD Date: 2024.01.17 15:36:19 -08'00'

By: _____
Name: Levi Stockton
Title: President

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EXHIBIT “B”

Ground Sublease

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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.

RECITALS:

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.

AGREEMENT:

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

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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

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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

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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

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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,

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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 (1st) 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

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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

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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

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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.

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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

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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,

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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,

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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.

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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

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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 mutiplying 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).

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(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

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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

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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 (2nd) 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).

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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 26th Street
Hawthorne, California 90250
Attention: City Manager and City Attorney

with a copy to: McDonough, Holland & Allen PC
555 Capitol Mall, 9th 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,

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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

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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.

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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

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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]

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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: HOONZC 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.

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EXHIBIT "A"

THE MASTER LEASE

[Attached as the immediately following pages.]

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GROUND LEASE

This GROUND LEASE ("**Lease**") is entered into as of January 25, 2005 (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

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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).

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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

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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:

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(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

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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

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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 (5th) 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

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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.

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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 (5th) 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.

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(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

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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

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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 (1st) 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

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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

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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

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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

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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

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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^{th}) 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.

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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.

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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

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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 (2nd) 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.

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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;

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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.

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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.

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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.

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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.

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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

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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

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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

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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 dispossess remedy provided for therein and (iii) the

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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

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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

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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:

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(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

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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

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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

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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.

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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 26th 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, 9th 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

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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.

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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

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

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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

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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

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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.

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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

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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;

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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

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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.

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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 Cruz
Name:
Title:

"TENANT": HAWTHORNE AIRPORT, LLC,
a Delaware limited liability company

By:
Name: Jeff Ditley
Title: Co-President

By:
Name: David R Wehrly
Title: manager

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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

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(10th) 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

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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

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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.

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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]

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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

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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 Parities 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 "Subtentant" 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:

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Subtenant:	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 Terminal Building, LLC, 2015 Manhattan Beach Blvd., Suite 101 Redondo Beach, CA 90250 Attention: Levi Stockton Email: lstockton@jetcenterla.com Telephone: (310) 664-3344
Sublandlord:	Hawthorne Airport, LLC 12101 Crenshaw Blvd., Suite 100 Hawthorne, CA 90250. Attention: Levi Stockton Email: lstockton@jetcenterla.com Telephone: (310) 664-3344

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

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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: VR Holdings, LLC.,
a California limited liability company,
its Manager

By: _____
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

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EXHIBIT "C"

Sublease Non-Disturbance and Attornment Agreement

AGENDA ITEM NO. 16.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Public Works

City Manager: **Department Head:**

SUBJECT:
Progress Payment #5 in the amount of $188,100.00 due to Pardess Air Inc of Los Angeles, CA for Hawthorne Memorial Center HVAC System Upgrade (Project #23-08).

RECOMMENDED MOTION:
Staff recommends that the City Council approve this Progress Payment #5 to Pardess Air Inc of Los Angeles, CA

DISCUSSION:
This project includes providing all services, labor, materials, permits, insurance, tools and equipment needed, in accordance with the Plan and Specifications to successfully and safely complete the HVAC system upgrade at City of Hawthorne Memorial Center located at 3901 W El Segundo Blvd, Hawthorne, CA 90250

The work consists of engineering, designing, procuring, permitting and installing: a new chiller (127 TR), chilled water pumps and piping, new VAV AHUs, new DDC controls system, new emergency generator and fuel storage, 5-year maintenance contract and properly remove/dispose of all existing equipment.

As of May 1st, 2025, 90% of the work has been completed. The new chiller, water pumps/piping, new VAV AHUs, new control system and emergency generator has been installed. A new perimeter fence with privacy screen has been installed along with a new double door entry gate. The remaining work to finalize this project is testing/trouble shooting of individual equipment and testing/trouble shooting of the new HVAC system. This is scheduled to be completed by end of June 2025.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
This HVAC system upgrade can contribute to our economic strategic plan in several ways. For example, the new HVAC system will be one large centralized unit instead of the existing 3-unit individual systems. This will help better cool/heat the community center and be more energy efficient. This project will improve the City's infrastructure and allow the Community Service Department to provide a better environment for all visitors, class attendees and/or organizations that hold their events at the Memorial Center.

FISCAL IMPACT:
None. Funds for this progress payment in the amount of $188,100.00 will be paid for with funds through a Specified Grant from the Budget Act of 2022 from the State of California Department of Parks and Recreation and through the American Rescue Plan Act Fund.

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act

ATTACHMENTS
PP#5 Proj. #23-08

27-May-25
Council Date

Honorable Mayor and City Council
City of Hawthorne
Hawthorne, CA 90250

RE: PROGRESS PAYMENT NO. 5 FOR HAWTHORNE MEMORIAL CENTER HVAC SYSTEM UPGRADE (Project#23-08)

The following is a detailed breakdown of **Progress Payment No.5** due to PARDESS AIR Inc, 1769 KELTON AVE, LOS ANGELES, CA, 90024 for work done on the subject project through April 2025.

	Description	Contract Quantity	Unit	Unit Price	Contract Amount	Qty or % Previous	Qty or % This estimate	Amount This Estimate	Total Qty or % to Date	Total Amount to Date
1	Procure and install new chiller (127 TR), chilled water pumps and piping. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	1	LS	$626,000.00	$ 626,000.00	0.90	0.00	$ -	0.90	$ 563,400.00
2	Procure and install new customized VAV AHUs. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	1	LS	$626,000.00	$ 626,000.00	0.90	0.00	$ -	0.90	$ 563,400.00
3	Procure and install new hot water boiler (900 MBTUH), hot water pumps and piping. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	1	LS	$262,000.00	$ 262,000.00	0.90	0.00	$ -	0.90	$ 235,800.00
4	Procure and install new DDC controls system. Plus, all other Lump Sum aspects of the Project as specified, including hardware, wiring, warranty, permits, as-built drawings, etc.	1	LS	$260,000.00	$ 260,000.00	0.75	0.15	$ 39,000.00	0.90	$ 234,000.00
5	Procure and install new emergency generator (250 kW) and fuel storage (equivalent to 24-hour duration). Plus, all other Lump Sum aspects of the Project as specified, including interconnection, wiring, fencing enclosure, concrete pad, warranty, permits, as-built drawings, etc	1	LS	$200,000.00	$ 200,000.00	0.20	0.60	$ 120,000.00	0.80	$ 160,000.00
6	Engineer and design new HVAC system, DDC Controls, Emergency Generator. Plus, all other Lump Sum aspects of the Project as specified, including mechanical, electrical, structural and civil design drawings, permits, bill of materials, equipment and material specification sheets, etc.	1	LS	$260,000.00	$ 260,000.00	0.85	0.15	$ 39,000.00	1.00	$ 260,000.00
7	Remove and dispose of all existing equipment. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	1	LS	$101,000.00	$ 101,000.00	1.00	0.00	$ -	1.00	$ 101,000.00
8	5-year maintenance program covering HVAC system and Emergency Generator. Plus, all other Lump Sum aspects of the Project as specified, including, warranty, parts, labor, etc.	1	LS	$91,000.00	$ 91,000.00	0.00	0.00	$ -	0.00	$ -
9	CO #5:REPLACEMENT OF EXISITING SWITCHBOARD WITH NEW SWITCHBOARD	1	LS	$3,609.64	$ 3,609.64	1.00	0.00	$ -	1.00	$ 3,609.64
10	CO #6: VFD AND NEW MOTOR FOR RF1 & RF2	1	LS	$29,112.36	$ 29,112.36	1.00	0.00	$ -	1.00	$ 29,112.36
11	CO #7: SAW CUTTING BROKEN WALL AND REMOVAL/DISPOSAL	1	LS	$6,544.66	$ 6,544.66	1.00	0.00	$ -	1.00	$ 6,544.66
12	CO #8: REMOVAL OR BROCK WALL ON TOP OF FOOTING AND REMOVAL OF EXTRA SOIL ON THE BOTTOM OF CONCRETE PLATFORM AND ADDITIONAL BASE/COMPACTION	1	LS	$6,313.38	$ 6,313.38	1.00	0.00	$ -	1.00	$ 6,313.38
13	CO #9: EXTRA ELECTRICAL CONDUIT FOR FUTURE CITY USE	1	LS	$4,406.09	$ 4,406.09	1.00	0.00	$ -	1.00	$ 4,406.09
14	CO #10: PATCHING HOLES IN MEHCNICAL ROOM CEILING (NOT PART ORIGINAL SCOPE OF WORK)	1	LS	$6,161.86	$ 6,161.86	1.00	0.00	$ -	1.00	$ 6,161.86

15	CO #11: REPLACEMENT OF CORRODED PORTABLE WATER PIPE(S)	1	LS	$5,260.76	$ 5,260.76	1.00	0.00	$ -	1.00	$ 5,260.76
16	CO #12: ADDITION OF (2) 6" TEES AND (2) 6" VALVES FOR CLEANING AND FLUSHING	1	LS	$4,723.97	$ 4,723.97	1.00	0.00	$ -	1.00	$ 4,723.97
17	CO #13: UPGRADE THE EMERGENCY GENERATOR FROM 250KW TO 400KW	1	LS	$179,947.16	$ 179,947.16	1.00	0.00	$ -	1.00	$ 179,947.16
18	CO#14: DEMO RUSTED HEATING AND COOLING PIPE. REPLACE WITH NEW COPPER PIPING BETWEEN ROOM 124 AND 125	1	LS	$6,723.64	$ 6,723.64	1.00	0.00	$ -	1.00	$ 6,723.64
19	CO#15: EXTRA NEW INSULATION FOR EXISTING PIPES THAT ABADMENT COMPANY REMOVED THE INSULATION TO.	1	LS	$7,917.92	$ 7,917.92	1.00	0.00	$ -	1.00	$ 7,917.92
20	CO #16: EDISON NEW 800A MAIN BOARD DESIGN/APPROVAL	1	LS	$2,911.00	$ 2,911.00	1.00	0.00	$ -	1.00	$ 2,911.00
21	CO #17: ADDITIONAL 45A CIRCUIT BREAKER TO MAIN SWITCH BOARD FOR SC	1	LS	$4,762.40	$ 4,762.40	1.00	0.00	$ -	1.00	$ 4,762.40
22	CO #18: NEW DUCT WORK FOR MAIN OFFICE ROOM 109	1	LS	$9,395.81	$ 9,395.81	1.00	0.00	$ -	1.00	$ 9,395.81
Total Contract Price					$ 2,703,790.65					
						TOTAL		$ 198,000.00		$ 2,395,390.65
						LESS RETENTION		$ 9,900.00		$ 119,769.53
						LESS PREVIOUSLY PAID		$ -		$ 2,087,521.12
						TOTAL AMOUNT DUE		**$ 188,100.00**		**$ 188,100.00**

TOTAL AMOUNT DUE THIS 5TH PROGRESS PAYMENT:

Accout#

180-1150-138-0-0-40514 $ 188,100.00

German Franco

German Franco

Project Engineer

APPLICATION AND CERTIFICATE FOR PAYMENT

TO: German

Project: **Hawthorne Memorial Center HVAC System Upgrade**

APPLICATION NO: 5
APPLICATION DATE: 1/1/2025
PERIOD TO: 5/1/2025

DISTRIBUTION TO:
OWNER
ARCHITECT
CONTRACTOR
CONST. MNGR

FROM: **Pardess Air Inc.**
1769 Kelton Ave.
LOS ANGELES, CA 90024

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
Continuation Sheet, Schedule of Values, is attached.

1.	**ORIGINAL CONTRACT SUM**		**$2,426,000.00**
2.	Net change by Change Orders		$277,790.65
3.	**CONTRACT SUM TO DATE** (Line 1+2)		$2,703,790.65
4.	**TOTAL COMPLETED & STORED TO DATE**		**$2,117,600.00**
	(Column G on G703)		
5.	**RETAINAGE**		
	a. 5% of completed work	$105,880.00	
	(Columns D+E on SOV)		
	b. 10% of Stored Material	$0.00	
	(Column F on SOV)		
	Total Retainage (Line 5a+5b or		
	Total in Column I of G703)		$105,880.00
6.	**TOTAL EARNED LESS RETAINAGE**		
	(Line 4 less Line 5 Total)		$2,011,720.00
7.	**LESS PREVIOUS CERTIFICATES FOR PAYMENT**		
	(Line 6 from prior Certificate)		$1,823,620.00
8.	**CURRENT PAYMENT DUE**		**$188,100.00**
9.	**BALANCE TO FINISH, INCLUDING RETAINAGE**		
	(Line 3 less Line 6)	$692,070.65	

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved prior to this Month		$0.00
Total changes approved this Month	0	
	$0.00	$0.00
TOTALS	$0.00	$0.00
NET CHANGES by Change Order		$0.00

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates of Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: **Pardess Air Inc**

By: *Daniel Shaye* Date: 05/02/25

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the signatories certify to the Owner that to the best of their knowledge, information and belief the Work has progressed as indicated, the quality of the Work, is in accordance with the Contract Documents, and the Contractor is entitled to payment in the AMOUNT CERTIFIED.

By: Date

By: Date:
OWNER

This certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contract under this contract.

SCHEDULE OF VALUES

Application No **5**
Application Date 5/2/2025
Period From 1/1/2025
To 5/1/2025

Contractor **: Pardess Air inc**

Job Name**: Hawthorne Memorial Center HVAC System Upgrade**

A	B	C	D	E	F	G	H
ITEM #	DESCRIPTION OF WORK ACTIVITY	SCHEDULED VALUE	% To This Date	TOTALS TO DATE (CXD)	Total Amount Completed On Prior App.	Amount of This Application (E-F)	RETAINAGE 5%
1	Procure and and install new chiller (127 TR), chilled water pumps and piping. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	$ 626,000	90.00%	$ 563,400.00	$ 563,400.00	$ -	$28,170.00
2	Procure and install new customized VAV AHUs. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	$ 626,000	90.00%	$ 563,400.00	$ 563,400.00	$ -	$28,170.00
3	Procure and install new hot water boiler (900 MBTUH), hot water pumps and piping. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	$ 262,000	90.00%	$ 235,800.00	$ 235,800.00	$ -	$11,790.00
4	Procure and install new DDC controls system. Plus, all other Lump Sum aspects of the Project as specified, including hardware, wiring, warranty, permits , as-built drawings, etc.	$ 260,000	90.00%	$ 234,000.00	$ 195,000.00	$ 39,000.00	$11,700.00
5	Procure and install new emergency generator (250 kW) and fuel storage. Plus, all other Lump Sum aspects of the Project as specified, including interconnection, wiring, fencing enclosure, concrete pad, warranty, permits, as-built drawings, etc.	$ 200,000	80.00%	$ 160,000.00	$ 40,000.00	$ 120,000.00	$8,000.00
6	Engineer and design new HVAC,DDC Controls ,Emergency Generator plus all other lump sum	$ 260,000	100.00%	$ 260,000.00	$ 221,000.00	$ 39,000.00	$13,000.00
7	Remove and dispose of all existing equipment. Plus, all other Lump Sum aspects of the Project as specified, including hardware, warranty, permits, as-built drawings, etc.	$ 101,000	100.00%	$ 101,000.00	$ 101,000.00	$ -	$5,050.00
8	5 years maintenece program covering HVAC system and Emergency Generator .plus all aother lum sum aspects of the project as a specified including warranty	$ 91,000	0.00%	$ -		$ -	$0.00
8	Change Orders	$ 277,790.65	100.00%		$ 277,790.65		$0.00
	Sub Total	**$ 2,703,791**		$ 2,117,600.00	$ -	**$ 198,000.00**	$105,880.00

AGENDA ITEM NO. 17.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: Police Department

City Manager: **Department Head:**

SUBJECT:
Agreement between the City of Hawthorne and Sharp Performance, Inc., for professional coaching services.

RECOMMENDED MOTION:
Staff recommends that the City Council approve the agreement with Sharp Performance, Inc. for professional coaching services in the amount of $224,996.25, and authorize the City Manager to execute the agreement and make minor amendments thereto.

DISCUSSION:
The City has identified a need for professional development and executive coaching services to enhance the leadership and management skills of City department heads and City staff. Sharp Performance, Inc. has been identified as a qualified and experienced provider of such services. Their coaching programs have a proven track record of improving individual and organizational performance. Sharp Performance, Inc. is a leading provider of leadership development and coaching services, with a strong reputation for transforming individuals and organizations. Their team of experienced coaches work with clients to develop customized solutions that drive performance and achieve measurable results. Sharp Performance, Inc. specializes in areas such as leadership development, team building, organizational effectiveness, and personal development, all of which are crucial for the City of Hawthorne's administrative growth.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
N/A

FISCAL IMPACT:
$224,996.25 over three (3) years to be paid from the General Fund and Asset Forfeiture.

NOTICING PROCEDURE:
72 hours posted notice pursuant to the Ralph M. Brown Act.

ATTACHMENTS
Agreement with Sharp Performance, Inc

Master SaaS and Services Agreement

This Master SaaS and Services Agreement (this "**Agreement**") is entered into effective this **1 day of July 2025, until 30 June of 2028** by and between Sharp Performance Inc., a Delaware corporation ("**Sharp Performance**") with a place of business at 2659 State Street #100, Carlsbad, CA 92008, and The City of Hawthorne and the Hawthorne Police Department, a municipal corporation ("**The Customer**"). Sharp Performance and the Customer are sometimes referred to herein jointly as the "Parties" or singularly as a "Party."

RECITALS:

WHEREAS, The Customer desires to obtain access to the Services (as defined below) with respect to certain of its information technology needs, for use by its Employees and Sharp Performance desires to provide the Services to the Customer, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. SERVICES.

1.1 Purpose. This Agreement sets forth the terms and conditions under which Sharp Performance agrees to provide (i) certain hosted "software as a service" (the "**Subscription Services**") for certain software applications (each such application together with any applicable documentation thereto, and programming and user interfaces therefor, a "**Platform**") to Authorized Users, as further set forth and described on each order form (the "**Order Form**") attached hereto as Schedule A-1 and Schedule A-2, and (ii) if applicable, all other implementation services, customization, integration, data import and export, monitoring, technical support, maintenance, training, backup and recovery, and change management (collectively the "**Professional Services**", and together with the Subscription Services, referred to herein as the "**Services**") related to the Customer's access to, and use of, such Subscription Services and each Platform, as further set forth and described on each statement of services (the "**Statement of Work**") attached hereto as Schedule B, issued hereunder (Order Forms and Statements of Professional Services are sometimes referred to jointly as a "Statement of Services").

1.2 The Services; Access and Use License. Subject to the terms and conditions of this Agreement, during the Term, Sharp Performance shall use commercially reasonable efforts to provide (i) the Customer and Authorized Users access to each Platform, and (ii) the Customer the Professional Services. Subject to the terms and conditions of this Agreement, during the Term, Sharp Performance hereby grants the Customer and Authorized Users a non-exclusive, non-sublicensable, non-transferable (except in compliance with Section 16 herein), worldwide license to access and use



each Platform, solely for internal business purposes in connection with the Customer's use of the Services as set forth herein.

1.3 Subscription Services. Each applicable Order Form shall specify and further describe the Subscription Services to be provided in accordance with the representations and warranties set forth herein, and shall identify, each applicable Platform, user limitations, fees, subscription term and other applicable terms and conditions.

1.4 Professional Services**.** Each applicable Statement of Work shall specify and further describe the Professional Services to be provided in accordance with the representations and warranties set forth herein, and may, but need not, include, the Professional Services offered, limitations, milestones, fees, term and other applicable terms and conditions.

1.5 Changes to Platform. Sharp Performance may, in its sole discretion, make any changes to any Platform that it deems necessary or useful to (i) maintain or enhance (a) the quality or delivery of Sharp Performance's products or services to its the s, (b) the competitive strength of, or market for, Sharp Performance's products or services, (c) such Platform's cost efficiency or performance, or (ii) to comply with applicable law.

2. PLATFORM ACCESS AND AUTHORIZED USER

2.1 Administrative Users. During the configuration and set-up process for each Platform, the Customer will identify an administrative username and password for the Customer's Sharp Performance accounts. Each member will receive their own individual account with its own unique username and password. Sharp Performance reserves the right to refuse registration of, or cancel usernames and passwords it deems inappropriate.

2.2 Authorized Users. the Customer may allow such number of the Customer's employees and/or independent contractors as is indicated on an Order Form to use the applicable Platform on behalf of the Customer as "**the Customer Users**." Authorized User subscriptions are for designated Authorized Users and cannot be shared or used by more than one Authorized User, but may be reassigned to a new Authorized User replacing former Authorized Users who no longer require ongoing use of the applicable Platform.

2.3 Authorized User Conditions to Use. As a condition to access and use of a Platform (i) each Authorized User shall agree to abide by the terms of Sharp Performance's end-user terms of use which it may adopt from time to time, (ii) the Customer Users shall agree to abide by the terms of this Agreement, and (iii) Vendor Users shall agree to abide by the terms of the then-current Sharp Performance Vendor Terms of Service applicable to such Platform, and, in each case, the Customer shall ensure such compliance. The Customer shall immediately notify Sharp Performance of any violation of the terms of any of the foregoing by any Authorized User upon becoming aware of such violation, and shall be liable for any breach of the foregoing agreements by any Authorized User as provided herein.



2.4 Account Responsibility. With respect to Sharp Performance only the Customer will be responsible for (i) all uses of any account that the Customer has access to, whether or not the Customer has authorized the particular use or user, and regardless of the Customer's knowledge of such use, and (ii) securing its Sharp Performance account, passwords (including but not limited to administrative and user passwords) and files. Sharp Performance is not responsible for any losses, damages, costs, expenses or claims that result from stolen or lost passwords.

2.5 Use Restrictions. the Customer shall not use the Services for any purposes beyond the scope of the access granted in this Agreement. The Customer shall not at any time, directly or indirectly, and shall not permit any Authorized Users to: (i) copy, modify, or create derivative works of the Services or Platform, in whole or in part; (ii) rent, lease, lend, sell, license, sublicense, assign, distribute, publish, transfer, or otherwise make available the Services or Platform; (iii) reverse engineer, disassemble, decompile, decode, adapt, or otherwise attempt to derive or gain access to any software component of the Services, in whole or in part; (iv) remove any proprietary notices from the Services or Platform; (v) use the Services or Platform in any manner or for any purpose that infringes, misappropriates, or otherwise violates any intellectual property right or other right of any person, or that violates any applicable law, or (vi) input, upload, transmit, or otherwise provide any information or materials that are unlawful or injurious, or contain, transmit, or activate any harmful code.

2.6 Reservation of Rights. Sharp Performance reserves all rights not expressly granted to the Customer in this Agreement. Except for the limited rights and licenses expressly granted under this Agreement, nothing in this Agreement grants, by implication, waiver, estoppel, or otherwise, to the Customer or any third party any intellectual property rights or other right, title, or interest in or to the intellectual property of Sharp Performance.

3. ADDITIONAL RESTRICTIONS AND RESPONSIBILITIES

3.1 Software Restrictions. The Customer will not, nor permit or encourage any third party to, directly or indirectly (i) reverse engineer, decompile, disassemble or otherwise attempt to discover or derive the source code, object code or underlying structure, ideas, know-how or algorithms relevant to a Platform or any software, documentation or data related to a Platform ("**Software**"); (ii) modify, translate, or create derivative works based on a Platform or any Software; (iii) use a Platform or any Software for timesharing or service bureau purposes or other computer service to a third party; (iv) modify, remove or obstruct any proprietary notices or labels; or (v) use any Software or a Platform in any manner to assist or take part in the development, marketing or sale of a product potentially competitive with such Software or Platform. For the avoidance of doubt, Software and the Services, including all user-visible aspects of the Services, are the Confidential Information of Sharp Performance, and the Customer will comply with Section 4 with respect thereto.

3.2 The Customer Compliance. The Customer shall use, and will ensure that all Authorized Users use, each Platform, Software, and the Services in full compliance with this Agreement, Sharp Performance's end-user terms of use and all applicable laws and regulations. The Customer represents and warrants that it (i) has accessed and reviewed any terms of use or other



policies relating to a Platform provided by Sharp Performance, (ii) understands the requirements thereof, and (iii) agrees to comply therewith. Sharp Performance may suspend the Customer's account and access to each Platform and performance of the Services at any time and without notice if Sharp Performance believes that the Customer is in violation of this Agreement. Although Sharp Performance has no obligation to monitor the Customer's use of a Platform, Sharp Performance may do so and may prohibit any use it believes may be (or alleged to be) in violation of the foregoing.

3.3 Cooperation. The Customer shall provide all cooperation and assistance as Sharp Performance may reasonably request to enable Sharp Performance to exercise its rights and perform its obligations under, and in connection with, this Agreement, including providing Sharp Performance with such access to the Customer's premises and its information technology infrastructure as is necessary for Sharp Performance to perform the Services in accordance with this Agreement.

3.4 Training and Education. The Customer shall use commercially reasonable efforts to cause the Customer Users to be, at all times, educated and trained in the proper use and operation each Platform such the Customer Users utilize, and to ensure that each Platform is used in accordance with applicable manuals, instructions, specifications and documentation provided by Sharp Performance from time to time.

3.5 The Customer Systems. The Customer shall be responsible for obtaining and maintaining—both the functionality and security of—any equipment and ancillary services needed to connect to, access or otherwise use each Platform, including modems, hardware, servers, software, operating systems, networking, web servers and the like.

3.6 Restrictions on Export. The Customer may not remove or export from the United States or allow the export or re- export of the Software or anything related to a Platform, Software or Services, or any direct product thereof in violation of any restrictions, laws or regulations of any United States or foreign agency or authority.

4. **CONFIDENTIALITY**.

4.1 Confidential Information. Each Party (the "**Receiving Party**") understands that the other party (the "**Disclosing Party**") has been, and may be, exposed to or acquired business, technical or financial information relating to the Disclosing Party's business (hereinafter referred to as "**Confidential Information**"). Confidential Information of Sharp Performance includes non-public information regarding features, functionality and performance of each Platform and Software. Confidential Information of the Customer includes non-public data provided by the Customer to Sharp Performance to enable the provision of access to, and use of, the Services as well as all content, data and information recorded and stored by each Platform for the Customer (" **The Customer Data**"),. The terms and conditions of this Agreement, including individual account pricing are Sharp Performance's Confidential Information. The total cost of the contract is disclosable by The Customer.



4.2 Exceptions. Notwithstanding anything to the contrary contained herein, Confidential Information shall not include any information that the Receiving Party can document (i) is or becomes generally available to the public, (ii) was in its possession or known by it prior to receipt from the Disclosing Party, (iii) was rightfully disclosed to it without restriction by a third party, or (iv) was independently developed without use of any Confidential Information of the Disclosing Party.

4.3 Non-use and Non-disclosure. With respect to Confidential Information of the Disclosing Party, the Receiving Party agrees to: (i) use the same degree of care to protect the confidentiality and prevent the unauthorized use or disclosure of such Confidential Information it uses to protect its own proprietary and confidential information of like nature, which shall not be less than a reasonable degree of care, (ii) hold all such Confidential Information in strict confidence and not use, sell, copy, transfer reproduce, or divulge such Confidential Information to any third party, (iii) not use such Confidential Information for any purposes whatsoever other than the performance of, or as otherwise authorized by, this Agreement.

4.4 Compelled Disclosure. Notwithstanding Section 4.3, the Receiving Party may disclose Confidential Information of the Disclosing Party to the extent necessary to comply with a court order or applicable law; provided, however, that the Receiving Party delivers reasonable advance notice of such disclosure to the Disclosing Party and uses reasonable efforts to secure confidential treatment of such Confidential Information, in whole or in part.

4.5 Remedies for Breach of Obligation of Confidentiality. The Receiving Party acknowledges that breach of its obligation of confidentiality may cause irreparable harm to the Disclosing Party for which the Disclosing Party may not be fully or adequately compensated by recovery of monetary damages. Accordingly, in the event of any violation, or threatened violation, by the Receiving Party of its obligations under this Section, the Disclosing Party shall be entitled to seek injunctive relief from a court of competent jurisdiction in addition to any other remedy that may be available at law or in equity, without the necessity of posting bond or proving actual damages.

5. PROPRIETARY RIGHTS

5.1 Ownership. The Customer shall own all rights, title and interest in and to the Customer Data. Sharp Performance shall own and retain all right, title and interest in and to (i) each Platform, Software and the Services and all improvements, enhancements or modifications thereto, (ii) any software, applications, inventions or other technology developed in connection with the Services, and (iii) all intellectual property and proprietary rights in and related to any of the foregoing (collectively, "**Services IP**"). To the extent the Customer acquires any right, title or interest in any Services IP, the Customer hereby assigns all of its right, title and interest in such Services IP to Sharp Performance.

5.2 The Customer Data and Vendor Information License. The Customer hereby grants to Sharp Performance a non- exclusive, transferable, sublicensable, worldwide and royalty-free license to use and otherwise exploit the Customer Data to provide the Services to the Customer



hereunder and as necessary or useful to monitor and improve a Platform, Software and the Services, both during and after the Term. "For the avoidance of doubt, Sharp Performance may use, reproduce and disclose Platform-, Software- and Services-related information, data and material that is anonymized, de-identified, or otherwise rendered not reasonably associated or linked to the Customer for product improvement and other lawful, all of which information, data and material will available to Sharp Performance through the existence of the license of Consumer Data. It is the Customer's sole responsibility to back-up the Customer Data during the Term, and the Customer acknowledges that Sharp Performance will not have access to the Customer Data through Sharp Performance or any Platform following the expiration or termination of this Agreement.

5.3 No Other Rights. No rights or licenses are granted except as expressly set forth herein.

6. FEES & PAYMENT

6.1 Fees. The Customer shall pay Sharp Performance the then-applicable fees described in an Order Form or Statement of Work, as applicable, in accordance with the terms set forth therein ("**Fees**"), including, for the avoidance of doubt, any fees incurred through the Customer's use of a Platform exceeding a services capacity parameter specified on an Order Form.

6.2 Renewal Fees. Upon the commencement of each Renewal Term, (i) the Customer shall be liable to Sharp Performance for payment of a Renewal Fee. Each "**Renewal Fee**" shall equal the Service Fee or Renewal Fee, as applicable, due to Sharp Performance during previous term as may be increased in Sharp Performance's sole discretion by a percentage up to the Fee Increase Percentage specified on the applicable Order Form; provided, if the Initial Term was greater than one (1) year, for purposes of calculating the initial Renewal Fee the Service Fee shall be prorated to one (1) year. Notwithstanding the foregoing, if the Customer is not liable to Sharp Performance for a Service Fee under an Order Form, no Renewal Fees shall be charged to the Customer with respect to such Order Form.

6.3 Payment. Sharp Performance may choose to bill through an invoice, in which case, full payment for invoices issued in any given month must be received by Sharp Performance thirty (30) days after the mailing date of the invoice (unless otherwise specified on the applicable Order Form). Unpaid amounts are subject to a finance charge of 1.5% per month on any outstanding balance, or the maximum interest rate permitted by law, whichever is lower, plus all expenses of collection. In addition to any other remedies available, Sharp Performance may suspend Services in the event of payment delinquency.

6.4 Payment Disputes. If the Customer believes that Sharp Performance has billed the Customer incorrectly, the Customer must contact Sharp Performance no later than thirty (30) days after the closing date on the first billing statement in which the alleged error or problem appeared in



order to receive an adjustment or credit. Inquiries should be directed to Sharp Performance's support department or the applicable Account Manager.

6.5 Taxes. All Fees and other amounts payable by the Customer under this Agreement are exclusive of taxes and similar assessments. The Customer is responsible for all sales, use, and excise taxes, and any other similar taxes, duties, and charges of any kind imposed by any federal, state, or local governmental or regulatory authority on any amounts payable by the Customer hereunder, other than any taxes imposed on Sharp Performance's income.

6.6 No Deductions or Setoffs. All amounts payable to Sharp Performance hereunder shall be paid by the Customer to Sharp Performance in full without any setoff, recoupment, counterclaim, deduction, debit or withholding for any reason except as may be required by applicable law.

6.7 Subpoena Expenses. If Sharp Performance has to provide information in response to a subpoena related to the Customer's account, then Sharp Performance may charge the Customer for Sharp Performance's reasonable costs. Such charges may include fees for attorney and employee time spent retrieving records, preparing documents and participating in depositions or other legal process as well as other costs incurred in complying with such legal processes

7. TERM AND TERMINATION

7.1 Term. This Agreement shall remain in effect until its termination as provided below (the "**Term**"). The term of each Statement of Services shall begin on the applicable "Services Effective Date" and continue for the "Service Term," in each case as specified in such Statement of Services. Each Order Form may renew for one (1) year periods if the Service Term is equal to or greater than one (1) year, or (ii) periods equal to the Service Term if the Service Term is less than one (1) year (each, a "**Renewal Term**"), written notice of renewal is received by the Sharp Performance at least sixty (60) days, but not less than thirty (30) days, prior to the expiration of the then current term.

7.2 Termination. Sharp Performance may terminate this Agreement upon written notice to the Customer if no Statement of Services is in effect. In addition to any other remedies it may have, either party may also terminate this Agreement upon written notice if the other party fails to pay any amount when due or otherwise materially breaches this Agreement and fails to cure such breach within thirty (30) days or as agreed upon by both parties after receipt of written notice of such breach from the non-breaching party. Notwithstanding the foregoing, if the Customer is a state agency or a political subdivision of a state, or a federal agency or a political subdivision of the federal government, or a public entity, the Customer may terminate this Agreement at any time (i) for convenience upon ninety (90) days' written notice to Sharp Performance, or (ii) if adequate funds to pay Sharp Performance all fees owed hereunder are not appropriated to such the Customer during the Term, unless otherwise authorized by law; provided, it is expressly agreed that the Customer shall not activate this non-appropriation provision for its convenience, substitution with another procurement system or solution, or to circumvent the requirements of this Agreement in any way. Sharp



Performance reserves the right to terminate this agreement in the event of a merger, reorganization, consolidation, sale of assets, bankruptcy, and/or dissolution of Sharp Performance.

7.3 Effect of Termination. Upon termination of the Agreement, each outstanding Statement of Services, if any, shall terminate and the Customer shall immediately cease all use of, and all access to, the Subscription Services and Sharp Performance shall immediately cease providing the Professional Services. If (i) Sharp Performance terminates this Agreement pursuant to the second sentence of Section 7.2, or (ii) the Customer terminates this Agreement pursuant to clause (i) of the last sentence of Section 7.2, all Fees that are earned to the date of termination will become immediately due and payable. .

7.4 Survival. Sections [3.1, 4–6, 7.2, 7.4, 9–12, 14-17] shall survive any termination or expiration of this Agreement. All other rights and obligations shall be of no further force or effect.

8. WARRANTY AND DISCLAIMER

8.1 Warranties. Sharp Performance represents and warrants that it will perform the Professional Services in a professional and workmanlike manner. Each party represents and warrants that it has the legal power to enter into this Agreement. Additionally, the Customer warrants that (i) the Customer owns or has a license to use and has obtained all consents and approvals necessary for the provision and use of all of the Customer Data that is placed on, transmitted via or recorded by a Platform and the Services; (ii) the provision and use of the Customer Data as contemplated by this Agreement and each Platform and the Services does not and shall not violate any the Customer's privacy policy, terms-of-use or other agreement to which the Customer is a party or any law or regulation to which the Customer is subject to; and (iii) none of the Customer Data will include social security numbers or other government- issued identification numbers, financial account numbers, credit card or debit card numbers, credit report information or other personal financial information, health or medical information or other information that is subject to international, federal, state, or local laws or ordinances now or hereafter enacted regarding data protection or privacy, including, but not limited to, the Health Insurance Portability and Accountability Act, the Health Information Technology for Economic and Clinical Health Act, the Fair Credit Reporting Act, the Children's Online Privacy Protection Act and the Gramm-Leach-Bliley Act.

8.2 Disclaimer. EXCEPT AS EXPRESSLY PROVIDED HEREIN OR IN A STATEMENT OF SERVICE, SHARP PERFORMANCE DOES NOT WARRANT THAT ACCESS TO THE PLATFORMS, SOFTWARE OR SERVICES WILL BE UNINTERRUPTED OR ERROR FREE, NOR DOES SHARP PERFORMANCE MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM USE OF THE SERVICES. FURTHER, SHARP PERFORMANCE MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO SERVICES PROVIDED BY THIRD PARTY TECHNOLOGY SERVICE PROVIDERS RELATING TO OR SUPPORTING A PLATFORM, INCLUDING HOSTING AND MAINTENANCE SERVICES, AND ANY CLAIM OF THE CUSTOMER ARISING FROM OR RELATING TO SUCH SERVICES SHALL, AS BETWEEN SHARP PERFORMANCE AND SUCH SERVICE PROVIDER, BE SOLELY AGAINST SUCH SERVICE PROVIDER. THE PLATFORMS, SOFTWARE AND



SERVICES ARE PROVIDED "AS IS," AND SHARP PERFORMANCE DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.

9. **INDEMNITY**.

9.1 Sharp Performance Indemnification. Sharp Performance will defend the Customer against any claim, suit, demand, or action made or brought against the Customer by a third party alleging that the Services, or the Customer's use or access thereof in accordance with this Agreement, infringes any intellectual property rights of such third party, and will indemnify and hold harmless the Customer from any damages, losses, liabilities, costs and fees (including reasonable attorney's fees) finally awarded against the Customer in connection with or in settlement of any such claim, suit, demand, or action. The foregoing obligations do not apply with respect to portions or components of any Platform or Service (i) supplied by The Customer , (ii) made in whole or in part in accordance with the Customer specifications, (iii) that are modified after delivery, or granting of access, by Sharp Performance, (iv) combined with other products, processes or materials where the alleged infringement relates to such combination, (v) where the Customer continues allegedly infringing activity after being notified thereof or after being informed of modifications that would have avoided the alleged infringement, or (vi) where the Customer's use of the Services is not strictly in accordance with this Agreement. If, due to a claim of infringement, a Platform is held by a court of competent jurisdiction to be or is believed by Sharp Performance to be infringing, Sharp Performance may, at its option and expense (a) replace or modify such Platform to be non-infringing provided that such modification or replacement contains substantially similar features and functionality, (b) obtain for the Customer a license to continue using such Platform, or (c) if neither of the foregoing is commercially practicable, terminate this Agreement and the Customer's rights hereunder and provide the Customer a refund of any prepaid, unused fees for such Platform. This Section states the Customer's sole and exclusive remedies for claims of infringement.

9.2 The Customer Indemnification. The Customer shall indemnify, hold harmless, and, at Sharp Performance's option, defend Sharp Performance from and against any damages, losses, liabilities, costs and fees (including reasonable attorney's fees) incurred by Sharp Performance resulting from any third-party claim, suit, action, or proceeding that to the extent that it is based on the Customer's or any Authorized User's (i) use of the Services in a manner not authorized by this Agreement; (ii) use of the Services in combination with data, software, hardware, equipment, or technology not provided by Sharp Performance or authorized by Sharp Performance in writing; or (iii) modifications to the Services not made by Sharp Performance. This section sets forth the Customer's sole obligation and liability and Sharp Performance's exclusive remedy with respect to any actions or losses described herein

9.3 Sole Remedy. THIS SECTION 9 SETS FORTH THE CUSTOMER'S SOLE REMEDIES AND SHARP PERFORMANCE'S LIABILITY AND OBLIGATION FOR ANY ACTUAL, THREATENED, OR ALLEGED CLAIMS THAT THE SERVICES INFRINGE,



MISAPPROPRIATE, OR OTHERWISE VIOLATE ANY INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

10. **GOVERNING LAW AND DISPUTE RESOLUTION**. This Agreement is governed in all respects by the laws of the State of California, without giving effect to its rules relating to conflict of laws. Any action at law, suit in equity, or judicial proceeding arising out of this Agreement shall be instituted and maintained only in the Superior Court for the County of Alameda or the United States District Court for the Northern District of California. Neither any adoption of the Uniform Computer Information Transactions Act nor the U.N. Convention on the International Sale of Goods applies to this Agreement or to the rights or duties of the parties under this Agreement. Prior to and as a condition of either Party's filing suit in state or federal court, the Parties shall engage in non-binding mediation conducted under the auspices of JAMS or other mutually agreeable dispute resolution service and in accordance with the California Rules of Court. The Parties shall mediate in good faith until settlement is reached or an impasse is declared by the mediator.

11. **SECURITY**. Sharp Performance may, from time to time, host and/or maintain a Platform using a third-party technology service provider. The Customer acknowledges that Sharp Performance cannot offer any additional or modified procedures other than those put in place by such technology provider with respect to such technology service.

12. **PUBLICITY**. The Customer agrees that Sharp Performance may identify the Customer in Sharp Performance's promotional materials. The Customer may request that Sharp Performance stop doing so by submitting an email to ben@sharpperformance.tech at any time. The Customer acknowledges that it may take Sharp Performance up to 30 days to process such request. Notwithstanding anything herein to the contrary, The Customer acknowledges that Sharp Performance may disclose the existence and terms and conditions of this Agreement to its advisors, actual and potential sources of financing and to third parties for purposes of due diligence.

13. **NOTICES**. All notices, consents, and other communications between the Parties under or regarding this Agreement must be in writing (which includes email and facsimile) and be addressed according to information provided on an Order Form. All notices, consents and other communications between the parties under a Statement of Services will be sent to the recipient's address specified thereon. All communications will be deemed to have been received on the date actually received. Either Party may change its address for notices by giving written notice of the new address to the other party in accordance with this Section.

14. **FORCE MAJEURE**. Sharp Performance is not responsible nor liable for any delays or failures in performance from any cause beyond its control, including, but not limited to acts of God, changes to law or regulations, embargoes, war, terrorist acts, acts or omissions of third party technology providers, riots, fires, earthquakes, floods, power blackouts, strikes, weather conditions or acts of hackers, internet service providers or any other third party or acts or omissions of the Customer or any Authorized User.



15. **ASSIGNMENT**. Neither party may assign this Agreement to any third party without the prior written consent of the other; provided that no consent is required in connection with an assignment to an affiliate or in connection with any merger, reorganization, consolidation, sale of assets or similar transaction. For the avoidance of doubt, a third-party technology provider that provides features or functionality in connection with a Platform shall not be deemed a sublicensee under this Agreement. This Agreement is binding upon and insures to the benefit of the Parties and their respective permitted successors and assigns.

16. GENERAL PROVISIONS. If any provision of this Agreement is found to be unenforceable or invalid, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable. This Agreement, together with Statement of Services entered into hereunder and all exhibits, schedules, annexes, and addenda hereto and thereto is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements, communications and other understandings relating to the subject matter of this Agreement. All waivers and modifications must be in a writing signed by both parties, except as otherwise provided herein. No agency, partnership, joint venture, or employment is created as a result of this Agreement, and neither party has authority of any kind to bind the other party in any respect whatsoever. In the event of a conflict between this Agreement and any Statement of Services, such Statement of Services shall prevail unless otherwise expressly indicated in this Agreement or such Statement of Services. The heading references herein are for convenience purposes only and shall not be deemed to limit or affect any of the provisions hereof. Unless otherwise indicated to the contrary herein by the context or use thereof: (i) the words "hereof," "hereby," "herein," "hereto," and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular Section or paragraph of this Agreement; (ii) the words "include," "includes" or "including" are deemed to be followed by the words "without limitation;" (iii) references to a "Section" or "Exhibit" are references to a section of, or exhibit to this Agreement; and (iv) derivative forms of defined terms will have correlative meanings. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and date first above written.

SHARP PERFORMANCE, INC. _____

By: _____ By: _____

Name: Benjamin Curley Name: _____

Title: CEO/President Title: _____



SHARP
PERFORMANCE

Schedule A - 1 | Order Form

The Hawthorne
Police Department
12501 Hawthorne Blvd,
Hawthorne, CA 90250

Eric Lane
elane@cityofhawthorne.org

Reference: 20250218-192528896
Quote created: February 18, 2025
Quote expires: May 19, 2025

Quote created by: Maxwell Bush
Sharp Performance
2659 State Street, #100
Carlsbad, CA 92008
max@sharpperformance.tech

Sharp Performance's product being offered to the personnel listed below include subscription services, professional services, unlimited access to Sharp coaches and chaplains, Sharp self-paced exercises and training, and partnership with Sharp to develop a customized resource directory.

Products & Services

Personnel	Authorized Users	Price Per User	Total
Sworn Users	100	$500.00 / year	$50,000.00 / year for 3 years
Civilian Users	60	$500.00 / year	$0.00 / year after 100% discount for 3 years
		Total Annual Cost	**$50,000.00**
		Total Contract Value	**$150,000.00**

Dates: Services Effective Date: TBD
Service Term: 3 years from contract date
Payment Due: Annually, Upon Delivery

SHARP
PERFORMANCE

Schedule A - 2 | Order Form

City of Hawthorne
4455 West 126th Street
Hawthorne, CA 90250
United States

Von Norris
vnorris@cityofhawthorne.org

Eric Lane
elane@cityofhawthorne.org

Reference: 20250218-154403581
Quote created: February 18, 2025
Quote expires: May 19, 2025

Quote created by: Maxwell Bush

Sharp Performance
2659 State Street, #100
Carlsbad, CA 92008
max@sharpperformance.tech

Sharp Performance's product being offered to the personnel listed below include subscription services, professional services, unlimited access to Sharp coaches and chaplains, Sharp self-paced exercises and training, and partnership with Sharp to develop a customized resource directory.

Products & Services

Personnel	Authorized Users	Price Per User	Total
Civilian Users	125	$500.00 / year	$24,998.75 / year after $37,501.25 discount for 3 years
		Total Annual Cost	**$24,998.75**
		Total Contract Value	**$74,996.25**

Dates: Services Effective Date: TBD
Service Term: 3 years from contract date
Payment Due: Annually, Upon Delivery



Sharp Performance Inc.
2659 State St #100,
Carlsbad, CA 92008
andrew@sharpperformance.tech,
ben@sharpperformance.tech

Schedule B

Statement of Services

Customer: the City of Hawthorne and the Hawthorne Police Department

Subscription Services: Unlimited access to application and all features within for authorized users (see Schedule A Order Form), and ongoing platform upgrades throughout the term of the contract.

Sharp Performance Mobile-App Features

1. **Mental Performance Coaching.** Connect with Sharp Performance's roster of highly-trained performance coaches. Each coach has been specially trained to work with high-risk professionals and help them reach their full potential on the job and at home. Work with coaches often focuses on goal-setting and accountability. Users have unlimited access to coaches.

2. **Self-Paced Training Modules.** Access hundreds of mobile-based training exercises, adapted from training protocols originally developed for the U.S. Military's Special Operations teams. These 2 to 10-minute exercises are designed specifically for high-risk professions and have demonstrated significant improvements in focus, stress endurance, and psychological flexibility.

3. **Resource Directory.** Access a customized directory of health and wellness resources that is designed in close collaboration with your agency. The directory includes, but is not limited to, internal mental health services, chaplains, health incentives, national hotlines, and commercial partnerships exclusive to Sharp Performance.

Professional Services:

1. **In-person onboarding with the Sharp team.** Sharp leadership will travel to the agency and work directly with personnel to maximize engagement with the platform. Sharp will consult with agency leadership and determine the most effective way to provide services to the highest number of personnel possible including. Services include, but are not limited to, a platform overview, personalized performance strategies, 1-on-1 coach matching consultations, and testimonials from coaches and existing users.

2. **Anonymized utilization reports.** Share anonymized data on utilization and user satisfaction with Department Leadership and/or program point-of-contact on a quarterly basis.

3. **Technical support.** On-demand customer support.

Sharp Performance Inc. will not charge the customer for travel associated with In-person training overview, onboarding, and Q&A.

AGENDA ITEM NO. 18.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Manager

City Manager: **Department Head:**

SUBJECT:
Telehealth Agreement -- Fiscal Year 2025--2026 Funding Allocation

RECOMMENDED MOTION:
Staff recommends that the City Council direct staff to bring back an agreement for Telehealth Services for Fiscal Year 2025--2026, with a budget not to exceed $100,000. Funding will be allocated from the Cannabis Community Outreach line item -- Mental Health and Wellness Account.

DISCUSSION:
Telehealth has been operating in the City of Hawthorne for the past three years, providing vital mental health and wellness support to residents. The program has been a key component of the City's community outreach strategy, contributing to many success stories.
Telehealth services have partnered closely with the City's Homeless Division, supporting Community Mondays and offering direct resources and counseling to Bridge of Hope residents and other unhoused individuals.

Funding for this agreement will not exceed $100,000 and will be drawn from the FY 2025--2026 Cannabis Community Outreach line item, under the Mental Health and Wellness account. No impact to the General Fund is anticipated. Given the demonstrated value and success of Telehealth in supporting the City's most vulnerable populations, staff recommends continued investment in these services to further enhance community wellness and mental health support.

Upon Council direction, staff will return with a proposed agreement for Telehealth services that outlines deliverables, performance measures, and reporting requirements for the new fiscal year.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
N/A

FISCAL IMPACT:
Fiscal Year 2025--2026, with a budget not to exceed $100,000. Funding will be allocated from the Cannabis Community Outreach line item -- Mental Health and Wellness Account.

NOTICING PROCEDURE:
72 Hours

AGENDA ITEM NO. 19.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Attorney

City Manager: **Department Head:**

SUBJECT:
Amendment No. One to the License Agreement Between the City of Hawthorne, Hawthorne Airport, LLC. and Northrop Grumman Systems Corporation for Monitoring of Wells

RECOMMENDED MOTION:
Staff Recommends that the City Council Approve the First Amendment to the License Agreement Between the City of Hawthorne, Hawthorne Airport, LLC. and Northrop Grumman Systems Corporation for the Monitoring of Wells at the Airport and Authorize the City Manager to Execute the Agreement and Minor Changes Thereto.

DISCUSSION:
The City, Hawthorne Airport, LLC. and Northrop Grumman Systems Corporation (Northrop) originally entered into a License Agreement for Monitoring Wells on June 9, 2020. The purpose of the agreement was for Northrop to conduct the monitoring of 12 wells and potentially dig 6 additional wells for monitoring at the Hawthorne Airport. The monitoring of the wells were needed due to the potential contamination of groundwater migration from Northrop. The term of the agreement was for five years and was to expire on June 9, 2025. Since the execution of the agreement, an additional well was dug and therefore, Northrop is currently monitoring 13 wells and leaves 5 for potential digging and monitoring.

The Amendment to the Agreement extends the term to an additional 5 years. It also reflects the current number of monitored wells and replaces the Exhibit that shows the locations of the wells with the updated map of the 13 wells.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:
N/A

FISCAL IMPACT:
Northrop will continue to pay the city $400 per year for each monitored well, or $5,200 per year.

NOTICING PROCEDURE:
72 hours posted notice pursuant to Ralph M. Brown Act.

ATTACHMENTS
Original Agreement dated 6/9/2020
Amendment No. One
New Exhibit A

LICENSE AGREEMENT FOR MONITORING WELLS

THIS LICENSE AGREEMENT (hereinafter "Agreement") is made and entered as of this day of June 9, 2020 in the City of Hawthorne by and between the CITY OF HAWTHORNE, a municipal corporation ("City"), Hawthorne Airport, LLC, a Delaware limited liability company ("Lessee"), and Northrop Grumman Systems Corporation, a Delaware corporation ("Grantee"); and

WHEREAS, the City and Lessee 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 and that certain Third Amendment to Ground Lease dated as of June 28, 2017 (collectively, the "Master Lease") concerning certain real property located in the City of Hawthorne, Los Angeles, California, at the Hawthorne Municipal Airport – Jack Northrop Field (hereinafter called the "Airport Property"); and

WHEREAS, Grantee desires to monitor twelve (12) existing wells and upon request to the City to drill and monitor up to 6 additional wells on the Airport Property. The locations of the existing wells are shown on attached map (Exhibit A); and

WHEREAS, some of the locations shown on Exhibit A are within the area leased by Lessee from the City; and

WHEREAS, the location and general description of the wells is satisfactory to the City and Lessee; and

WHEREAS, said monitoring wells are for the purpose of determining the extent, if any, of impacted groundwater migration from the former Northrop Grumman Systems Corporation facility located south of the Airport between Crenshaw Boulevard and Prairie Avenue in the City of Hawthorne (the "Facility Site"); and

NOW, THEREFORE, the parties hereto agree as follows:

The City hereby grants to Grantee for the term of five(5) years from the effective date of this Agreement, subject to extensions at the discretion of the City, subject, further, to all the special and general provisions attached hereto and made a part hereof, the right and privilege to construct, erect, maintain, operate, repair, renew, remove and abandon monitoring wells for determining the extent of impacted groundwater migration in the City of Hawthorne as described and shown on Exhibit "A" attached hereto and made a part thereof.

To the extent Grantee's monitoring wells will be installed on property leased by the City to Lessee, Lessee hereby agrees to permit Grantee access to its leased property as necessary to exercise Grantee's rights under this Agreement. Work in Obstruction Free and Object Free areas as defined and approved by the FAA shall be at night during periods of runway closure. Runway closures shall be approved by the Airport Manager and Hawthorne Airport, LLC. The Grantee shall make every effort possible to minimize the duration of work that requires runway closure.

GENERAL PROVISIONS

I. LOCATION OF WELLS - The existing wells are located as described and shown in Exhibit "A". For the installation of new wells, the Grantee shall provide locations for such wells to the the City. If such proposed locations are not acceptable to the City and the Lessee (to the extent such sites are located on Lessee's leasehold), then the City and the Lessee shall coorperate with Grantee to identify alternate locations that will be acceptable to Grantee, the City and Lessee. Grantor shall consult with Lessee, as appropriate, in determining alternative locations for the new wells that do not interfere with the use and/or operation of the Hawthorne Airport.

II. CONSTRUCTION OF WELLS

A. Time of Construction. The Grantee, in good faith, shall complete the construction of any new well within within 30 days after commencing construction. The use and operation of the Hawthorne Airport, and Grantee's access to construction sites at Hawthorne Airport, is solely within the discretion of the City and the Lessee and may be modified from time to time without recourse by the Grantee.

B. Non-Interference. The Grantee shall perform all installation, sampling, and testing of the monitoring wells in a manner so as to not unreasonably interfere with the use and/or operation of the Hawthorne Airport.

C. As-Built Drawings and Maps. Within ninety (90) days following the date in which any wells have been constructed under this Agreement, the Grantee shall file as-built drawings and maps in such form as may reasonably be required by the City, showing accurately the location and size of the wells then in place, and shall, upon installation of any additional wells, or upon removal, change or abandonment of all or any portion thereof, file revised as-built drawings and maps showing the location and size of all such additional, removed or abandoned wells as of that date.

D. Other Approvals. The installation and operation of the wells shall be to existing requirements of the City of Hawthorne and the Los Angeles Regional Water Quality Control Board.

E. Installation and Testing of Wells. The wells shall be installed, sampled and tested in substantial accordance with the RCRA Facility Investigation Work Plan prepared for the Site, as may be amended or modified with approval of the California Environmental Protection Agency, Department of Toxic Substances Control (DTSC).

III. CONFORMANCE REQUIREMENTS

A. Conformance with State Codes. The wells and appurtenances shall be constructed in accordance with all State of California Standards for the construction of wells as set forth in State laws, rules or regulations.

B. Conformance with City Ordinances and Permits. The wells and appurtenances shall be constructed in conformity with all City ordinances, rules or regulations in effect at the time of construction, or as prescribed by the City.

C. Conformance with Regulations and Requirements of Boards and Agencies. The wells shall be constructed and maintained in accordance with standards, regulations, or existing requirements of the Los Angeles Regional Water Quality Control Board and the State of California Department of Health Services.

IV. CLEANUP OF BREAKS AND LEAKS

If any portion of any street, structure, facility or other improvement shall be damaged by reason of Grantee's construction, operation or maintenance of any wells constructed or maintained under this Agreement, or if any street, sidewalk, sewer, storm drain or other structure, facility or other improvement be contaminated with waste water or other substance due to well operations by the Grantee, the Grantee shall, at its own expense, immediately repair or clean up or cause to be repaired or cleaned up any such damage or contamination and put such street, sidewalk, sewer, storm drain or other structure, facility or improvement in substantially as good condition as it was before such damage or contamination, to the reasonable satisfaction of the City. Such cleanups shall be accomplished in a timely manner, with as little public disruption as possible.

V. EMERGENCY CREWS

During the term of this Agreement, the Grantee shall provide within twenty-four (24) hours of being notified by the City or as soon as possible thereafter, crews for the purpose of assessing the need for repairs, cleanup, preventing or minimizing serious immediate damage or the threat of damage to people or the environment related to the wells in the event of an emergency resulting from an earthquake, act of war, civil disturbance, flood, leakage or other cause.

VI. REARRANGEMENT OF FACILITIES

A. Expense of Grantee. Whenever, during the existence of this Agreement, the City or the Lessee shall undertake any work to modify the Airport facilities and such work, in the opinion of the City or Lessee, renders necessary any change in the position or location of any of the existing or new wells subject to this Agreement, the Grantee shall, at its own cost and expense, do any and all things to effect such change in position or location or abandon the wells, in conformity with the written notice provided for in Paragraph C below. If Grantee elects to relocate

the affected wells rather than abandon them, the City and/or Lessee agrees to cooperate with Grantee to identify new locations for such wells that are acceptable to DTSC.

B. Rearrangement of the Facilities of Others. Nothing in this Agreement shall be construed to require the City or the Lessee to move, alter or relocate any of their respective facilities upon the Airport Property, at their own expense, for the convenience, accommodation or necessity of any other public utility, person, firm or corporation, or to require the City or the Lessee or any person, firm or corporation now or hereafter owning a public utility system of any type or nature, to move, alter or relocate any part of its system upon the Site for the convenience, accommodation or necessity of the Grantee.

C. Notice. The Grantee shall be given not less than ninety (90) days written notice of any change or relocation of wells which the Grantee is required to make hereunder.

VII. REMOVAL OR ABANDONMENT OF WELLS

A. Application to City. At the expiration, revocation or termination of this Agreement or of the permanent discontinuance of the use of its wells or any portion thereof, the Grantee shall, within thirty (30) days thereafter, make a written application to the City for authority either (a) to abandon all, or a portion, of such wells in place; or (b) to remove all, or a portion, of such wells. Such application .shall describe the wells desired to be abandoned or removed by reference to the map or maps required by Article II, Section B, of this Agreement and shall also describe with reasonable accuracy the relative physical condition of such wells.

B. Determination of City. The City shall determine whether such abandonment or removal which is thereby proposed may be effected without detriment to the public interest or under what conditions such proposed abandonment or removal may be safely effected. The City shall then notify the Grantee in writing within 30 days following its receipt of Grantee's application and according to such reasonable conditions as shall be specified, that the Grantee may either effect abandonment or removal, as directed by the City, within ninety (90) days thereafter.

C. Failure to Properly Abandon. If any wells permitted by the City to be abandoned in place subject to prescribed conditions are not be abandoned in accordance with all such conditions, then the City may make additional appropriate orders, including, if deemed desirable, an order that the Grantee shall remove all such wells in accordance with applicable requirements. In the event the Grantee shall fail to remove any wells which the Grantee is obligated to remove in accordance with such applicable requirements within such time as may reasonably be

prescribed by the City, then the City may remove or cause to be removed such wells at the Grantee's expense and the Grantee shall pay to the City the actual cost thereof plus the current rate of overhead being charged by the City for reimbursable work.

VIII. INDEMNIFICATION BY GRANTEE

A. Grantee will indemnify, defend, and hold harmless City, the City Council, each member thereof, present and future, its officers, agents and employees, and Lessee and its officers agents and employees (hereinafter "the Indemnified Parties") from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever brought by third parties, relating to Grantee's activities under this Agreement, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the Grantee's responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the acts or omissions, or willful misconduct of Grantee, its officers, employees, agents, subcontractors or vendors relating to Grantee's activities under this Agreement. Grantee's obligations to indemnify, defend and hold harmless the Indemnified Parties shall not extend to liability resulting solely from the negligence, or willful misconduct of the Indemnified Parties or any vendors or contractors of the Indemnified Parties. Payment by the Indemnified Parties is not a condition precedent to enforcement of this indemnity. In the event of any dispute between Grantee and the Indemnified Parties, as to whether liability arises from the sole negligence of the Indemnified Parties or any vendors or contractors of the Indemnified Parties, Grantee will be obligated to pay for the defense in the underlying action until such time as a judgment has been entered adjudicating one or more of the Indemnified Parties or any vendors or contractors of the Indemnified Parties as solely negligent. Grantee will be entitled in the event of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

B. Grantee also shall indemnify and hold harmless the Indemnified Parties from and against all claims, costs, expenses, actions, lawsuits, expenses of response, remediation, or cleanup costs, or damages and liability of any kind whatsoever, including but not limited to attorney fees and expenses, directly or indirectly arising out of or attributable to the release or threatened release of a hazardous substance from its wells. Grantee expressly covenants, warrants and promises not to sue the City, its officers, agents and/or employees in any action for contribution or indemnification for any remediation cleanup costs or response which Grantee undertakes as a result of any release of hazardous substances from its wells.

This indemnity ~~shall commence upon Grantee's~~ shall continue in full force and effect for a period of three (3) years after the termination of this Agreement or the

satisfactory removal or authorized abandonment of the wells, whichever shall last occur and shall extend to claims with respect to events that occurred during the term of any prior agreement between the parties with respect to the wells.

IX. INSURANCE REQUIREMENTS

A. INSURANCE

Upon commencing construction of any wells under this Agreement, Grantee shall procure and maintain for the duration of the Agreement insurance described in items 1 and 2 below against claims for injuries to persons or damages to property which may arise from, or in connection with, the use of City of Hawthorne property hereunder by the Grantee, its agents, representatives, employees or subcontractors. The insurance must be full coverage, or if self-insured, such self insurance must be approved by the City's Risk Manager. Grantee shall insure that its contractor who installs, repairs, plugs or abandons the wells will procure and maintain the insurance listed in item 3 below for the duration of the installation, repair, plugging or abandonment activities.

1. Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability.

    a. Primary Bodily Injury with limits of at least $250,000 per person, $500,000 per occurrence and;

    b. Primary Property Damage with limits of at least $100,000 per occurrence, or;

    c. Combined single limits of at least $500,000 per occurrence.

2. General Liability including coverage for premises, products and completed operations, independent contractors/vendors, explosion, collapse and underground hazards, and contractual obligations with combined single limits of at least $1,000,000 per occurrence.

3. Pollution Liability with coverage for:

    a. Bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death;

    b. Property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed;

c. Defense, including costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages, and

d. Losses caused by pollution conditions that arise from the operations of the grantee described under the Scope of Services of this contract with combined single limits of at least $1,000,000 per occurrence.

4. Workers' Compensation with limits as required by the State of California and Employers Liability with limits of at least $500,000.

B. ADDITIONAL INSURED

The City of Hawthorne and Hawthorne Airport, LLC must be named as additional insureds with respect to liability arising out of the operation by Grantee of its wells.

C. INCREASE IN REQUIREMENTS

Such insurance shall be maintained by the Grantee upon commencement of construction of the wells and for the life of Agreement, and each year on the anniversary of this Agreement after installation of the wells has been completed, Grantee will provide updated evidence that such insurance is in force. The City has the right during the term of this Agreement to amend the insurance requirements to increase the amount and scope of coverage. The City covenants that it will not exercise such right in an unreasonable manner.

X. DEFAULT

A. Effect of Default. In the event that the Grantee shall default in the performance of any of the terms, covenants and conditions herein and such default is curable, the City shall give written notice to the Grantee of such default. In the event that the Grantee does not commence the work necessary to cure such default within thirty (30) days after such notice is sent or prosecute such work diligently to completion, the City may declare this Agreement forfeited. Upon giving written notice thereof to the Grantee, this Agreement shall be void and the rights of the Grantee hereunder shall terminate and the Grantee shall execute an instrument of surrender and deliver same to the City.

B. Force Majeure. In the event Grantee is unable to perform any of the terms of this Agreement by reason of strikes, riots, acts of God, acts of public enemies or other such cause beyond its control, it shall not be deemed to be in default or have forfeited its rights hereunder if it shall commence and prosecute such performance with reasonable promptness as soon as it is possible to do so.

C. Cumulative Remedies. No provision herein made for the purpose of securing the enforcement of the terms and conditions of this Agreement shall be deemed an exclusive remedy, or to afford the exclusive procedure, for the enforcement of said terms and conditions, but the remedies and procedures herein provided, in addition to those provided by law, shall be deemed to be cumulative.

XI. SCOPE OF RESERVATION

The enumeration herein of specific rights reserved shall not be construed as exclusive or as limiting any general reservation herein made or as limiting such rights as the City may now or hereafter have in law.

XII. NOTICE

All notices, requests, demands, or other communications under this Agreement must be in writing. Notice will be sufficiently given for all purposes as follows:

A. Personal delivery. When personally delivered to the recipient: notice is effective on delivery.

B. Certified mail. When mailed certified mail, return receipt requested: notice is effective on receipt, if delivery is confirmed by a return receipt.

C. Overnight delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account: notice is effective on delivery, if delivery is confirmed by the delivery service.

D. Email transmission. When sent by email to the last email address of the recipient known to the party giving notice: notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written confirmation of receipt. Any notice given by email will be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day. Addresses for purpose of giving notice are as follows:

Grantee: Northrop Grumman Systems Corporation
Aeronautics Systems
One Hornet Way, W1-902/W2
El Segundo, CA 90245
Attn: Kassidy Jones – Program Lead,
Environmental Remediation

With a copy to: Northrop Grumman Systems Corporation
2980 Fairview Park Drive
Falls Church, VA 22042
Attn: Law Department - Real Estate Legal Notices

City of Hawthorne: Arnold Shadbehr, P.E.
City Manager
4455 W. 126th Street
Hawthorne, CA 90250

Hawthorne
Airport, LLC: Hawthorne Airport, LLC
Attention: Levi Stockton
12101 Crenshaw Blvd., Suite 100
Hawthorne, CA 90250

Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified will be deemed effective as of the first date the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messenger or overnight delivery service.

Any party may change its address by giving the other party notice of the change in any manner permitted by this Agreement.

XIII. SUCCESSORS AND ASSIGNS

The terms herein shall inure to the benefit of or shall bind, as the case may be, the successors and assigns of the parties hereto. This Agreement and all rights and obligations thereunder may be assigned by Grantee with the consent of the City which shall not be unreasonably withheld. However, such assignment shall not relieve Grantee of any of its obligations under Sections VII, VIII or XVI of this Agreement in the event Grantee's assignee fails to perform such obligation.

XIV. ACCEPTANCE OF AGREEMENT

This Agreement is entered and shall be held and enjoyed only upon the terms and conditions herein contained.

XV. CONSTRUCTION OF AGREEMENT

This Agreement is the result of arms-length negotiation between the parties. Accordingly, any rule of construction of contracts (including, without limitation, California Civil Code Section 1654) that ambiguities are to be construed against the drafting party shall not be employed in the interpretation of this Agreement.

XVI. SPECIAL PROVISIONS

A. Bond. This Agreement is granted on the condition that the Grantee has upon commencement of construction of the wells pursuant to this Agreement and at all times during the life of this Agreement shall keep on file with the City a bond running to the City in the sum of Five Thousand Dollars ($5,000) per well, executed by a reputable indemnity company entitled to do business in the State of California. The said Bond shall contain the condition that the Grantee shall well

and truly observe, fulfill and perform each and every term and condition of this Agreement, and that in case of any breach of condition of said Bond the whole amount of the sum therein named shall be taken and deemed to be liquidated damages and shall be recoverable from the principal and from the sureties upon said Bond. The provisions of this paragraph shall not exempt the Grantee from compliance with any of the laws of the City in force during the term hereof, which require the Grantee to post a Bond other than the bond required by this paragraph.

B. . Fees. As reimbursement for administrative costs in the execution of this Agreement, the Grantee shall pay to the City in lawful money of the United States a fee of Four Hundred Dollars ($400) per well per calendar year. For new wells, this obligation shall begin with the year that the well is first installed. For all wells, this obligation shall continue until the well is removed or abandoned pursuant to Article VII of this Agreement. This payment shall be made to the City within 45 days of Grantee receiving an invoice therefore from the City. If payment is made by check, it shall be made payable to the City of Hawthorne and shall be forwarded to the Chief of General Services, 4455 West 126th Street, Hawthorne, CA 90250.

C. Analytical Data. Grantee agrees to provide, on request, copies of all analytical test reports to the City as soon as said reports are available.

CITY OF HAWTHORNE
A Municipal Corporation

By _____
ALEX VARGAS
Mayor of the City of Hawthorne

NORTHROP GRUMMAN SYSTEMS CORPORATION
A Delaware Corporation

By _____
AJ Paz
Director, Corporate Real Estate

ATTEST:

By _____
DR. PAUL JIMENEZ, City Clerk
City of Hawthorne, California

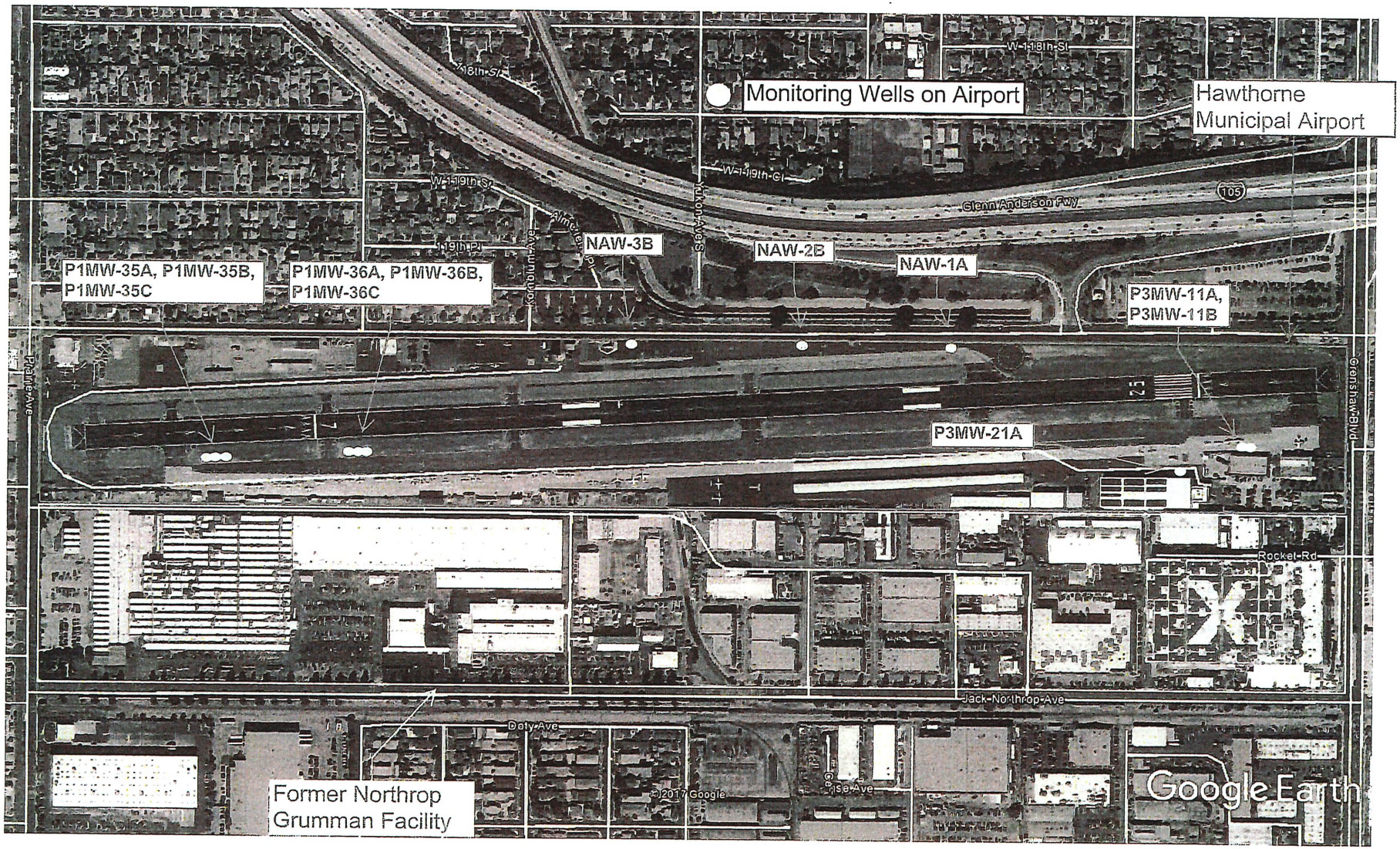
HAWTHORNE AIRPORT, LLC,
a Delaware limited liability company

_____
Dave Wehrly
President, Hawthorne Airport, LLC

APPROVED AS TO FORM:

_____
RUSSELL I. MIYAHIRA
City Attorney
City of Hawthorne, California

EXHIBIT A



feet 3000

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EQUIPOISE CORPORATION

Image source: Google Earth

Airport Monitoring Well Locations Former Northrop Grumman Facility, Hawthorne, California	**PLATE 1** Sheet: Revision No: 0 Date: May 2020

AMENDMENT NO. ONE TO THE LICENSE AGREEMENT BETWEEN THE CITY OF HAWTHORNE, HAWTHORNE AIRPORT, LLC AND NORTHROP GRUMMAN SYSTEMS CORPORATION FOR MONITORING OF WELLS

This First Amendment ("Amendment No. 1") to the Agreement between the City of Hawthorne ("City"), Hawthorne Airport, LLC ("Lessee") and Northrop Grumman Systems corporation ("Grantee") for the monitoring of wells at Hawthorne Municipal Airport – Jack Northrop Field ("Airport Property") is hereby entered into as of June 8, 2025 ("Effective Date").

RECITALS

A. Reference is hereby made to License Agreement for Monitoring Wells ("Agreement") dated June 9, 2020 between the City, Lessee and Grantee; and

B. The Agreement granted the Grantee the right to construct, erect, maintain, operate repair renew, remove and abandon monitoring wells for determining the extent of impacted groundwater migration in the City of Hawthorne as described on Exhibit "A" attached to the Agreement; and

C. The Agreement provided for Lessee to permit Grantee the access to the Airport Property for the monitoring of wells on the property leased by the City to Lessee under certain conditions, including the potential closure of the runway; and

D. The Agreement specified for the monitoring of 12 wells with potential request for an additional 6 locations for drilling and monitoring, pursuant to which the Grantee is now monitoring an additional well to a total of 13 wells with 5 locations for potential drilling and monitoring, that also causes the need to updated Exhibit "A"; and

E. The Agreement also required Grantee to procure and maintain a General Liability and Pollution Liability insurance coverage of single limits of at least $1,000,000 per occurrence for each liability coverage; and

F. The term of the Agreement was for five years and therefore, the Agreement will expire on June 9, 2025; and

G. The Parties desire to extend the Agreement for additional five years and update Grantee's General Liability and Pollution Liability insurance coverage limits.

NOW, THEREFORE, in consideration of the Parties' performance of the promises, covenants, and conditions stated herein, the Parties hereby agree as follows:

The Exhibit "A" is hereby deleted and replaced by a new Exhibit "A" attached hereto.

The second paragraph of the recitals and third paragraph on page one is hereby deleted and replaced by a new recital paragraph, which shall read as follows:

WHEREAS, Grantee desires to monitor thirteen (13) existing wells and upon request to the City to drill and monitor up to 5 additional wells on the Airport Property. The locations are shown on attached map (Exhibit A); and

The first paragraph after the recitals on page one of the Agreement is hereby deleted and replaced by a new paragraph, which shall read as follows:

> The City hereby grants to Grantee for the term of five (5) years from the effective date of this Amendment No. One to the Agreement, subject to the extensions at the discretion of the City, subject, further, to all the special and general provisions attached hereto and made a part hereof, the right and privilege to construct, erect, maintain, operate, repair, renew, remove and abandon monitoring wells for determining the extent of impacted groundwater migration in the City of Hawthorne as described and shown on Exhibit "A" attached hereto and made a part thereof.

Section IX(A)(2) of the Agreement is hereby deleted and replaced by a new Section IX (A)(2), which shall read as follows:

> 2. General Liability including coverage for premises, products and completed operations, independent contractors/vendors, explosion, collapse and underground hazards, and contractual obligations with combined single limits of at least $2,000,000 per occurrence and $4,000,000 aggregate.

Section IX(A)(3)(d) of the Agreement is hereby deleted and replaced by a new Section IX(A)(3)(d), which shall read as follows:

> d. Losses caused by pollution conditions that arise from the operation of the Grantee described under the Scope of Services of this contract with combined single limits of at least $2,000,000 per occurrence and $4,000,000 aggregate.

Section XII(D), only as to City of Hawthorne, is hereby deleted and replaced by a new Notice provision for City of Hawthorne, which shall read as follows:

City of Hawthorne: Vontray Norris
City Manager
4455 West 126th Street
Hawthorne, CA 90250

Except as specifically amended by this Amendment No. One, all other provisions of the Agreement, including all exhibits attached thereto, shall remain in full force and effect.

IN WITNESS THEREOF**,** the Parties hereto have executed this Amendment No. 1 on the day and year first shown above.

[*SIGNATURE PAGE FOLLOWS*]

The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.

City of Hawthorne,
a California municipal corporation

By: _____
Name: Vontray Norris
Title: City Manager

Northrop Grumman Systems Corporation
A Delaware Corporation

By: _____
Name:
Title: Director, Corporate Real Estate

Hawthorne Airport, LLC
A Delaware Limited Liability Company

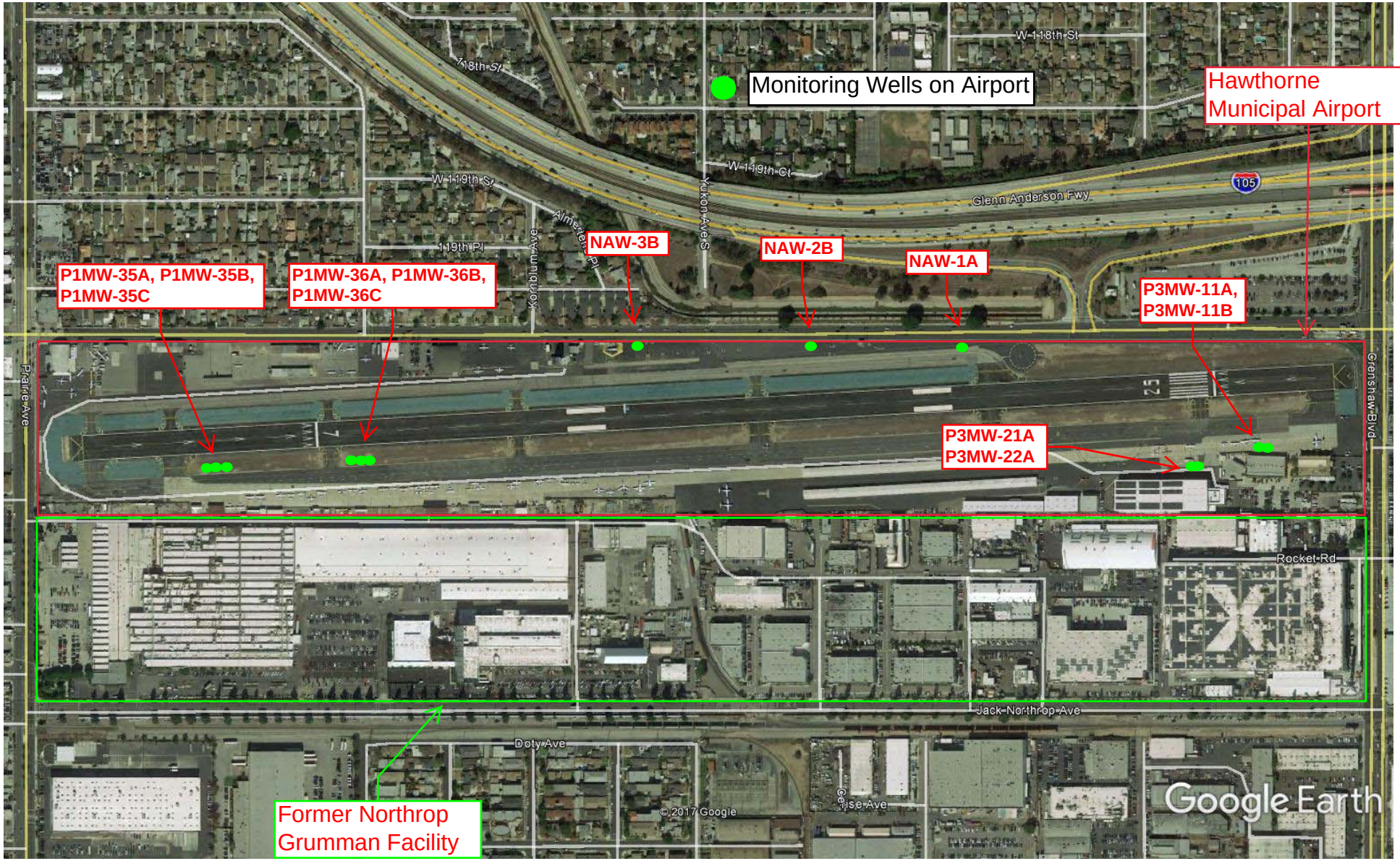
By: _____
Name:
President, Hawthorne Airport, LLC

ATTEST:

By: _____
Name: Dayna Williams-Hunter
Title: City Clerk

APPROVED AS TO FORM:

By: _____
Name: Robert M. Kim
Title: City Attorney



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EQUIPOISE CORPORATION

Image source: Google Earth

Airport Monitoring Well Locations

Former Northrop Grumman Facility, Hawthorne, California

PLATE 1

Sheet:

Revision No: 0

Date: April 2025

AGENDA ITEM NO. 20.

CITY OF HAWTHORNE
City Council
AGENDA BILL
For the meeting of 05/27/2025
Originating Department: City Manager

SUBJECT:
Sister Cities - K. Manning