

**ASSIGNMENT OF FIXED BASE OPERATION LEASE AGREEMENT  
20556**

**ORIGINAL**

This **ASSIGNMENT OF FIXED BASE OPERATION LEASE AGREEMENT** ("Assignment") is made and entered into as of the 1 day of February, 2006, by and between PETROWINGS LIMITED, a California general partnership, ("Assignor"), and AIRSPACE LLC, a Delaware limited liability company, having an office at 90 William Street, New York, NY 10038 ("Assignee").

**WHEREAS**, the City of Long Beach ("Landlord") and Petrowings Limited, sometimes erroneously referred to as a limited partnership with respect to the Original Lease as defined below and certain other related agreements, entered into a Fixed Base Operation Lease November 16, 1988 (the "Original Lease") identified as Contract No. 20556, by which Landlord leased to Petrowings Limited three (3) parcels of real property more particularly described as Parcel 1 consisting of 3.11 acres, Parcel 2 consisting of 0.08 acres, and Parcel 3 consisting of 0.37 acres, the descriptions of which are attached as an exhibit to the Original Lease, for a term commencing on December 1, 1988, and continuing for a period of forty (40) years.

**WHEREAS**, the Original Lease was amended by that certain First Amendment to Fixed Base Operation Lease (the "First Amendment") dated December 19, 1989 and identified as Contract No. 20556.

**WHEREAS**, the Original Lease was further amended by that certain Second Amendment to Fixed Base Operation Lease (the "Second Amendment") dated July 10, 2000, and identified as Contract No. 20556, by which Parcel 2 consisting of 0.08 acres was transferred from the Petrowings Limited leasehold to the Los Angeles County Sheriff's Aerobureau leasehold, and Parcel 4 consisting of 0.24 acres was transferred from Los Angeles County Sheriff's Aerobureau leasehold to the Petrowings Limited leasehold.

**WHEREAS**, all of Petrowings Limited's right, title, and interest under the Lease pertaining to Parcel 3, consisting of 0.37 acres, was assigned to Brahma Properties, LLC, a California limited liability company ("Brahma") by Assignment of Lease, Consent and Attornment made as of October 1, 2003. The Original Lease, First Amendment and Second Amendment are referred to collectively herein as the "Lease" and a copy is attached and incorporated by reference as Exhibit A.

**WHEREAS**, Assignor and Assignee entered into a Sublease of Fixed Based Operation Lease dated May 1, 2005 ("Sublease") (a copy of the Sublease is attached hereto and incorporated herein as Exhibit B) relating to a certain portion of the land and improvements located on Parcel 1, more commonly known as 4310 Donald Douglas Drive, located in the City of Long Beach, State of California, generally described as office suite 102, office suite 202, hangers 103 and 104 and adjacent ramp area (collectively the "Property"), a copy of the plan of the Property is attached hereto and incorporated herein as Exhibit C.

**WHEREAS**, Assignor and Assignee entered into an Option Agreement dated May 13, 2005 ("Option Agreement") (a copy of the Option Agreement is attached hereto and incorporated herein as Exhibit D) whereby Assignor granted to Assignee the option to purchase all of Assignor's right, title and interest under the Lease pursuant to the terms of the Option Agreement.

**WHEREAS**, Assignee hereby exercises its rights under the Option Agreement and Assignor agrees to assign to Assignee all of Assignor's right, title and interest under the Lease pertaining to Parcel 1 consisting of 3.11 acres, and Parcel 4 consisting of 0.24 acres, comprising approximately 3.35 +/- total acres.

**NOW THEREFORE**, in consideration of the premises set forth above and the promises set forth below, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree to the following terms and conditions.

1. **Recitals.** The Recitals set forth above are incorporated into and made a part of this Assignment.
2. **Assignment.** Assignor hereby assigns, conveys, transfers and delivers to Assignee all of Assignor's right, title and interest under the Lease.
3. **Assumption.** Assignee hereby accepts the assignment of Assignor's rights, title and interest under the Lease, and hereby assumes, undertakes and agrees to perform and discharge all of Assignor's duties and obligations under the Lease.
4. **Termination of Sublease.** Upon complete execution of this Assignment, the Sublease shall be deemed terminated and of no further force and effect and all of the rights and obligations of the Assignor and Assignee thereunder shall be deemed null and void.
5. **Governing Law.** This Assignment shall be governed by, and construed and enforced in accordance with, the laws of the State of California, without reference to conflict of law principles.
6. **Counterparts.** This Assignment may be executed in two or more fax counterpart copies and all such executed fax counterparts shall constitute one agreement which shall be binding on Assignor and Assignee notwithstanding that both parties are not signatories to the same counterpart or counterparts.
7. **Further Assurances.** Assignor and Assignee hereby agree to execute, acknowledge and deliver such other statements, certificates, affidavits, instruments, and other documents as may be reasonably requested by the other party in order to confirm, perfect, evidence or otherwise effectuate the assignment and assumption effected hereby.
8. **Acknowledgement.** Assignee hereby acknowledges and agrees to Section 4, Access Road Rights and Maintenance Obligations, in that certain Assignment of Lease, Consent and Attornment dated as of October 1, 2003 by and among Assignor and Brahma Properties, LLC, a copy of which is attached hereto as Exhibit E.

**IN WITNESS THEREOF**, Assignor and Assignee have executed this Assignment for delivery as of the date first written above.

**ASSIGNOR:**

PETROWINGS LIMITED,  
a California general partnership

Ernest Q Martin

By: Ernest Q Martin

**ASSIGNEE:**

AIRSPACE LLC,  
a Delaware limited liability company

Arik Kislin

By: Arik Kislin

**CONSENT TO ASSIGNMENT**

**LANDLORD:**

CITY OF LONG BEACH, a municipal corporation

Gerald R. Miller

By: Gerald R. Miller

APPROVED AS TO FORM

2/6, 2005

ERT E. SHANNON, City Attorney

[Signature]

DEPUTY CLERK OF COURTY

STATE OF NEW YORK

COUNTY OF *New York*

I CERTIFY that on *Feb 2nd*, 2006, before me, *Joan L. Lopez*, personally appeared Arik Kislin, personally known to me to (or proved to me on the basis of satisfactory evidence) be the person whose name is subscribed to the ASSIGNMENT OF FIXED BASE OPERATION LEASE AGREEMENT and acknowledged to me that he executed the same in his authorized capacity, and that by his 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.

(SEAL)

**Joan L. Lopez**  
Notary Public, State of New York  
No. 01LO6070676  
Qualified in Kings County  
Commission Expires March 4, 2008

*Joan L. Lopez*  
SIGNATURE OF NOTARY

STATE OF CALIFORNIA

COUNTY OF *Los Angeles*

I CERTIFY that on *Feb 3*, 2006, before me, *Sharon D. Wilson, Notary Public*, personally appeared Ernest Q. Martin, personally known to me to (or proved to me on the basis of satisfactory evidence) be the person whose name is subscribed to the ASSIGNMENT OF FIXED BASE OPERATION LEASE AGREEMENT and acknowledged to me that he executed the same in his authorized capacity, and that by his 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.

(SEAL)

**SHARON D. WILSON**  
Commission # 1625818  
Notary Public - California  
Los Angeles County  
My Comm. Expires Dec 26, 2009

*Sharon D. Wilson*  
SIGNATURE OF NOTARY

STATE OF CALIFORNIA

COUNTY OF

I CERTIFY that on \_\_\_\_\_, 2006, before me, \_\_\_\_\_, personally appeared \_\_\_\_\_, personally known to me to (or proved to me on the basis of satisfactory evidence) be the person whose name is subscribed to the ASSIGNMENT OF FIXED BASE OPERATION LEASE AGREEMENT and acknowledged to me that he executed the same in his authorized capacity, and that by his 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.

(SEAL)

\_\_\_\_\_  
SIGNATURE OF NOTARY

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Los Angeles } ss.

On February 9, 2006 before me, LINDA C. RAMSAY, N.P.  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared GERALD R. MILLER  
Name(s) of Signer(s)

personally known to me  
 ~~proved to me on the basis of satisfactory evidence~~

to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he~~ ~~she~~ ~~they~~ executed the same in his ~~her~~ ~~their~~ authorized capacity(ies), and that by his ~~her~~ ~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Linda C. Ramsay  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Assignment of Fixed Base Operation Lease

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

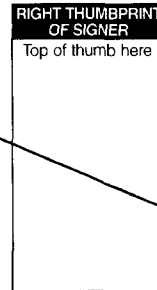


EXHIBIT A

LEASE

**CONTRACT  
20556**

**LONG BEACH MUNICIPAL AIRPORT**

**FIXED BASE OPERATION LEASE**

**CITY OF LONG BEACH**

**LANDLORD**

**PETROWINGS LIMITED**

**TENANT**

**John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802  
Telephone (213) 590-6081**

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FIXED BASE OPERATION LEASE

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3 The following Lease is made and entered into, in  
4 duplicate, as of the 16<sup>th</sup> day of November, 1988, pur  
5 suant to minute order adopted by the City Council, City of Long  
6 Beach at its meeting held on the <sup>15<sup>th</sup> ~~th~~</sup> 3<sup>rd</sup> day of November, 1987, <sup>8<sup>th</sup> ~~th~~</sup>  
7 by and between the CITY OF LONG BEACH, a municipal corpora-  
8 tion, hereinafter referred to as "LANDLORD" and PETROWINGS  
9 LIMITED, a California limited partnership, having its  
10 place of business at 4310 Donald Douglas Drive, Long Beach,  
11 California 90808, hereinafter referred to as "TENANT".  
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1. LEASED PREMISES

In consideration of the faithful performance of the covenants and conditions hereinafter agreed to be kept by LANDLORD and TENANT, LANDLORD does hereby lease and TENANT does hereby take and accept the following described premises hereinafter referred to as Leased Premises, which consists of approximately 3.56 acres of land as shown on the drawing and legally described in Exhibit "A" attached hereto and made a part hereof by this reference, commonly referred to as 4310 Donald Douglas Drive, Long Beach, California.

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2. CONDITION OF LEASED PREMISES

A. TENANT accepts the leased premises in an as is condition and acknowledges that TENANT has not received and LANDLORD has not made any warranty, express or implied as to the condition of the premises or any improvements, structures substructures, or infrastructures located thereon.

B. Except as otherwise set forth in this agreement, TENANT agrees to bear all expenses incurred in the development, operation and maintenance of said premises including improvements thereto existing at the time TENANT assumes possession.

C. TENANT agrees to keep the leased premises in a neat, orderly and safe condition and free of waste, rubbish and debris during the term of this lease.

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3. TERM

The term of this Lease shall commence on December 1, 1988, and shall continue thereafter for a period of forty (40) years.

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4. RENT

4.1 Base Rent

TENANT agrees to pay LANDLORD as land rental for the Leased Premises the sum of \$43,420.60 per year for the first twelve months of the lease term, which is \$3.50 per square foot of land value and 8% rate of return, payable in twelve equal installments of \$3,618.38 per month. During the second twelve months of the lease term, TENANT shall pay LANDLORD as land rental the sum of \$49,623.55 in twelve equal installments of \$4,135.29, based on a land value of \$4.00 per square foot and 8% rate of return. During the third twelve months of the lease term, TENANT shall pay LANDLORD as land rental the sum of \$55,826.49 in twelve equal installments of \$4,652.20, based on a land value of \$4.50 per square foot and 8% rate of return. During the fourth twelve months of the lease term, TENANT shall pay LANDLORD as land rental the sum of \$62,029.44 in twelve equal installments of \$5,169.12, based on a land value of \$5.00 per square foot and 8% rate of return. During the fifth twelve months of the lease term, TENANT shall pay LANDLORD as land rental the sum of \$68,232.38 in twelve equal installments of \$5,686.03, based on a land value of \$5.50 per square foot and 8% rate of return. During the sixth twelve months of the lease term, TENANT shall pay LANDLORD as land rental the sum of \$74,435.32 in twelve equal installments of \$6,202.94, based on a land value of \$6.00 per square foot and 8% rate of return. During the seventh through tenth twelve-month periods, annual

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1 rents shall be increased by an amount equal to the increase in  
2 the Consumer Price Index (Los Angeles/Long Beach Base Year 1987  
3 - All Urban Consumers, All Items) over the preceding twelve-month  
4 period provided, however, that such annual adjustment shall not  
5 exceed twelve percent (12%). Each monthly installment is payable  
6 to LANDLORD on the first day of each calendar month during the  
7 term of this Lease. Said installments shall be subject to  
8 adjustment as provided for herein.

9 In the event the obligation to pay rent commences on  
10 some date other than the first day of the month, the first month's  
11 rent shall be prorated to reflect the actual period of occupancy.

12 Payment of rental hereunder shall be considered delin-  
13 quent on the tenth day of month following the date the TENANT  
14 understands and agrees that LANDLORD shall not be obligated to  
15 bill or otherwise advise TENANT of the date when rental charges  
16 are due and payable.

17 The annual rent is based on a land value of \$6.00 per  
18 square foot and an 8% rate of return which is agreed to by both  
19 parties to be the fair market land value and rate of return as  
20 of the date of this lease. The initial discounts for years  
21 1 through 5 recognizes the capital investment in the property  
22 and allows the TENANT an opportunity to achieve full occupancy  
23 of the development.

#### 24 4.2 Back Rent

25 Not more than five days after the date of execution  
26 of this Lease by LANDLORD's City Manager, TENANT shall pay all  
27 back rent due, in a lump sum equal to \$1,692.94 per month for  
28 each month during the period beginning February 1, 1985,

1 through and including the effective date of this new lease,  
2 prorated for any partial month, less the amount of any actual  
3 rental payments in the sum of \$1,083.33, made during the same  
4 period. This back rent is calculated on the basis of 89,298  
5 square feet x \$3.25 x 7 percent.

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1 5. RENTAL ADJUSTMENT

2  
3 On the first day of the eleventh, twenty-first and  
4 thirty-first years from and after the commencement date of this  
5 lease, the land rental shall be adjusted by determining land value  
6 and prevailing rate of return for the period in question using the  
7 procedure set out in section 5.2 of this lease. However, in no  
8 event shall the rent after any application of the adjustment pro-  
9 cess be less than the land rent in effect prior to the adjustment

10 5.1 Definitions.

11 5.1.1 Fair Market Value. As used in this Lease the  
12 term "fair market value", shall mean the fair market value  
13 of the Premises with adjustments and considerations as  
14 follows:

15 A. The value of the Premises at its highest and best  
16 use shall be a factor and be included.

17 B. The value of any improvements placed on the prop-  
18 erty shall be excluded and not considered.

19 C. The nature and extent to which the real property  
20 title is affected by, among others, reservations, covenants,  
21 conditions, easements, encumbrances, restrictions on use  
22 or other restrictions on the enjoyment or use of the prop-  
23 erty, whether or not imposed upon said Premises by City  
24 or others shall be considered.

25 5.1.2 Rate of Return. As used in this Lease, the  
26 term "rate of return" shall be a sum two percentage points  
27 greater than the average prime lending rate over the 3 year  
28 period immediately prior to the rental adjustment date as

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1 published by the Wall Street Journal or other published  
2 resource document generally available and of equivalent  
3 reliability, or any government publication which provides  
4 such information.

5 5.2 Ground Rent Adjustment Procedure.

6 The Ground Rent for the subject leasehold shall be  
7 adjusted by multiplication of the fair market value of the  
8 property by the rate of return at the periods specified in Sec-  
9 tion 5 of this Lease. The fair market value and rate of return,  
10 as defined in Section 5.1 of this Lease, shall be agreed to by  
11 the LANDLORD and TENANT at least 180 days prior to the Ground  
12 Rent Adjustment date specified in Section 5. LANDLORD shall  
13 notify TENANT at least 90 days prior to the rental adjustment  
14 date, as to the new rental rates. Both parties shall meet  
15 and agree on the new rates. However, if LANDLORD and TENANT  
16 have not agreed to the adjustment terms at least 60 days  
17 prior to the Ground Rent adjustment date, then by written  
18 notice of either party to the other, the fair market value  
19 and rate of return shall be determined by arbitration, using the  
20 following procedure:

21 A. The LANDLORD and TENANT shall each have indepen-  
22 dent appraisals or other appropriate valuation analyses  
23 prepared that include an analysis of comparable land  
24 transactions in the same land use and either zoned for  
25 or improved with similar or like facilities. The com-  
26 parable transactions shall consist principally of  
27 aviation-related uses of similar and like development  
28 at airports of comparable size and scope of development

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1 prepared within the previous 12 months. The appraisers,  
2 if used by the LANDLORD and TENANT, shall be MAI members  
3 of the American Institute of Real Estate Appraisers or a  
4 successor organization in the event the American Institute  
5 of Real Estate Appraisers ceases to exist. The valuation  
6 analysis must be complete within 45 days of giving notice  
7 of intent to arbitrate by either party.

8 B. The appraisals or valuation analyses shall state  
9 in writing the proposed values and rates of return, and  
10 the reasons therefor.

11 C. The appraisals shall be presented to a single  
12 neutral arbitrator who shall hear and determine the  
13 dispute in the manner described in this Section.

14 D. After written notice is given by either party  
15 demanding arbitration, the parties shall agree upon  
16 a single neutral arbitrator to hear and determine the  
17 dispute. If such an arbitrator is not selected by  
18 mutual agreement within 30-days after giving of notice  
19 of intent to arbitrate, then within an additional  
20 twenty (20) days the parties shall select a neutral  
21 arbitrator from the list of retired judges available  
22 to settle such disputes which is maintained by the  
23 Los Angeles County Superior Court. Each party shall  
24 have the right to strike two names from the list.  
25 Having done so, the parties must select from one of the  
26 remaining names. In all cases the "neutral arbitrator"  
27 shall be a retired judge of the Superior or higher court  
28 of California.

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1 E. Within 20 days from the date of his selection,  
2 the neutral arbitrator shall arrange for a simul-  
3 taneous exchange of the appraisals or valuation  
4 analyses, the neutral arbitrator shall schedule  
5 presentation by the appraisers of the appraisals  
6 or valuation analyses within 10 days thereafter.  
7 The neutral arbitrator may question the appraisers  
8 as to the method and reasonableness of their  
9 respective appraisals. Thereafter, either party  
10 may modify its proposed resolution within a time  
11 determined by the neutral arbitrator. The neutral  
12 arbitrator shall select from the two final pro-  
13 posed resolutions the one that most closely approxi-  
14 mates his determination of fair market value and  
15 prevailing rate of return based upon the appraisals  
16 or valuation analyses submitted. The neutral  
17 arbitrator shall have no right to adopt a compromise  
18 or a middle ground or any modification of either of  
19 the two final proposed resolutions. The resolution  
20 the neutral arbitrator selects shall constitute the  
21 decision and award of the arbitrator and be final and  
22 binding upon the parties. The neutral arbitrator  
23 shall render a decision within 10 days after the  
24 the date for modification of proposed resolution.  
25 Any fee or costs incurred by the use of a neutral  
26 arbitrator shall be promptly paid by the party

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1           whose proposed resolution was rejected by the  
2           neutral arbitrator.

3           5.3   No Waiver

4           No failure by Landlord's accounting or clerical  
5           personnel to notify Tenant of any rental adjustment provided for  
6           herein shall be construed as a waiver of the right of the Land-  
7           lord to require such adjustment as of the date or dates when it  
8           should have been made, nor shall any such failure be held to  
9           estop Landlord from requiring such adjustment. This provision  
10          shall not apply to any rental adjustment sought more than five  
11          (5) years after its originally scheduled date.

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6. LATE PAYMENT

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3 If money payable to LANDLORD as a condition of this  
4 Lease is not paid when due, interest at the rate of ten percent  
5 (10%) of the amount due and unpaid shall be added to the amount  
6 due and the total sum shall become immediately due and payable  
7 to LANDLORD. Such interest shall be compounded on the amount  
8 unpaid, including accrued interest for any month that said  
9 amount remains unpaid, provided, however, that payments not  
10 made within sixty (60) days from the date first due shall be  
11 deemed to be in default.

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1 7. CONSTRUCTION, ALTERATION AND CHANGES

2  
3 TENANT shall not construct, install, modify, paint  
4 or otherwise change any structures, facilities or exterior signs  
5 on the Leased Premises without prior written approval of LANDLORD  
6 Airport Manager.

7 TENANT shall not place upon the Leased Premises any  
8 portable buildings, trailers, or other like portable structures  
9 without prior written approval of LANDLORD's Airport Manager.  
10 TENANT hereby agrees to remove any such structure that may exist  
11 on the Leased Premises within six (6) months from date of execu-  
12 tion thereof.

13 The fire access lane on the west side of Parcel 1  
14 shall not be blocked or obstructed at any time.  
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1 8. CONSTRUCTION AND BONDING

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3 No construction shall be commenced upon the Leased  
4 Premises by TENANT until TENANT has furnished LANDLORD with a  
5 Completion Bond in the amount of the total estimated construction  
6 cost of the improvements to be constructed by TENANT. In lieu of  
7 this Completion Bond, LANDLORD will accept the performance, labor  
8 and material bonds supplied by TENANT's contractor or contractors  
9 provided said bonds are issued jointly to TENANT and LANDLORD.  
10 Said bonds must be issued by a company qualified to do business  
11 in the State of California and acceptable to LANDLORD. Said  
12 bonds shall be in a form acceptable to LANDLORD and shall insure  
13 faithful and full observance and performance by TENANT of all  
14 the terms, conditions, covenants, and agreements relating to  
15 construction of improvements upon the Leased Premises.

16 A. BONDS.

17 (1) On or before the date of commencement of con-  
18 struction of any building, structure or other improvements  
19 on the Leased Premises, TENANT shall file or cause to be  
20 filed with LANDLORD, a Performance Bond and a Payment Bond  
21 executed by TENANT or TENANT's contractor and by a surety  
22 authorized to do business in the State of California as  
23 surety guaranteeing the performance of the provisions of  
24 this Lease. If said bond is executed by the TENANT's  
25 contractor it shall name the TENANT and the LANDLORD as  
26 joint obligees.

27 (2) The term of both bonds shall commence on or be-  
28 fore the date of filing with LANDLORD. The Performance Bond

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1 shall remain in effect until the date of completion of  
2 the work to the reasonable satisfaction of LANDORD's  
3 City Manager or his designate. The Payment Bond shall  
4 remain in effect until the expiration of the period of  
5 filing a claim of lien as provided in Title 15 of Part 4  
6 of the California Civil Code, and as hereafter amended, or  
7 if a claim of lien is filed, the expiration of the period  
8 for filing an action to foreclose such lien, or until the  
9 Leased Premises are freed from the effect of such claim  
10 of lien and any action brought to foreclose such lien pur-  
11 suant to the provisions of said Title 15 of Part 4 or the  
12 lien is otherwise discharged.

13 (3) The Performance Bond shall be in the amount and  
14 provide a penalty of one hundred percent (100%) of the  
15 valuation of the improvements to be constructed. The Pay-  
16 ment Bond shall be in the amount and provide a penalty of  
17 one hundred percent (100%) of the valuation of the improve-  
18 ments to be constructed.

19 (4) In lieu of the Performance Bond and Payment Bond  
20 required in subsections (1), (2) and (3) hereof, TENANT  
21 may furnish cash, assignment of account, time certifi-  
22 cate of deposit.

23 B. FORCE MAJEURE.

24 The time within which TENANT is obligated hereunder  
25 to construct, repair or rebuild any building or other improvement,  
26 or cure any default on the part of TENANT hereunder shall be ex-  
27 tended for a period of time equal in duration to, and performance.

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1 in the meantime shall be excused on account of and for and durin  
2 the period of time equal in duration to any delay caused by  
3 strikes, threats of strikes, lockouts, war, threats of war,  
4 insurrection, invasion, acts of God, calamities, violent action  
5 of the elements, fire action or regulation of any governmental  
6 agency, law or ordinance, impossibility of obtaining materials,  
7 or other things beyond the reasonable control of TENANT.

8

9 C. NO FORFEITURE.

10 If, for any reason, TENANT shall fail to complete  
11 construction of buildings, structures or other improvements with-  
12 in the time herein provided therefor and TENANT pays to the City  
13 the liquidated damages therefor as provided in Paragraph 6  
14 hereof, this Lease shall not be subject to cancellation or for-  
15 feiture as a result thereof, notwithstanding anything to the  
16 contrary herein contained.

17

18 D. APPLICABLE LAWS. (SUBJECT TO CHANGE)

19 The Leased Premises are presently zoned MG. Any build-  
20 ings, structures or other improvements constructed or placed  
21 thereon shall be constructed or placed in accordance with the  
22 laws and regulations of the State and City applicable to develop-  
23 ment in Zone MG.

24 E. PROPERTY OF CITY.

25 Any buildings, structures or other improvements con-  
26 structed or placed on the Leased Premises by TENANT shall remain  
27 the property of TENANT unless otherwise approved in writing by  
28 LANDLORD. Said building, structures and other improvements,

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1 less paving, shall be removed by TENANT within ninety (90) days  
2 following expiration or termination of this Lease. All such  
3 improvements remaining on the premises after ninety (90) days  
4 shall become the property of LANDLORD without compensation there-  
5 for, and may be removed as provided in Paragraph 9 of this lease.

6  
7 **F. LIENS.**

8 (1) Subject to TENANT's right to contest the same  
9 as hereinafter provided, TENANT agrees that it will pay as  
10 soon as due all mechanics, laborers, materialmen, con-  
11 tractors, subcontractors or similar charges, and all other  
12 charges of whatever nature which may become due, attached  
13 to or payable on said property or any part thereof or any  
14 building, structure or other improvements thereon, from and  
15 after the date as of which this Lease is executed. Nothing  
16 herein contained shall in any respect make TENANT the agent  
17 of the LANDLORD, or (except as otherwise specifically  
18 provided in this Lease), authorize TENANT to do any act or  
19 to make any contract encumbering or in any manner affecting  
20 the title or rights of the LANDLORD in or to the Leased  
21 Premises or in the improvements thereon.

22 (2) Before any buildings, structures or other im-  
23 provements, repairs or additions thereto, are constructed or  
24 reconstructed upon the Leased Premises, TENANT shall serve  
25 written notice upon the LANDLORD's City Manager in the manner  
26 specified in this Lease of TENANT's intention to perform  
27 such work for the purpose of enabling the LANDLORD to post  
28 notices of non-responsibility under the provisions of Sec-

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1 tion 3094 of the Civil Code of the State of California, or  
2 any other similar notices which may be required by law.

3 (3) If any such mechanics or other liens shall at  
4 any time be filed against the Leased Premises, TENANT  
5 shall cause the same to be discharged of record within  
6 thirty (30) days after the date of filing the same, or  
7 otherwise free the Leased Premises from the effect of  
8 such claim of lien and any action brought to foreclose  
9 such lien, or TENANT shall promptly furnish to the LANDLORD  
10 a bond in an amount and issued by a surety company satis-  
11 factory to the LANDLORD securing the LANDLORD against paymen  
12 of such lien and against any and all loss or damage what-  
13 soever in any way arising from the failure of TENANT to  
14 discharge such lien.

15 (4) Any contest by TENANT of any such liens shall be  
16 made by TENANT in good faith and with due diligence and  
17 TENANT shall fully pay and immediately discharge the amount  
18 of any final judgment rendered against the LANDLORD or  
19 TENANT in any litigation involving the enforcement of such  
20 liens or the validity thereof.

21 (5) In the event of TENANT's failure to discharge of  
22 record any such uncontested lien within said thirty (30)  
23 day period or to pay and satisfy any such judgment as afore-  
24 said, the LANDLORD may, but shall not be obliged to, pay  
25 the amount thereof, inclusive of any interest thereon and  
26 any costs assessed against TENANT in said litigation, or  
27 may discharge such lien by contesting its validity or by  
28 any other lawful means.

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(6) Any amount paid by the LANDLORD for any of the aforesaid purposes, and all reasonable legal and other expenses of the LANDLORD including reasonable counsel fees, in defending any such action or in connection with procuring the discharge of such lien, with all necessary disbursements in connection therewith, together with interest thereon at the rate provided by law from the date of payment shall be repaid by TENANT to LANDLORD on demand.

(7) TENANT will indemnify, defend and hold LANDLORD harmless from any liens of whatever nature arising from TENANT's occupancy of the premises by virtue of that certain lease dated February 24, 1960, and superseded by this lease. All liens shall be paid, cleared or otherwise removed by TENANT.

9. REMOVAL OF IMPROVEMENTS

TENANT shall re-deliver possession of the premises to LANDLORD upon expiration of the term of this lease, or other termination hereof, clear of all improvements and restored to level grade. Should TENANT fail to remove all improvements from the Premises, any remaining improvements shall be deemed abandoned property which LANDLORD may remove at its sole discretion without liability to any lienholder or for any cost of labor or material incurred by TENANT during TENANT's possession of the Premises. It is specifically agreed that LANDLORD may charge the cost of any such removal to TENANT and that TENANT will pay that sum without objection. It is further agreed that the obligation to pay for removal of improvements shall extend for one year beyond the end of the term or other termination of the lease.

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10. SECURITY DEPOSIT

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3 A security deposit in the sum of FIVE THOUSAND  
4 DOLLARS (\$5,000) shall be provided LANDLORD by TENANT prior to  
5 the commencement date of this Lease. Said security deposit  
6 shall be by one of the methods set forth below and shall  
7 guarantee TENANT's full and faithful performance of all the  
8 terms, covenants, and conditions of this Lease:

9 A. Cash.

10 B. Surety bond written by a surety company authorized  
11 to transact business in the State of California. Said bond shall  
12 be subject to approval by the City Manager as to sufficiency and  
13 by the City Attorney as to form.

14 C. The assignment to LANDLORD of a savings deposit  
15 held in a financial institution acceptable to LANDLORD. Such  
16 assignment shall be evidenced at least by the delivery to LAND-  
17 LORD of the original passbook reflecting said savings deposit  
18 and a written assignment of said deposit to LANDLORD in a form  
19 approved by LANDLORD.

20 D. A time certificate of deposit from a financial in-  
21 stitution wherein the principal sum is made payable to LANDLORD  
22 or order. Both the financial institution and the form of the  
23 certificate must be approved in advance by LANDLORD.

24 E. An instrument or instruments of credit from one or  
25 more financial institutions subject to regulation by the state or  
26 federal government pledging that funds are on deposit and guar-

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1 anteed for payment and providing that said funds shall be trust-  
2 funds securing TENANT's performance and that all or any part sha  
3 be paid to LANDLORD, or order, upon demand by LANDLORD. Both th  
4 financial institution(s) and the form of the instrument(s) must  
5 be approved by LANDLORD.

6  
7           Regardless of the manner in which TENANT elects to make  
8 said security deposit, all or any portion of the principal sum  
9 shall be available unconditionally to LANDLORD for correcting any  
10 default or breach of this Lease by TENANT or TENANT's successors  
11 or assigns, or for payment of expenses incurred by LANDLORD as a  
12 result of the failure of TENANT or TENANT's successors or assigns  
13 to faithfully perform all of the terms, covenants and conditions  
14 of this Lease. Should TENANT elect to assign a savings deposit  
15 to LANDLORD or provide a time certificate of deposit, or provide  
16 an instrument of credit to fulfill the security deposit require-  
17 ments of this Lease, said assignment, certificate or instrument  
18 shall have the effect of releasing the depository or financial  
19 institution therein from liability on account of the payment of  
20 any or all of the principal sum to LANDLORD, or order, upon  
21 demand by LANDLORD. The agreement entered into by TENANT with a  
22 financial institution to establish the deposit necessary to  
23 permit assignment or issuance of a certificate as provided above  
24 may allow the payment of interest accruing on account of said  
25 deposit to TENANT or order. TENANT shall maintain the required  
26 security deposit throughout the entire term of this Lease or any  
27 extension thereof. Failure to do so shall be deemed a default  
28 and shall be grounds for immediate termination of this Lease.



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1 The security deposit shall be rebated, reassigned, released, or  
2 endorsed to TENANT, or order, as applicable at the end of the  
3 lease term, provided TENANT has fully and faithfully performed  
4 each and every term, covenant and condition of this Lease. No  
5 interest shall be paid to TENANT on said security deposit.

6 TENANT agrees that if TENANT violates any of the terms  
7 covenants and conditions of this Lease and fails to cure such de-  
8 fault within the time hereinafter provided therefore, then, in  
9 that event, the entire amount of the security deposit shall be  
10 applied by LANDLORD in discharge and satisfaction of any delinque  
11 rentals or other element of default and/or retained by TENANT as  
12 liquidated damages because it is agreed by and between the partie  
13 hereto that a judge or jury would be unable to adequately deter-  
14 mine such damages.

15 Should the security deposit be insufficient to compen-  
16 sate LANDLORD for its loss due to TENANT's failure to comply with  
17 the terms and conditions of this Lease, TENANT shall be liable  
18 for any deficiencies resulting therefrom.

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11. USE

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3 The Leased Premises and any and all improvements  
4 located or erected thereupon shall be used for the purpose of  
5 conducting a fixed base operation in conformity with LANDLORD'S  
6 adopted minimum standards for aeronautical uses and no other  
7 purpose. The fixed base operation is limited to the following  
8 aeronautical and support uses which are inclusive.

9 A. Sale of new and used aircraft (both retail and  
10 wholesale);

11 B. Sale of aircraft parts and accessories (both  
12 retail and wholesale);

13 C. Sale of aircraft parts, components and allied  
14 equipment;

15 D. Sale of new and used avionics and electronic  
16 equipment;

17 E. Sale of new and used aircraft instruments;

18 F. Storage, distribution, sale and dispensing  
19 of aviation fuel and lubricants on the Leased Premises and  
20 operation of fuel trucks from the leased premises to dispense  
21 fuel off premises subject to approval of the Airport Manager  
22 and obtaining required permits;

23 G. Sale of pilot supplies and accessories;

24 H. Leasing and rental of aircraft;

25 I. Sale of aircraft insurance;

26 J. Financing of aircraft;

27 K. Operation of air cargo and air freight acti-  
28 vities subject to prior written approval of LANDLORD'S Airport

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1 Manager;

2 L. Flight operations, including ground school,  
3 flight training/proficiency, demonstration of aircraft for sale,  
4 charter and air taxi. Charter/Air Taxi operations are subject  
5 to prior written approval of LANDLORD's Airport Manager. The  
6 conduct of scheduled commercial service is expressly prohibited;

7 M. Maintenance, repair, overhaul and modification  
8 of aircraft, aircraft engines, airframes, flight systems, instru-  
9 ments, avionics, electronics equipment, propellers and related  
10 aircraft components;

11 N. Rental of aircraft storage hangars and open  
12 tie-down facilities;

13 O. Operation of a UNICOM radio transmitter and  
14 receiver (subject to written approval of LANDLORD's  
15 Airport Manager);

16 P. Washing, detailing and waxing of aircraft;

17 Q. Providing upholstery, cabinetry and interior  
18 services;

19 R. Parachute, fire extinguisher and oxygen ser-  
20 vices;

21 S. Line Services for the purpose of meeting the  
22 needs of transient aircraft;

23 T. Operation of food vending equipment and/or  
24 a coffee bar for the purpose of serving TENANT's  
25 employees and customers;

26 U. Maintenance and servicing of TENANT-owned  
27 and operated automotive ramp equipment;

28 V. Aviation oriented offices.

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W. Any such other aviation related uses as may be approved in writing by LANDLORD's Airport Manager and which do not conflict with future airport terminal facilities.

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12. UNAUTHORIZED USES

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3           Only the uses specified in the use clause hereof are  
4 authorized uses, and such uses are authorized only when con-  
5 ducted by TENANT or a Subtenant approved in advance by LANDLORD'  
6 City Manager. All other business activities engaged in on or  
7 from the Leasehold premises for involving provision of services  
8 or products to parties other than TENANT or an approved Subtenant  
9 for financial gain are prohibited. Said prohibition shall be  
10 enforced by TENANT.  
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1 13. OPERATION OF BUSINESS

2  
3 A. TENANT shall continuously use and operate the  
4 premises, during all usual business hours and on all such days  
5 as comparable business of like nature in the area are open for  
6 business in accordance with the provisions of this Lease relating  
7 to use. If the premises are destroyed or partially condemned  
8 and this Lease remains in full force and effect, TENANT shall  
9 continue operation of its business at the premises to the extent  
10 reasonably practical as determined by good business judgment  
11 during any period of reconstruction.

12  
13 B. TENANT shall appoint in writing an authorized local  
14 agent duly empowered to make decisions on behalf of TENANT in all  
15 routine administrative and operational matters relating to the  
16 Leased Premises who shall be available during normal business  
17 hours. TENANT shall notify LANDLORD's Airport Manager in writing  
18 of the name, address and telephone number of the said agent and  
19 shall supply therewith a copy of the writing appointing the agent.

20  
21 C. All uses operating on or from the Leased Premises  
22 shall maintain an office in Los Angeles or Orange County which  
23 is staffed during normal business hours.

24  
25 D. Rotary winged aircraft may not be parked, repaired  
26 or operated from the Leased Premises without the prior written  
27 approval of the Airport Manager and such approval, if granted, is  
28 subject to Airport Rules and Regulations and may be terminated

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by the Airport Manager on thirty (30) days notice unless otherwise specified in writing at the time of said written approval. Execution of this Lease shall be deemed to be approval for the rotary wing operations of Security Pacific Bank from the premise

E. TENANT agrees to provide reasonable services at reasonable prices compared to those prevailing at comparable airports within the Southern California area.

14. COMPLIANCE WITH LAW

No improvements or structures either permanent, temporary or portable, shall be erected, placed upon, operated or maintained on the Leased Premises, nor shall business or any other activity be conducted or carried on, in, onto, or from the Leased Premises in violation of the terms of this Lease or any duly adopted rules, regulations, orders, law, statute, by-law, or ordinance of any governmental agency having jurisdiction thereover.

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1 15. IMPROVEMENTS

2 TENANT shall complete the following improvements to  
3 the Leased Premises within the time periods specified below,  
4 as measured from the date of execution of this Lease by LAND-  
5 LORD's City Manager:

6 A. The site has been developed in accordance with  
7 Exhibit "B" of this Lease and is acceptable to LANDLORD in its  
8 design and uses.

9 B. The facility shall be a full service fixed base  
10 operation (FBO) and shall at all times comply with the City's  
11 minimum standards for aeronautical uses.

12 C. Any fuel facility constructed on the premises  
13 shall be constructed according to plans approved in writing  
14 in advance by the Airport Manager and conforming to design  
15 standards established by the City of Long Beach and FAA and  
16 any other interested regulatory agency. TENANT shall reimburse  
17 LANDLORD for all expenses incurred due to Airport perimeter  
18 roadway modifications or improvements necessary to accommodate  
19 fuel facility.

20 D. TENANT shall seal concrete pavement joints on  
21 eastern side of leasehold, adjacent to recent taxiway  
22 construction, in accordance with plans approved in writing in  
23 advance by the Airport Manager.

24 E. As built construction plans and specifications  
25 for completed construction on the leasehold shall be submitted  
26 to the Airport Manager within sixty (60) days after execution  
27 of this Lease.

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Plans prepared by TENANT for the above-cited improvements shall be approved by LANDLORD's Airport Manager and the Department of Planning and Building of the City of Long Beach, and shall receive a determination of no objection from the Federal Aviation Administration, prior to commencement of work.

TENANT shall conduct its construction operations so that such operations will in no way interfere with the normal operation and use of the Long Beach Municipal Airport by LANDLORD and other persons and organizations entitled to use of the same.

After completion of the work set out in this section, TENANT shall not perform any other construction upon the Leased Premises, nor shall TENANT modify, alter, or remove permanent improvements lying within the Leased Premises without the prior written approval of LANDLORD's Airport Manager.

16. MONTHLY REPORT

2 Within fifteen (15) days after execution of this Lease  
3 TENANT shall submit a written report to LANDLORD's Airport Manag  
4 listing all based aircraft located on the Leased Premises. Said  
5 report shall be prepared on a form supplied by LANDLORD, and sha  
6 include for each based aircraft located on the Leased Premises:  
7 the make, model, registration number, color, space or hangar  
8 number, registered owner(s) name(s), address(es) and telephone  
9 number(s). Should aircraft be on lease, the same information  
10 required for owner shall be provided for any or all lessee(s) of  
11 said aircraft.

12 For purposes of this section, a based aircraft is any  
13 aircraft which makes arrangements to park at Long Beach Airport  
14 for any purpose other than those specified herein, to wit:

15 A. Visiting or transient aircraft who utilize parking  
16 facilities for less than fifteen (15) days in any thirty (30)  
17 day period.

18 B. Aircraft maintaining tiedown or storage space at  
19 another airport that are undergoing maintenance, service or re-  
20 pair by a tenant or subtenant.

21 C. New aircraft awaiting sale and/or delivery by a  
22 tenant or subtenant where delivery subsequent to sale occurs  
23 within thirty (30) calendar days.

24 D. Used aircraft for sale by a tenant or subtenant wher  
25 delivery subsequent to sale occurs within thirty (30) calendar days

26 TENANT further agrees that by the tenth (10th) day of  
27 each month to submit a list showing additions to, or deletions  
28 from, the above mentioned written report.

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17. INDEMNIFICATION AND HOLD HARMLESS

TENANT expressly agrees to defend, protect, indemnify and hold harmless the City, its officers, agents and employees free and harmless from and against any and all claims, demands, damages, expenses, losses or liability of any kind or nature whatsoever which LANDLORD, its officers, agents or employees may sustain or incur or which may be imposed upon them or any of them for injury to or death of persons or damage to property arising out of or resulting from the alleged acts or omissions of TENANT, its officers, agents or employees or in any manner connected with this Lease or with the occupancy, use or misuse of the Leased Premises by TENANT, its officers, agents, employees subtenants, licensees, contractors, patrons or visitors; and TENANT agrees to defend at its own cost, expense and risk all claims or legal actions that may be instituted against either the TENANT or the LANDLORD, and the TENANT agrees to pay any settlement entered into and satisfy any judgment that may be rendered against either the TENANT or the LANDLORD as a result of any injuries or damages which are alleged to have resulted from or be connected with this Lease or the occupancy or use of the Leased Premises by the TENANT, or its officers, agents, employees, subtenants, licensees, contractors, patrons or visitors.

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18. LIABILITY INSURANCE

2  
3 A. TENANT agrees that at all times during the term  
4 of this Lease, it shall maintain in full force and effect an  
5 insurance policy which shall insure and indemnify the TENANT and  
6 the City of Long Beach, the City Council and each member thereof,  
7 all of City's Boards and Commissions and every officer, employee  
8 and volunteer of the City against liability, financial loss or  
9 expense resulting from any suits, claims, demands, actions or  
10 loss, brought by any person or persons and from all costs and  
11 expenses of litigation brought by reason of the use and occupa-  
12 tion by TENANT or by any other person or persons of said Leased  
13 Premises, in the amount of Three Million Dollars (\$ 3,000,000)  
14 combined single limit for any injury to persons and damages  
15 to property.

16 B. Such policy or policies of insurance shall pro-  
17 vide at least the following forms of insurance as may be  
18 applicable:

- 19 (1) Comprehensive General Liability  
20 (2) Airport Liability;  
21 (3) Contractual Liability  
22 (4) Aircraft Liability, including Passengers  
23 (5) Products and Completed Operations, including  
24 Aircraft Products  
25 (6) Hangarkeepers Liability, including Aircraft  
26 in Flight  
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1 C. All insurance shall be placed with insurers  
2 having a rating in Best's Insurance Guide of or equivalent to  
3 A:X or otherwise acceptable to and approved by the City Manager.  
4 The City of Long Beach, the City Council and each member thereof,  
5 all of the City's Boards and Commissions, and every officer,  
6 employee and volunteer of the City shall be named as insureds  
7 under said insurance, and each policy shall be endorsed to  
8 provide thirty days written notice from the insurer to LANDLORD  
9 before cancellation or change to conditions. Coverage shall  
10 be primary with respect to LANDLORD and all liability insurance  
11 shall provide for severability of interests.

12 Said insurance may include such deductibles or self  
13 insured retention as may be acceptable to the City Manager.  
14 In the event insurance does provide for deductibles or self-  
15 insured retention, TENANT agrees that it will fully protect  
16 LANDLORD, its Boards, officers and employees, in the same manner  
17 as those interests would have been protected had the policy or  
18 policies not contained a deductible or retention.

19  
20 D. The insurance policy or policies shall either  
21 contain a broad form of contractual liability including Leases,  
22 or it shall have attached thereto an endorsement providing for  
23 such coverage. The policy shall include a Severability of  
24 Interests (Cross Liability) Clause, and said coverage shall be  
25 primary and non-contributing with any other insurance available  
26 to the City. The City of Long Beach, the City Council and  
27 each member thereof, all of City's Boards and every officer and  
28 employee of the City shall be named as an additional insured on

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1 said policy.

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E. Upon the execution of this Lease, the TENANT shall deliver to the Airport Manager for approval as to sufficiency and for approval as to form by the City Attorney a certificate or certificates of insurance issued by the respective insurance companies certifying that said insurance coverage is in full force and effect and that all operations of the TENANT under this Lease are covered by such insurance; and upon the filing of said certificates, the policy or policies will be returned by the LANDLORD to the TENANT. All insurance policies secured by TENANT shall contain the following:

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The inclusion herein of any person or entity as an insured shall not affect any right such person or entity would have as a claimant hereunder if not so included.

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Notwithstanding any other provision to the contrary contained in this Lease, TENANT shall not have the right to take possession of said Leased Premises until such certificate or certificates are filed with the Airport Manager.

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F. In the event TENANT does not desire to present the original or a photostatic copy of the original insurance policy for approval as above provided, TENANT may present for approval and filing a certificate of insurance to which is attached the following endorsement:

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1                   Within the limits set forth in the declara-  
2                   tions, to indemnify and save harmless the City  
3                   of Long Beach, its officers and employees, from  
4                   and against any and all claims or demands for  
5                   injury, damage, loss, liability, cost and expense  
6                   of any kind or nature whatsoever for death, in-  
7                   jury or loss to persons or damage to property,  
8                   which the City of Long Beach, its officers or  
9                   employees, may sustain or incur or which may be  
10                  imposed upon them, or any of them, arising out of  
11                  or attributable to the use of the premises des-  
12                  cribed in a lease between the City of Long Beach  
13                  and the insured, including the use of the City's  
14                  Long Beach Airport and its facilities.

15                 This policy names as additional insureds,  
16                 the City of Long Beach, its boards and their  
17                 officers, agents and employees. This insurance  
18                 is primary and not contributing with other insur-  
19                 ance held by said additional insureds.

20                 The policy shall not be cancelled or other-  
21                 wise modified until thirty (30) days' written  
22                 notice thereof has been served on the Airport  
23                 Manager of the City of Long Beach. This endorse-  
24                 ment shall control over all other provisions of  
25                 the policy or endorsements thereto, which are  
26                 inconsistent herewith.

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1 G. The procuring of any policy of insurance shall not  
2 be construed to be a limitation upon TENANT's liability or as a  
3 full performance on its part of the indemnification provisions  
4 of this Lease, TENANT's obligations being, notwithstanding said  
5 policy of insurance, for the full and total amount of any damage,  
6 injury or loss caused by the negligence or neglect connected  
7 with or attributable to its operations under this Lease.

8  
9 H. As a condition precedent to the effectiveness of  
10 this Lease, TENANT shall obtain an endorsement to, or have an  
11 appropriate provision in, its public liability and property  
12 damage insurance policy indicating that any loss occasioned the  
13 City as a result of negligent activities, operation or conduct  
14 of any subtenant is covered by the policy.

15  
16 I. Any insurance policies procured by TENANT hereunder  
17 shall provide that the insurance carrier waives all rights of  
18 subrogation against the City. If the City shall obtain any  
19 policies of insurance on or insuring against loss arising out  
20 of the operation of the Leased Premises during the term hereof,  
21 each such policy shall include a waiver by the insurance carrier  
22 of all rights of subrogation against TENANT.

23  
24 J. LANDLORD shall have the right at any time during  
25 the term of this Lease to review the type, form and coverage  
26 limits of the insurance enumerated herein. If, in the opinion  
27 of LANDLORD, the insurance provisions in this Lease are not  
28 sufficient to provide adequate protection for LANDLORD and the



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1 members of the public using Long Beach Airport, LANDLORD may  
2 require the TENANT to obtain insurance sufficient to provide  
3 such adequate protection. Insurance requirements shall be  
4 applied uniformly to all TENANTS engaged in similar type opera-  
5 tions on the Long Beach Airport, and such requirements shall be  
6 consistent with industry standards.

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1 19. PROPERTY INSURANCE

2  
3 A. TENANT agrees that at all times during the term  
4 of this Lease and any renewal or extension thereof, it will main-  
5 tain in force an insurance policy which will insure and indemnify  
6 the TENANT and the City from loss occurring to equipment, build-  
7 ings, structures, or other improvements on said Leased Premises  
8 by reason of fire and any other hazards insured against in what  
9 is commonly known as an extended coverage to the extent of at  
10 least ninety percent (90%) of the full replacement cost of the  
11 buildings, structures or other improvements or fixtures used in  
12 connection with the operation of any improvements located on  
13 said Leased Premises. The City shall be named as an additional  
14 insured under said policy.  
15

16 B. Should the Leased Premises or the building of which  
17 the Leased Premises is a part be damaged or destroyed, in whole  
18 or in part, by fire, earthquake or any other casualty at any time  
19 during the term of this Lease so that the same cannot be repaired  
20 within ninety (90) working days to substantially the same condi-  
21 tion it was immediately prior to the happening of such casualty,  
22 TENANT may, within ninety (90) working days after the happening  
23 of such casualty, terminate this Lease as of the date of said  
24 casualty. In the event of any termination of this Lease as  
25 provided in this clause, the TENANT shall forthwith surrender  
26 the Leased Premises to LANDLORD, and upon such surrender LANDLORD  
27 shall refund to TENANT the security deposit provided for in  
28 Paragraph 12. In the event of any damage or destruction or

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1 other casualty as mentioned in this paragraph, except that caused  
2 by neglect on the part of TENANT, and this Lease is not terminate  
3 as provided in this clause, LANDLORD shall proceed with reasonable  
4 diligence to restore the basic building to substantially the  
5 condition in which it was prior to the occurrence of said casualty  
6 TENANT shall likewise proceed with reasonable diligence to restore  
7 and reconstruct all other improvements on the Leased Premises to  
8 substantially the same condition in which they were prior to the  
9 happening of the casualty. During the period of reconstruction  
10 and restoration under conditions as set forth above, the TENANT  
11 shall be entitled to a reduction in the monthly rental in an  
12 amount that is in direct proportion to TENANT's loss of use of  
13 the Leased Premises. Should the damage or destruction as men-  
14 tioned herein be caused by neglect on the part of TENANT, then  
15 TENANT shall be responsible for the restoration of the Leased  
16 Premises and the restoration of the basic building to the con-  
17 dition in which they were prior to the happening of the casualty,  
18 and in such case there shall be no reduction in the rent for  
19 TENANT's loss of use of the Leased Premises. In no event shall  
20 LANDLORD be liable to TENANT for any damages resulting to TENANT  
21 from the happening of any such fire or other casualty or from  
22 the repair or reconstruction of the Leased Premises or from the  
23 termination of this Lease as herein provided, nor shall TENANT  
24 be released thereby from any of its obligations hereunder except  
25 as expressly stated in this clause.

26  
27 C. Any insurance policies procured by TENANT hereunder  
28 shall provide that the insurance carrier waives all rights of

1 subrogation against the City. If the City shall obtain any  
2 policies of insurance on or insuring against loss arising out  
3 of the operation of the Leased Premises during the term hereof,  
4 each such policy shall include a waiver by the insurance carrier  
5 of all rights of subrogation against TENANT.

6  
7 D. The requirements of Paragraph 18, C, D, E, F, G,  
8 H, I and J hereof relating to the form, nature, source and  
9 effects of insurance policies shall apply to policies obtained  
10 pursuant to this paragraph as well.

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20. WAIVER OF SUBROGATION

TENANT hereby waives all rights of subrogation against LANDLORD with respect to damage to or loss of property insured under paragraph 19 hereof or with respect to any workers' compensation benefits paid as a result of injury to TENANT's employees. TENANT shall attempt to obtain a waiver of subrogation against LANDLORD from any insurer providing workers' compensation insurance for TENANT.

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21. ENCUMBRANCES

A. ASSIGNMENTS FOR PURPOSES OF FINANCING

Subject to the provisions of Paragraph 22 herein, during the term of this Lease, TENANT may assign for security purposes only, or subject to the provisions of subparagraph D of this Paragraph 21 may encumber, TENANT's interest under this Lease and the leasehold estate hereby created to a lender on the security of the leasehold estate and in that connection may perform any and all acts and execute any and all instruments necessary or proper to consummate any loan transaction and perfect the security therefor to be given such lender on the security of the leasehold estate.

B. LENDER'S RIGHTS.

Any such lender shall have the right at any time during the term hereof:

(1) To do any act or thing required of TENANT hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of TENANT's rights hereunder as if done by the TENANT; and

(2) To realize on the security afforded by the leasehold estate and to acquire and succeed to the interest of TENANT hereunder by foreclosure of any mortgage or deed of trust and to convey or assign the title to the leasehold estate created hereby to any purchaser at a foreclosure sale; and

(3) In the event of any default by the TENANT in the payment of an installment of rent hereunder, to pay such

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1 rent to the LANDLORD and such rent payments alone, without  
2 further requirement, shall be sufficient to prevent a  
3 termination or forfeiture of the leasehold estate created  
4 hereby, provided, however, that such right to prevent such  
5 termination or forfeiture shall exist only for a period of  
6 sixty (60) days after notice of such default has been given  
7 by the LANDLORD to such lender and only as to those lenders  
8 who have notified the Airport Manager of their interest in  
9 said Leased Premises, as provided in Paragraph 22 herein;  
10 and after said sixty (60) day period such lender, to prevent  
11 such termination or forfeiture, shall be required to do all  
12 acts and things required of TENANT to be done and performed  
13 hereunder; and

14 (4) Cure such default or breach if the same can be  
15 cured by the payment of expenditure of money provided to be  
16 paid under the terms of this Lease; or if such default or  
17 breach is not so curable, cause the trustee under the trust  
18 deed to commence and thereafter to diligently pursue to  
19 completion steps and proceedings for the exercise of the  
20 power of sale under and pursuant to the trust deed in the  
21 manner provided by law; and

22 (5) Keep and perform all of the covenants and condi-  
23 tions of this Lease requiring the payment or expenditure of  
24 money by TENANT until such time as said leasehold shall be  
25 sold upon foreclosure pursuant to the trust deed or shall  
26 be released or reconveyed thereunder; and

27 (6) However, if the holder of the trust deed shall  
28 fail or refuse to comply with any and all of the conditions.

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1 of this paragraph, then and thereupon LANDLORD shall be re-  
2 leased from the covenant of forbearance herein contained.

3 (7) In the event TENANT or its subtenants, successors  
4 or assignees creates or allows a citable offense or is  
5 cited for a violation or violations of the Health and  
6 Safety Code or any other applicable federal, state or local  
7 law, LANDLORD, as its sole option, may either declare the  
8 Lease in default and pursue all remedies available to it  
9 in law, equity, or this Lease or in the alternative, as  
10 provided in this Section 21 of this Lease, permit TENANT'S  
11 lender to assume the Lease conditional upon curing the  
12 offending default. Cancellation of the Lease shall not  
13 release TENANT, lender, or other responsible party from  
14 any responsibility, liability, or obligation to remedy  
15 any toxic condition occurring on the leasehold.

16 C. LENDER DEFINED.

17 The term "lender on the security of the leasehold es-  
18 tate" as used in this Paragraph 21 and elsewhere in this Lease  
19 shall mean the mortgagee under any mortgage, or the trustee and  
20 beneficiary under any deed of trust or indenture of mortgage and  
21 deed of trust encumbering the leasehold estate or TENANT'S in-  
22 terest therein (including the assignee or successor of any such  
23 mortgage, beneficiary or trustee of any such mortgage, deed of  
24 trust or indenture of mortgage and deed of trust and the holder  
25 of any promissory note or bond secured thereby), and executed by  
26 TENANT and delivered for the purpose of securing to such mort-  
27 gagee, trustee or beneficiary payment of any indebtedness in-  
28 curred by TENANT and secured by such mortgage, deed of trust or



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indenture of mortgage and deed of trust.

D. NOTICE.

As a condition to the vesting of any rights in this Lease or in the leasehold estate created hereby in any encumbrancer, except as may be otherwise provided by law, there shall first have been delivered to the Airport Manager a written notice of such encumbrance which shall state the name and address of the encumbrancer for the purpose of enabling notices to be given under Paragraph 49L herein.

E. NOTICE OF DEFAULT

Upon and immediately after the recording of the trust deed, TENANT, at TENANT's expense, shall cause to be recorded in the office of the Recorder of Los Angeles County, California, a written request executed and acknowledged by LANDLORD for a copy of any notice of default and of any notice of sale under the trust deed as provided by the statutes of the State of California relating thereto. Concurrently with the execution of the consent, TENANT shall furnish to LANDLORD a complete copy of the trust deed and note secured thereby, together with the name and address of the holder thereof. No such encumbrance shall be valid or effective unless and until LANDLORD shall execute its written consent thereto as hereinabove provided.

22. ASSIGNMENT AND SUBLETTING

A. CONSENT.

(1) TENANT shall not have any right to assign or sublet this Lease or any interest herein.

(2) LANDLORD will consider requests to assign or sublease. Such requests will not be approved unless the identity and acceptability and financial responsibility of the proposed assignee or subtenant has been demonstrated to the satisfaction of the City Manager and the parties have agreed in writing as to the additional rent to be paid to LANDLORD by TENANT as a result of such assignment or sublease. Additional rent shall be negotiated pursuant to this paragraph where the assignment or sublease will result in a change or expansion of the use from that which had existed prior to the assignment or sublease.

(3) Any request to assign or sublease, shall be accompanied by such data relating to the identity and financial condition of the proposed assignee or sublessee as may be requested to permit LANDLORD to render its decision.

(4) If TENANT be a partnership or joint venture, a withdrawal, addition or change (voluntary, involuntary, by operation of law, or otherwise) of any of the partners or adventurers thereof, or if TENANT be composed of more than one person, a purported assignment or transfer (voluntary or involuntary, by operation of law, or otherwise) from one thereof unto the other or others thereof, or if TENANT

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1 be a corporation, a change in the ownership (voluntary,  
2 involuntary, or by operation of law, or otherwise) of  
3 twenty five percent (25%) or more of its capital stock  
4 owned as of the date of its acquisition of this Lease shall  
5 be deemed an assignment prohibited hereby unless the writte  
6 consent of the LANDLORD be first obtained thereto; provided  
7 however, that a change in the ownership of said capital  
8 stock as a result of the death or judicially declared incom-  
9 petency of the TENANT may be made without the consent of  
10 the LANDLORD.

11 (5) LANDLORD's City Manager is authorized to approve  
12 assignments or subleases of twenty-five percent (25%) or  
13 less of the leasable area. Consent to other assignments or  
14 subleases must be approved by LANDLORD's City Council.

15 (6) Subject to the requirements of Sections 2 and 3  
16 hereof, LANDLORD shall not unreasonably refuse to grant its  
17 written consent to such transfer or assignment, however,  
18 any such transfer without said approval, whether voluntary  
19 or involuntary, shall be void and shall confer no right or  
20 occupancy upon said assignee or purchaser.

21 A transfer or an assignment of any such stock or interest  
22 to a shareholder's or member's spouse, children or grand-  
23 children is excepted from the provisions hereof.

24 (7) LANDLORD's City Manager shall, within fifteen  
25 (15) days after submission of a complete request for consent  
26 to sublease, approve, disapprove or request further infor-  
27 mation relating to such request. Should LANDLORD's City  
28 Manager fail to take any action within said fifteen (15)

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1 day period, consent to the proposed sublease shall be deemed  
2 to have been granted. As to those matters which require con-  
3 sent of the City Council, such matters shall be submitted to  
4 the City Council within fifteen (15) days after receipt by  
5 the LANDLORD.

6 B. VESTING OF ASSIGNMENTS.

7 As a condition of the vesting of any rights in this  
8 Lease or in the leasehold estate created hereby in any assignee  
9 of the TENANT's interest hereunder, whether voluntary or in-  
10 voluntary, each such assignee shall first have delivered to LAND-  
11 LORD's Airport Manager a written notice of such assignment, which  
12 notice:

13 (1) Shall contain a statement that the assignee agrees  
14 to be bound by all the terms, covenants and conditions of  
15 this Lease which are to be performed by TENANT.

16 (2) Shall state the name and address of the assignee  
17 for the purpose of enabling notices to be given under Para-  
18 graph 49L herein.

19 (3) Shall state whether the assignee is an individual,  
20 a corporation or a partnership, and if such assignee be a  
21 corporation, the names of such corporation's principal of-  
22 ficers and of its directors and state of incorporation, and  
23 if such assignee be a partnership, the names and addresses  
24 of the members of such partnership.

25 (4) Shall state the amount of capital stock assigned  
26 and the total amount of capital stock outstanding at the  
27 time of the assignment.

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1 C. VESTING OF SUBLEASES.

2 As a condition to the vesting of any rights in this  
3 Lease or in the leasehold estate created hereby in any sub-  
4 lessee of the TENANT's interest hereunder, whether voluntary or  
5 involuntary, each such sublessee shall first have delivered to  
6 LANDLORD's Airport Manager a written notice of such subleases  
7 which notice:

8 (1) Shall state the name and address of the sub-  
9 lessee for the purpose of enabling notices to be given  
10 under Paragraph 49L herein.

11 (2) Shall state whether the sublessee is an indivi-  
12 dual, a corporation or a partnership, and if such sub-  
13 lessee be a corporation, the names of such corporation's  
14 principal officers and its directors and state of incorpora-  
15 tion, and if such sublessee be a partnership, the names and  
16 addresses of the members of such partnership.

17 D. TERMINATION.

18 This Lease shall not be terminated by reason of any  
19 assignment or transfer by operation of law of TENANT's interest  
20 hereunder or in the leasehold estate created hereby.

21 E. LENDER'S LIABILITY.

22 In the event that any lender on the security of the  
23 leasehold estate obtains title to the leasehold estate or to any  
24 part hereof, by sale on foreclosure proceedings or by deed given  
25 in lieu of foreclosure and subsequently assigns its interest  
26 therein and such lender and its assignee comply with all the pro-  
27 visions of this Paragraph, then such lender shall be relieved of  
28 any liability hereunder as the successor of TENANT, except:

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1 (1) Liability for the amount of any rental or other  
2 moneys due and owing to the City by the lender or by  
3 TENANT or any other of the assignees or successors of  
4 the lender or TENANT at the time of such assignment;

5 (2) Liability to apply the proceeds of any insurance  
6 policy in accordance with the provisions of Paragraphs 18  
7 and 19 herein; and

8 (3) Liability under the provisions of Paragraphs 18  
9 and 19 herein.

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**F. LENDER'S RIGHT TO ASSIGNMENT.**

Notwithstanding anything to the contrary contained in  
this Paragraph 22, any lender on the security of the leasehold  
estate upon succeeding to the TENANT's interest shall have the  
right to make one (1) assignment thereafter without the prior  
written consent of LANDLORD.

23. EMINENT DOMAIN

In the event the whole or any part of the Leased Premises is condemned by a public entity in the lawful exercise of the power of eminent domain, this Lease shall cease as to the part condemned upon the date possession of that part is taken by the public entity.

If only a part is condemned and the taking of that part does not substantially impair the capacity of the remainder to be used for the purposes required in this Lease, TENANT shall continue to be bound by the terms, covenants, and conditions of this Lease. However, in such case, annual rental shall be reduced in proportion to the percentage of the Leased Premises which is taken by the public entity.

If only a part is condemned, but the taking of the part substantially impairs the capacity of the remainder to be used for the purposes required in this Lease, TENANT shall have the option of:

A. Terminating this Lease and being absolved of obligations hereunder which have not accrued at the date possession is taken by the public entity; or

B. Continuing to occupy the remainder of the Leased Premises and remaining bound by the terms, covenants, and conditions of this Lease. If TENANT elects to continue to occupy the remainder, the annual rental shall be reduced in proportion to the percentage of the Leased Premises which is taken by the public entity.

TENANT shall give notice in writing of its election

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hereunder within thirty (30) days of the date possession of the part is taken by the public entity.

LANDLORD shall be entitled to receive and shall receive all compensation for the condemnation of all or any portion of the Leased Premises by exercise of eminent domain except as hereinafter provided. TENANT shall be entitled to that portion of said compensation or award which is computed and paid for the loss of use of improvements constructed by TENANT prorated over the remainder of the Lease term. The amount to which TENANT shall be entitled hereunder shall not exceed the fair market value, as set forth in the judgment or award, of improvements constructed by TENANT, reduced in proportion to the relationship that the portion of the Lease term which has expired bears to the original Lease term. Any separately identified award for loss of goodwill or loss of business shall be payable solely to TENANT.



1 24. RESERVATIONS TO LANDLORD

2  
3 A. The Leased Premises are accepted by TENANT subject  
4 to any and all existing easements or other encumbrances; and  
5 LANDLORD shall have the right to install, lay, construct,  
6 maintain, repair and operate such sanitary sewers, drains, storm  
7 water sewers, pipelines, manholes, connections; water, oil and  
8 gas pipelines; and telephone and telegraph power lines and such  
9 other appliances and appurtenances necessary or convenient to  
10 use in connection therewith, over, in, upon, through, across  
11 and along the leased premises or any part thereof, as will not  
12 interfere with TENANT's operations hereunder and to enter there-  
13 upon for any and all such purposes. LANDLORD also reserves the  
14 right to grant franchises, easements, rights of way and permits  
15 in, over, and upon, along, or across any and all portions of  
16 said Leased Premises as LANDLORD may elect so to do, provided,  
17 however, that no right of the LANDLORD provided for in this  
18 paragraph shall be so executed as to interfere unreasonably with  
19 TENANT's operations hereunder, or impair the security of any  
20 secured creditor of TENANT.

21  
22 B. LANDLORD agrees that any right as set forth by this  
23 Paragraph shall not be exercised unless a prior written notice of  
24 sixty (60) days is given to TENANT. However, if such right must  
25 be exercised by reason of emergency, LANDLORD will give TENANT  
26 such notice in writing as is possible under the existing circum-  
27 stances.  
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C. LANDLORD will cause the surface of the Leased Premises to be restored to its original condition upon the completion of any construction done pursuant to this paragraph.

D. LANDLORD reserves the right to enter and have access to the property in order to make, construct or carry out airport improvements.

E. LANDLORD shall exercise its best efforts to avoid unreasonable interference with TENANT's operations or enjoyment of the premises or impairment of the security of any secured creditor in its exercise of rights pursuant to this paragraph.

F. Should any exercise of the rights described in this paragraph result in a significant interference with TENANT's use of the Leased Premises, LANDLORD shall provide compensation to TENANT by means of a reduction in rent proportionate to the amount of the interference which shall continue for not more than two months or until TENANT has been adequately compensated, whichever comes first.

25. USE OF AIRPORT FACILITIES

TENANT shall have, in conjunction with the general public and other airport users, a non-exclusive right to the use of the public airport facilities provided and developed by LANDLORD for public aviation use on such terms and conditions as such facilities may be made available by LANDLORD either now or in the future to other users and tenants of the same class and subject to all applicable laws and rules of the United States, the State of California or the City of Long Beach governing aviation, air navigation or the use of the airport.

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3 26. MAINTENANCE

4 TENANT agrees, at TENANT's sole cost and expense, to  
5 repair and maintain the Leased Premises and all improvements or  
6 landscaping existing or constructed thereon in good order and  
7 repair and to keep said premises and facilities in a neat, clean  
8 attractive and orderly condition. Failure of the TENANT to pro-  
9 perly maintain and repair the Leased Premises shall constitute  
10 a breach of the terms of this Lease.

11 If, in the opinion of LANDLORD's Airport Manager, the  
12 Leased Premises are not being properly maintained, LANDLORD's  
13 Airport Manager may, after giving thirty (30) days written notice  
14 to TENANT to remedy discrepancies, cause such repair and main-  
15 tenance to be made. The cost of such maintenance or repair shall  
16 be added to the rent. If said costs are not paid promptly by  
17 TENANT, this Lease shall be deemed to be in default, and LANDLORD  
18 shall be entitled to all legal remedies provided hereunder.  
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27. AIRCRAFT PARKING, STORAGE AND HANGARS

A. TENANT shall provide open aircraft parking aprons which shall be so designed, marked and maintained, as to provide for safe and functional parking of aircraft, including sufficient distance between all structural elements (including, but not limited to body, wings and tail) of parked aircraft to permit safe movement of aircraft to and from aircraft parking spaces. Aircraft tiedown equipment or apparatus shall be of a type approved by the Airport Manager for use at the airport and all aircraft designed and equipped to be tied down shall be properly secured to such tiedown apparatus when left unattended. All tiedown spaces shall be clearly marked on the pavement with an identification number in such manner that each individual parking space can be easily identified.

B. TENANT will provide and maintain taxi lanes and aircraft parking spaces clear of obstacles, vehicles and improperly parked aircraft in a manner which will permit safe and convenient movement of aircraft throughout all open parking areas.

C. TENANT will provide adequate aircraft parking spaces on the Leased Premises to accommodate transient or visiting aircraft or aircraft present at TENANT's facility for the purpose of maintenance or other work. Parking is permitted only in designated spaces on FBO leases and TENANT expressly covenants and agrees to make every reasonable and prudent effort to prevent parking of aircraft or ground vehicles on property contiguous

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1 to the Leased Premises, but not a part thereof. The Airport  
2 Manager may require creation of additional parking spaces if  
3 he finds that aircraft using TENANT'S facilities are parking  
4 in areas other than authorized tie downs or hangar spaces.  
5

6 D. Maintenance and repair of aircraft on the based  
7 and transient aircraft parking area shall be limited to that  
8 permitted by Federal Aviation Regulations Part 43.3(h) and Appen-  
9 dix A(c), unless otherwise specifically authorized in writing  
10 by the Airport Manager. Said parking areas shall be kept free  
11 from partially dismantled or derelict aircraft.  
12

13 E. Aircraft storage hangars shall be used for storage  
14 of aircraft only and no maintenance shall be done therein, ex-  
15 cept as specifically authorized by Federal Aviation Regulations  
16 Part 43.3(h) and Appendix A(c) if such maintenance and repair can  
17 be done in compliance with such fire, building and safety codes,  
18 rules and/or regulations as may be applicable to such hangar or  
19 activity from time to time.  
20

21 F. Maintenance, repair, and other activities may be  
22 conducted in hangars heretofore or hereafter constructed in such  
23 manner that such maintenance repair and other activities can be  
24 carried out in such hangar in compliance with such fire, building  
25 and safety codes, rules and/or regulations, as may be applicable  
26 from time to time to such activities, if authorized in writing by  
27 the Airport Manager.  
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G. All aircraft service, maintenance, repair, inspection and building activities conducted for financial gain within or from aircraft storage hangars shall be done by fixed based operators, tenants or sub-tenants located on the Long Beach Municipal Airport or their duly authorized personnel. No other persons may perform such work.

H. The aircraft identification number of each aircraft parked in a hangar shall be affixed to the outside of such hangar in a convenient and plainly visible manner and said information shall be revised from time to time so that it shall be current and visible at all times.

I. Aircraft hangars constructed after the date of execution of this Lease shall be so designed and constructed by means of a method approved by the Airport Manager as to permit verification for identification, safety and security purposes of all aircraft parked therein at all times without compromising the security of such aircraft.

J. TENANT shall not park or permit or authorize the parking of aircraft in any manner such that any part of the aircraft extends beyond the lease boundary at any time. Failure to cure such condition within 24 hours after notice to do so from the Airport Manager may be deemed a default of this Lease.

1                   28.   AIRCRAFT TIEDOWN AND STORAGE HANGAR AGREEMENTS  
2

3                   TENANT is authorized to enter into sublease agreements  
4 to permit aircraft tiedown and storage on the Leased Premises  
5 without approval of LANDLORD, provided that TENANT shall enter  
6 into and maintain current a written Aircraft Tiedown or Aircraft  
7 Storage Hangar Agreement with the owner or lessee or operator of  
8 each aircraft renting space on the Leased Premises. Such agree-  
9 ments shall be in writing and shall specify all terms, conditions  
10 and restrictions relating to the rental of space for the tiedown  
11 or storage of TENANT's aircraft and indicating that said owner,  
12 operator or lessee of an aircraft to be tied down or stored is a  
13 sub-tenant of LANDLORD as well as TENANT by virtue of the crea-  
14 tion of this sublease. Such agreement shall also require that  
15 the information which TENANT must provide to LANDLORD pursuant to  
16 the terms of Paragraph 16 of this Lease shall be supplied to  
17 TENANT by any parties with whom TENANT has entered such agreement  
18 LANDLORD's Airport Manager or his designated representative may  
19 inspect TENANT's file of Aircraft Tiedown and Storage Hangar Rent  
20 Agreements at any reasonable time during TENANT's regular busines  
21 hours.

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29. STORAGE

A. TENANT may store aircraft components, equipment, parts, bulk liquids, scrap lumber, metal, machinery or other materials related to the conduct of its business on the Leased Premises, provided, however, that such storage may be done only within an area screened from public view as approved by the Airport Manager. No storage may be done on any apron, ramp or taxiway, without prior written approval of Airport Manager.

B. Derelict aircraft, inoperative grounded vehicles, unused ramp equipment, scaffolding, hoists and related items not regularly and routinely in use as part of TENANT's business, may not be kept on the Leased Premises unless such materials are maintained within a fully enclosed permanent structure.

C. Violation of the requirements of this Paragraph shall be deemed in default if the condition has not been cured to the satisfaction of the Airport Manager within thirty (30) days of posting of the property or service of TENANT with a notice thereof.

D. TENANT shall not store or permit storage of recreational vehicles, including but not limited to motor homes, boats or trailers, on the leased premises. Parking of automobiles and trucks, except for those directly related to the day to day business of the TENANT, is also prohibited.

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30. AUTOMOBILE PARKING

TENANT agrees to provide sufficient automobile parking on the Leased Premises to accommodate the parking needs of patrons, visitors and employees, provided, however, that Airport streets and access roadways may not be utilized to comply with this requirement. All customer vehicles entering or leaving the aircraft operation area must be accompanied at all such times by employees of TENANT or its subtenants. Customer vehicles within the aircraft operating area shall be parked inside of aircraft hangars and not on any taxiway or between hangars.

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1 31. FUEL FLOWAGE FEES

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3 A. REQUIREMENT TO PAY.

4 TENANT agrees to pay such fuel flowage fees at such  
5 rates as may be regularly established from time to time by LAN-  
6 LORD's City Council for aircraft fuels delivered at the airport.  
7 Such fees shall be due and payable on the tenth (10th) day of  
8 the month succeeding that in which the fuel deliveries are made  
9 to the TENANT. The fees shall be calculated and administered as  
10 provided herein on the basis of information submitted on a  
11 form provided by LANDLORD.

12  
13 B. SUPPLIER AGREEMENT.

14 TENANT shall enter into a written agreement with its  
15 fuel supplier which recognizes the existence of the provisions  
16 of this agreement. A copy of said agreement shall be delivered  
17 to LANDLORD's Airport Manager prior to the commencement of fuel  
18 delivery. Said agreement shall provide that either TENANT or  
19 TENANT's supplier shall indemnify, hold harmless and provide in-  
20 surance coverage to the City for all uses arising from the de-  
21 livery, storage, sale and supplying of such fuel. Such agreement  
22 shall further provide that the supplier shall make available to  
23 the City at reasonable times, its records of transactions involv-  
24 ing delivery of fuel to TENANT for purposes of auditing TENANT's  
25 performance under this agreement.

26  
27 C. UNDERGROUND STORAGE AND DELIVERY.

28 All fuel delivered to TENANT by its supplier or

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1 suppliers shall be placed into underground storage facilities, t  
2 location and design of which shall have been approved by LANDLOR  
3 Airport Manager and all fuel delivered by any supplier or sup-  
4 pliers shall be placed directly into said approved underground  
5 storage facilities.

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D. REPORTING, PAYMENT AND STATEMENTS.

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Deliveries of fuel shall be reported and fees therefor  
paid by TENANT to LANDLORD each calendar month as provided herein.  
The fees to be paid shall be computed on the basis of the oil  
company's meter tickets supplied by the tanker truck holding  
the delivery from, or from refinery meter tickets provided to  
the carrier at the time the tanker truck is loaded. The amount  
shown on such tickets to have been delivered in agreement shall  
be multiplied by the rate established by the City Council then  
in effect. The product of that computation shall be the fuel  
flowage fee due for that month. TENANT will provide a year-end  
statement showing all deliveries in the previous year. Both  
monthly reports and year-end statements shall be on forms  
supplied by the Airport Manager.

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32. NOISE ABATEMENT

TENANT expressly covenants to make every reasonable and prudent effort to ensure that aircraft based on, or operating from, the Leased Premises adhere to duly adopted present and future Noise Abatement Programs and Rules and Regulations relating thereto.

33. AVIGATION EASEMENT

There is hereby reserved to the LANDLORD, 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 premises herein leased. 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 operation on the Long Beach Municipal Airport.

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1 34. BULLETIN BOARD

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3 TENANT will install and continuously maintain a bulle-  
4 tin board in a location on the Leased Premises which will be con-  
5 venient to and easily seen by patrons, users and visitors and  
6 will post and display notices, bulletins and other information  
7 supplied by the Airport Manager in a prominent place where such  
8 will be easily visible to TENANT's employees, patrons, users and  
9 visitors, or will authorize the Airport Manager to post such  
10 notices which shall remain continuously on display for such  
11 period of time as the same may continue in effect.

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17 35. UTILITIES

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19 The TENANT shall, at its own cost, pay for all electri-  
20 city, gas, water, telephone and other utility services furnished  
21 to TENANT, including the cost of installation of necessary con-  
22 nections for all of said services. All utilities added from or  
23 after the date of this Lease shall be underground.

1 36. WASTE DISPOSAL

2  
3 TENANT shall construct all facilities necessary to  
4 prevent any water or industrial waste from the operations of  
5 TENANT on the Leased Premises from flowing into adjacent pro-  
6 perty. TENANT shall dispose of all sewage and industrial waste  
7 in accordance with all applicable regulations and laws of those  
8 governmental agencies having jurisdiction or authority thereover.

9 TENANT shall insure that all solid waste materials are  
10 placed in appropriate covered containers designed for use with  
11 the type of waste involved, which shall remain covered, and that  
12 said containers are maintained within enclosures located on said  
13 Leased Premises and designated to keep said trash containers out  
14 of the flow of traffic and obscured from view.  
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1    37.    FAA SECURITY AND SAFETY REGULATIONS  
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3    A.    This Lease is subject to Federal Aviation Regula-  
4    tions Part 107 and Part 139 relating to Safety and Security.  
5    LANDLORD shall provide copies thereof to TENANT who shall provid  
6    copies thereof to all sub-tenants.  
7

8    B.    If any violation of Part 107 or Part 139 occurs on  
9    the Leased Premises, TENANT or its sub-tenants shall be strictly  
10    liable to reimburse LANDLORD for the full amount of any fine,  
11    penalty or other financial loss resulting thereform.  
12

13    C.    TENANT assumes liability for any security or safety  
14    violation of FAA regulations, including but not limited to  
15    violations arising from any gate providing access from and  
16    between the leasehold and the airfield being left open. TENANT  
17    will pay any fines levied or assessed by FAA as a result of any  
18    violation occurring on or as a result of actions on the lease-  
19    hold.  
20

21    38.    BILLBOARDS AND SIGNS  
22

23    TENANT agrees not to construct, install or maintain,  
24    nor to allow upon the Leased Premises any billboards, signs,  
25    banners or like displays which may be placed in or upon any  
26    building or structure in such manner as to be visible from the  
27    outside thereof, except those receiving prior approval in  
28    writing by LANDLORD's Airport Manager.



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39. INSPECTION

The Airport Manager or his authorized representative shall have the right to enter, inspect, determine the condition of and protect LANDLORD's interest in, the leased premises for the purpose of keeping said premises in a decent, safe, healthy, clean and functional condition. If inspection discloses that the premises are not in the condition described and if the TENANT fails to perform the necessary maintenance work after ten (10) days written notice, LANDLORD may have any necessary maintenance done at the expense of the TENANT. TENANT also agrees to hold LANDLORD harmless for any damage to TENANT's property and operations in the course of such necessary maintenance work performed by LANDLORD.

40. AUDIT

The LANDLORD, City Auditor and City Manager, or their designated representatives, shall be permitted to examine and review TENANT's records at all reasonable times, with or without prior notification, for the purpose of determining compliance with all terms, covenants and conditions of this Lease. Such examinations and reviews shall be conducted during TENANT's regular business hours in a manner causing as little inconvenience as possible to TENANT.

1 41. TERMINATION BY LANDLORD

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3           Should TENANT default in the performance of any term,  
4 covenant, condition or agreement imposed upon or promised by  
5 said TENANT to be performed and such default is not corrected  
6 within thirty (30) days from and after written notice to TENANT  
7 by LANDLORD's Airport Manager, specifying said default and demand  
8 ing its immediate correction, LANDLORD's Airport Manager may de-  
9 clare this Lease and all rights and interests created thereby to  
10 be terminated. Provided, however, that where it appears to the  
11 satisfaction of City's Airport Manager that such default cannot  
12 be cured within thirty (30) days by the exercise of due diligence  
13 and where TENANT has begun and continues a good faith effort to  
14 cure such default, the Airport Manager shall grant an extension of  
15 time for the curing of said default sufficient to permit said  
16 default to be cured.

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42. TERMINATION BY TENANT

Should LANDLORD default in the performance of any term covenant, or condition to be performed by LANDLORD and such default is not remedied by LANDLORD within thirty (30) days from and after written notice by TENANT specifying said default, TENANT may declare this Lease and all rights and interests created thereby to be terminated. Should any law or ordinance become effective which results in substantial interference with the use of the Leased Premises by TENANT, then TENANT may terminate this Lease upon giving written notice to LANDLORD's City Manager of such termination.

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1 43. LANDLORD'S RIGHT TO RE-ENTER

2

3 TENANT agrees to yield and peaceably deliver possessio  
4 of the Leased Premises to LANDLORD on the date of termination of  
5 this Lease, without regard to the reason for such termination.  
6 Upon giving written notice of termination to TENANT, the LAND-  
7 LORD shall have the right to re-enter and take possession of  
8 the Leased Premises on the date such termination becomes effec-  
9 tive without further notice of any kind and without institution  
10 of summary or regular legal proceedings. Termination of the  
11 Lease and re-entry of the Leased Premises by LANDLORD shall in  
12 no way alter or diminish any obligation of TENANT under the  
13 Lease terms and shall not constitute an acceptance or surrender.  
14 TENANT waives any and all right of redemption under any exist-  
15 ing or future law or statute in the event of eviction from or  
16 dispossession of the Leased Premises for any reason or in the  
17 event LANDLORD re-enters and takes possession of the Leased  
18 Premises in a lawful manner. TENANT agrees that should the  
19 manner or method employed by LANDLORD in re-entering or taking  
20 possession of the Leased Premises give TENANT a cause of action  
21 for damages or in forcible entry and detainer, the total amount  
22 of damages to which TENANT shall be entitled in any such action  
23 shall be One Dollar (\$1.00). TENANT agrees that this clause  
24 may be filed in any such action and that when filed, it shall  
25 be a stipulation of TENANT fixing the total damages to which  
26 TENANT is entitled to such an action.  
27  
28

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44. DEFAULT

TENANT shall be in default upon the occurrence of the following events:

A. If any default in the payment of an installment of rent hereunder, shall continue for a period of thirty (30) days after the LANDLORD delivers to TENANT notice in writing thereof; or

B. If default should be made in any of the other covenants and conditions herein contained to be observed, kept and performed by TENANT and such default, if curable within a period of sixty (60) days, shall nevertheless continue for sixty (60) days after LANDLORD delivers to TENANT notice thereof in writing; or

C. If such default be not curable within such sixty (60) days and TENANT shall have failed to commence the curing of such default within such sixty (60) day period, or, having thus commenced to cure said default, shall thereafter fail to prosecute diligently the curing thereof as soon as possible.

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45. ABANDONMENT

If TENANT shall abandon or be dispossessed by process of law or otherwise, any personal property belonging to TENANT remaining on the premises thirty (30) days after such abandonment or dispossession shall be deemed to have been transferred to LANDLORD, and LANDLORD shall have the right to remove and to dispose of the same without liability to account therefore to TENANT or to any person claiming under TENANT.

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46. POSSESSORY INTEREST

TENANT recognizes and understands that this Lease may create a possessory interest subject to property taxation and that TENANT may be subject to the payment of property taxes on such interest.

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47. FEDERAL AVIATION ADMINISTRATION ASSURANCES

This Lease is subject to certain assurances mandated by the Federal Aviation Administration for inclusion in airport leases. These assurances are set out in full in Exhibit "C" attached hereto and made a part hereof.

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48. TERMINATION OF PRIOR AGREEMENTS

It is mutually agreed that this Lease shall supersede any prior agreements between the parties hereto covering all or any portion of the Leased Premises.

1 49. ARBITRATION

2  
3 If any dispute arises between the parties with  
4 respect to any matters set forth in this Lease other than  
5 rents or rent adjustments or defaults as set forth in  
6 Section 44 of the Lease, such dispute shall be resolved by the  
7 parties within thirty (30) days after either of the parties  
8 has notified the other of its desire to arbitrate the dispute.

9 Notwithstanding anything set forth herein to the  
10 contrary, the parties agree that LANDLORD shall have the right  
11 to institute unlawful detainer proceedings as provided for in  
12 the Code of Civil Procedure in the event of any occurrence of  
13 default listed in Section 44 which is not cured, subject to  
14 the rights of any leasehold mortgagee.

15 If the parties are unable to resolve the dispute by  
16 mutual agreement within that period of time, the dispute shall  
17 be resolved in accordance with provisions of Part 3, Title 9  
18 of the California Code of Civil Procedure except as provided  
19 in this paragraph. No discovery shall be permitted in such  
20 proceeding except that not later than ten (10) days prior to  
21 any arbitration hearing the parties shall exchange the name  
22 and a summary of the testimony of each witness which they  
23 intend to present. No party shall submit into evidence at  
24 the arbitration any document which has not been submitted to  
25 the other side, nor shall any party present any testimony which  
26 has not been described in a summary presented to the opposition.

27 The arbitration shall be conducted by a panel of  
28 arbitrators, one of them shall be an attorney-at-law actively

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1 engaged in the practice for at least 10 years prior to the  
2 date of the arbitration. The arbitrators shall have no power  
3 to modify any of the provisions of this agreement and their  
4 jurisdiction is limited accordingly. Each party consents  
5 to the entry of judgment by any court having jurisdiction in  
6 accordance with the decision of the arbitration panel.

7 Each party shall have the right to be represented by  
8 counsel to present evidence or to cross-examine witnesses  
9 presented by the other party and such rule shall remain in  
10 effect regardless of any change in the California Code of  
11 Civil Procedure relating to arbitrations.

12 The arbitration hearings shall be conducted informally.  
13 Formal rules of evidence and court procedures shall not apply.

14 Such arbitrations shall be conducted in the County of  
15 Los Angeles.

16 If the dispute is not settled within 30 days after the  
17 Notice of Intent to Arbitrate, the parties shall select arbi-  
18 trators either by agreement or in accordance with the procedures  
19 set forth in the Code of Civil Procedure for selecting such  
20 arbitrators. The arbitration panel as described in this section  
21 shall have been established not less than 60 days after the  
22 Notice of Intent to Arbitrate. The panel of arbitrators and the  
23 attorneys representing the parties shall meet not less than  
24 10 days after the appointment of the panel of arbitrators and  
25 establish a hearing date for such arbitration. That hearing  
26 date shall be not less than 60 days after the date of the meeting  
27 between the panel of arbitrators and the attorneys. The panel  
28 of arbitrators shall have 10 days from and after the conclusion

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of any hearing on the arbitration to submit a decision to  
the parties.

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50. GENERAL CONDITIONS

A. Holding Over by TENANT.

In the event of TENANT holding over and failing to surrender the premises at the expiration of the term hereof, or any extension thereof, with or without the consent of LANDLORD's City Manager, said holdover shall result in the creation of a tenancy from month to month at the monthly rental in effect for the last month prior to termination hereof, payable on the first day of each month during said month to month tenancy. Nothing herein shall be construed to grant TENANT any right to hold over at the expiration of the term, or any extension thereof without the express written consent of LANDLORD's City Manager. All other terms and conditions of this Lease shall remain in full force and effect and be fully applicable to any month to month tenancy hereunder.

B. Bankruptcy.

Should TENANT make an assignment for benefit of creditors or should a voluntary or involuntary petition of bankruptcy or for reorganization or for any arrangements be filed by or against TENANT, or if TENANT becomes bankrupt or insolvent, or if a receiver be appointed of TENANT's business or assets (except a receiver appointed at request of LANDLORD), such action shall constitute a breach of this Lease for which LANDLORD, at its option, may terminate all rights of TENANT or TENANT's successors in interest under this Lease, except as provided in this Lease.

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1           C. Disposition of Personal Property Abandoned by TENANT

2           If TENANT abandons the Leased Premises or is dispossessed  
3 thereof by process of law or otherwise, title to any personal  
4 property belonging to TENANT and left on the Leased Premises thirty  
5 (30) days after such abandonment or dispossession shall be deemed  
6 to have been transferred to LANDLORD. LANDLORD shall have the  
7 right to remove and to dispose of such property without liability  
8 therefor to TENANT or to any person claiming under TENANT and  
9 shall have no duty or obligation to account therefor.

10  
11           D. Successors in Interest.

12           Unless otherwise provided in this Lease, the terms,  
13 covenants and conditions contained herein shall apply to and bind  
14 the heirs, successors, executors, administrators and assigns of  
15 all of the parties hereto, all of whom shall be jointly and  
16 severably liable hereunder.

17  
18           E. Taxes and Assessments.

19           TENANT shall pay before delinquency, all taxes, license  
20 fees, assessments and other charges which are levied and assessed  
21 against and upon the premises, fixtures, equipment, aircraft or  
22 other property caused or suffered by the TENANT to be placed upon  
23 the Leased Premises or located at the Long Beach Municipal Airport.  
24 The TENANT shall furnish LANDLORD with satisfactory evidence of  
25 these payments upon demand by LANDLORD.

26  
27           F. Costs of Sustaining an Action for Breach or Default.

28           In the event LANDLORD commences legal action against

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1 TENANT claiming a breach or default of this Lease, LANDLORD shall  
2 be entitled to recover from TENANT its costs and expenses of said  
3 litigation, including but not limited to legal fees.

4  
5 G. Circumstances Which Excuse Performance.

6 If either party hereto shall be delayed or prevented  
7 from the performance of any act required hereunder by reason of  
8 acts of God, restrictive governmental laws or regulations or  
9 other cause, without fault and beyond control of the party obl-  
10 gated other than financial incapacity, performance of such act  
11 shall be excused for the period of the delay; and the period for  
12 the performance of any such act shall be extended for a period  
13 equivalent to the period of such delay, provided, however, nothing  
14 in this section shall excuse TENANT from the prompt payment of  
15 any rental or other charge required of TENANT hereunder except as  
16 may be expressly provided elsewhere in this Lease.

17  
18 H. Amendments.

19 This Lease sets forth all of the agreements and under-  
20 standings of the parties hereto and is not subject to modifica-  
21 tion, except in writing duly executed by the legally authorized  
22 representatives of each of the parties.

23  
24 I. Lease Organization.

25 The various headings in this Lease, the number of  
26 letters thereof, and the organization of the Lease into separate  
27 sections and paragraphs are for purposes of convenience only and  
28 shall not be considered otherwise.

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1 J. Partial Invalidity.

2 If any term, covenant, condition or provisions of this  
3 Lease is held by a court of competent jurisdiction to be invalid,  
4 void or unenforceable, the remainder of the provisions hereof  
5 shall remain in full force and effect and shall in no way be af-  
6 fected, impaired or invalidated thereby.

7  
8 K. Waiver of Rights.

9 The failure of TENANT or LANDLORD to insist upon strict  
10 performance of any of the terms, conditions or covenants herein  
11 shall not be deemed a waiver of any rights or remedies that  
12 either may have, and shall not be deemed a waiver of any subse-  
13 quent breach or default of the terms, conditions or covenants  
14 herein contained.

15  
16 L. Notices.

17 All notices given or to be given by either party to the  
18 other, shall be served by either: (1) enclosing the same in a  
19 sealed envelope addressed to the party intended to receive the  
20 same at the address indicated herein or at such other address as  
21 the parties may by written notice hereafter designate, and de-  
22 posited in the U. S. Postal Service, with postage prepaid; or  
23 (2) personal service upon the Airport Manager or upon an officer  
24 or authorized agent of TENANT. Such notices shall be effective  
25 on the date of mailing if served by mail or on the date personal  
26 service is effected if such notice is personally served. For  
27 the purposes hereof, notices to LANDLORD and TENANT shall be  
28 addressed as follows:

(Partnership)

Sept 29 1988

Ernest Q. Martin before me, the undersigned, a Notary Public in and for

personally known to me on [ ] proved to me on the basis of satisfactory evidence to be the person who that executes this instrument, on behalf of the partnership and acknowledged to me that the partnership executed it.

WITNESS my hand and official seal

Signature Lynne E. Fetty

Lynne E. Fetty Name (Typed or Printed)

1-8 (8/82)



OFFICIAL SEAL LYNNE E. FETTY Notary Public - California PRINCIPAL OFFICE IN LOS ANGELES COUNTY MY COMMISSION EXPIRES MARCH 12, 1990

(This area for official notarial seal)

John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802  
Telephone (213) 590-6061

1 TO: LANDLORD  
2 Airport Manager  
3 Long Beach Municipal Airport  
4 4100 Donald Douglas Drive  
5 Long Beach, California 90808

TO: TENANT  
PETROWINGS LIMITED  
4310 Donald Douglas Drive  
Long Beach, California 90808

5 M. Time.

6 Time is of the essence in this Lease.

7  
8 IN WITNESS WHEREOF, the parties hereto have caused  
9 these presents to be duly executed with all the formalities re-  
10 quired by law on the respective dates set forth opposite their  
11 signatures.

12 CITY OF LONG BEACH, a municipal  
13 corporation

14 November 16, 1988

15 By [Signature]  
16 ASSISTANT City Manager

17 EXECUTED PURSUANT  
18 TO SECTION 301 OF  
19 THE CITY CHARTER.

20 PETROWINGS LIMITED

21 SEPT. 29, 1988

22 By [Signature]  
23 General Partner

24 TENANT

25 The foregoing Fixed Base Operation Lease is hereby  
26 approved as to form this 6 day of October, 1988.

27 CERTIFIED AS A TRUE AND CORRECT COPY

28 [Signature]  
CITY CLERK OF THE CITY OF LONG BEACH

By [Signature]

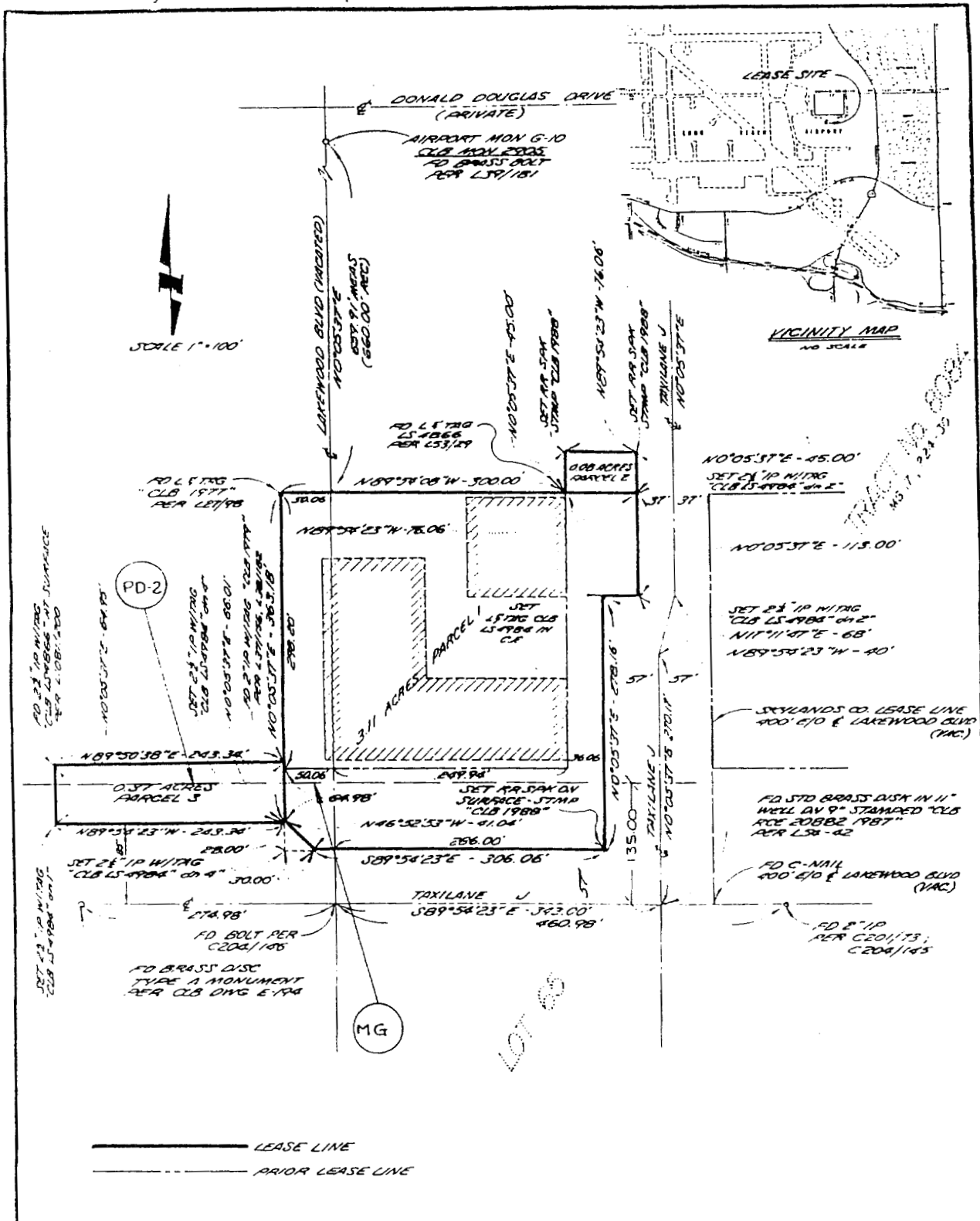
DATE: NOV 28 1988

JOHN R. CALHOUN, City Attorney

By: [Signature] Deputy

RPF/md  
9/6/88





|   |   |  |  |   |  |
|---|---|--|--|---|--|
| <b>A.R. Unhamed</b> 1/26/88<br>CHIEF SURVEYOR S 4866  | <b>FIELD WORK</b><br>BOOK PAGE DATE<br>L53 127-130 8-1-86<br>L53 164-165 3-5-87<br>L53 168-173 3-24-87<br>C201 73 1-30-59<br>C208 145 9-14-59<br>L54 42 7-10-87<br>L1137 7-12 1-18-85 |  |  | CITY OF LONG BEACH - CALIFORNIA<br>DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU |  |
|   | <b>Wm J. Pat</b> 1-26-89<br>DIVISION ENGINEER S 4866  | <b>PETROWINGS &amp; D.</b><br>REGISTERED PROFESSIONAL ENGINEER<br>LEASE AT LONG BEACH AIRPORT<br>No. 210112<br>9-30-89 |  |   | DATE APPROVED 2/10/88<br>CITY ENGINEER RCE 20882 |
| <b>Hy Edward J. Smith</b><br>DIVISION ENGINEER S 4866 | <b>DRAWINGS</b><br>TITLE DWG. NO. DATE<br>#1-653 9-10-59<br>E-198   |  |  | PREPARED S. SMITH<br>CHECKED L. MADDOX<br>LEASE NO. 1938<br>DRAWING NO. M-1750    |  |
| <b>Tom U. Cornwell</b><br>MANAGER, AIRPORT BUREAU     |   |  |  |   |  |

LEGAL DESCRIPTION

Petrowings, Ltd.  
Lease at Long Beach Airport

Those portions of Lots 65 and 66 of Tract No. 8084, City of Long Beach, County of Los Angeles, State of California as per Map recorded in Book 171, Page 24 through 30, inclusive, of Maps in the office of the County Recorder of said County, described as follows:

Parcel 1.

Beginning at the intersection of the centerline of Lakewood Boulevard, 100 feet in width, formally Cerritos Avenue, 80.00 feet in width vacated per Resolution of the California Highway Commission and recorded as Document No. 3601 on May 19, 1959, in the office of said County Recorder and the westerly prolongation of the northerly line of said Lot 65, all as shown on said Tract No. 8084, said intersection also being City of Long Beach Monument No. 2905 (Airport Monument No. G-10); thence South 0°05'37" West 659.91 feet along said centerline to the TRUE POINT OF BEGINNING; thence South 89°54'08" East 249.94 feet to a point, hereinafter referred to as Point "A"; thence South 89°54'23" East 76.06 feet; thence South 0°05'37" West 113.00 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 278.16 feet; thence North 89°54'23" West 306.06 feet; thence North 46°52'53" West 41.04 feet to a point, hereinafter referred to as Point "B"; thence North 0°05'37" East 363.18 feet; thence South 89°54'08" East 50.06 feet to the TRUE POINT OF BEGINNING.

Parcel 2

Beginning at Point "A"; thence North 0°05'37" East 45.00 feet; thence South 89°54'23" East 76.06 feet; thence South 0°05'37" West 45.00 feet to the northerly line of Parcel 1; thence North 89°54'23" West 76.06 feet along said northerly line to Point "A".

Parcel 3

Beginning at Point "B"; thence North 89°54'23" West 243.34 feet; thence North 0°05'37" East 64.95 feet; thence North 89°50'38" East 243.34 feet to the westerly line of Parcel 1; thence South 0°05'37" West 66.01 feet along said westerly line to Point "B".



|                      |                      |                    |                      |
|----------------------|----------------------|--------------------|----------------------|
| PREPARED<br>S. SMITH | CHECKED<br>L. MADDOX | LEASE NO.<br>19331 | DRAWING NO.<br>M-175 |
|----------------------|----------------------|--------------------|----------------------|



1 FIRST AMENDMENT TO FIXED BASE OPERATION LEASE

2 20556

3 THIS FIRST AMENDMENT TO FIXED BASE OPERATION LEASE NO.  
4 20556 is made and entered into, in duplicate, as of December 19,  
5 1989, pursuant to a minute order adopted by the City Council of  
6 the City of Long Beach at its meeting held on ~~December 19, 1989,~~ <sup>January 2, 1990</sup> *mm*  
7 by and between the CITY OF LONG BEACH ("Landlord"), and  
8 PETROWINGS LIMITED, a general partnership, with a place of  
9 business at 4310 Donald Douglas Drive, Long Beach, California  
10 90808 ("Tenant"), who agree as follows:

11 WHEREAS, Landlord and Tenant previously entered into  
12 that certain Fixed Base Operation Lease dated as of November 11,  
13 1988, (the "Lease") pursuant to which Landlord agreed to lease  
14 to Tenant and Tenant agreed to lease from Landlord certain real  
15 property located at 4310 Donald Douglas Drive, in the City of  
16 Long Beach, County of Los Angeles, State of California (the  
17 "Leased Premises"); and

18 WHEREAS, Landlord and Tenant now desire to amend the  
19 Lease to correct the notice provision and to add a right to cure  
20 nonmonetary defaults, and for other purposes;

21 NOW, THEREFORE, in consideration of the mutual terms,  
22 covenants and conditions hereinafter set forth, it is agreed  
23 that the Lease is hereby amended in the following respects:

24 1. Paragraph 21.B of the Lease is hereby amended to  
25 read in its entirety as follows:

26 "B. LENDER'S RIGHTS.

27 Any such lender shall have the right at any time  
28 during the term hereof:

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1           (1) To do any act or thing required of TENANT  
2 hereunder and all such acts or things done and performed  
3 shall be as effective to prevent a forfeiture of TENANT's  
4 rights hereunder as if done by the TENANT; and

5           (2) To realize on the security afforded by the  
6 leasehold estate and to acquire and succeed to the interest  
7 of TENANT hereunder by foreclosure of any mortgage or deed  
8 of trust and to convey or assign the title to the leasehold  
9 estate created hereby to any purchaser at a foreclosure  
10 sale; and

11           (3) In the event of any default by the TENANT in the  
12 payment of an installment of rent hereunder, to pay such  
13 rent to the LANDLORD and such rent payments alone, without  
14 further requirement, shall be sufficient to prevent a  
15 termination or forfeiture of the leasehold estate created  
16 hereby, provided, however, that such right to prevent such  
17 termination or forfeiture shall exist only for a period of  
18 sixty (60) days after notice of such default has been given  
19 by the LANDLORD to such lender and only as to those lenders  
20 who have notified the Airport Manager of their interest in  
21 said Leased Premises, as provided in Paragraph 21.D.  
22 herein; and after said sixty (60) day period such lender,  
23 to prevent such termination or forfeiture, shall be  
24 required to do all acts and things required of TENANT to be  
25 done and performed hereunder; and

26           (4) To cure such default or breach if the same can be  
27 cured by the payment or expenditure of money provided to be  
28 paid under the terms of this Lease; or, if such default or

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1 breach cannot be cured by the payment or expenditure of  
2 money, to cure such default or breach within thirty (30)  
3 days after notice of same from Landlord setting forth the  
4 nature of the default and, if the default cannot be cured  
5 within said thirty-day period to cause the trustee under  
6 the trust deed to commence and thereafter to diligently  
7 pursue to completion proceedings for the exercise of the  
8 power of sale pursuant to the trust deed in the manner  
9 provided by law; and

10 (5) To keep and perform all of the covenants and  
11 conditions of this Lease requiring the payment or  
12 expenditure of money by TENANT until such time as said  
13 leasehold shall be sold upon foreclosure pursuant to the  
14 trust deed or shall be released or reconveyed thereunder;

15 (6) If the holder of the trust deed shall fail or  
16 refuse to comply with any and all of the conditions of this  
17 Paragraph 21 then and thereupon LANDLORD shall be released  
18 from the covenant of forbearance herein contained.

19 (7) In the event TENANT or its subtenants, successors  
20 or assignees creates or allows a citable offense or is  
21 cited for a violation or violations of the Health and  
22 Safety Code or any other applicable federal, state or local  
23 law, LANDLORD, at its sole option, may either declare the  
24 Lease in default and pursue all remedies available to it in  
25 law, equity, or this Lease or in the alternative, as  
26 provided in this Paragraph 21, permit TENANT's lender to  
27 assume the Lease conditional upon curing the offending  
28 default. Cancellation of the Lease shall not release

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1 TENANT, lender, or other responsible party from any  
2 responsibility, liability, or obligation to remedy any  
3 toxic condition occurring on the leasehold."

4 2. Paragraph 21.D. of the Lease is hereby amended to  
5 read in its entirety as follows:

6 "D. NOTICE.

7 As a condition to the vesting of any rights in this  
8 Lease or in the leasehold estate created hereby in any lender,  
9 except as may be otherwise provided by law, the lender shall  
10 give to the Airport Manager a written notice setting forth the  
11 name and address of the lender and enclosing a copy of the  
12 security instrument recorded in the lender's favor. Said notice  
13 shall be given in the manner prescribed in Paragraph 50.L. of  
14 this Lease. Upon the giving of notice as stated herein, the  
15 lender shall be entitled to notice from Landlord of Tenant's  
16 default hereunder, of any request to amend this Lease, and of  
17 any request to terminate this Lease."

18 3. Except as set forth in this First Amendment to  
19 Fixed Base Operation Lease, all of the provisions of the Lease  
20 shall remain unchanged and in full force and effect.

21 //  
22 //  
23 //  
24 //  
25 //  
26 //  
27 //  
28 //

1 IN WITNESS WHEREOF, the parties hereto have caused  
2 these presents to be duly executed with all the formalities  
3 required by law on the respective dates set forth opposite their  
4 signatures.

5 PETROWINGS LIMITED, a general  
6 partnership

7 2/1, 1990

By *E. O. Martin*  
General Partner

8 "TENANT"

9  
10  
11 CITY OF LONG BEACH, a municipal  
12 corporation

13 Feb. 23, 1990

By *John F. Shuey*  
ASSISTANT City Manager

14 EXECUTED PURSUANT  
15 "LANDLORD" TO SECTION 501 OF  
16 THE CITY CHARTER.

17 The foregoing First Amendment to Fixed Base Operation  
18 Lease is hereby approved as to form this 16th day of February,  
19 1990.

20 JOHN R. CALHOUN, City Attorney  
21 By *L. J. ...*  
Deputy

22  
23  
24  
25  
26  
27  
28 PETRO1ST.AMD

John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802  
Telephone (213) 590-6061



(Partnership)

STATE OF CALIFORNIA }  
COUNTY OF LOS ANGELES } SS.

On February 6, 1990 before me, the undersigned, a Notary Public in and for said State, personally appeared E. Q. Martin

↑  
STAMP HERE  
↓

(  ) personally known to me or ( ) proved to me on the basis of satisfactory evidence to be the person who that executed this instrument, on behalf of the partnership and acknowledged to me that the partnership executed it.

WITNESS my hand and official seal.

Signature: Lynne E. Felty  
Lynne E. Felty  
Name (Typed or Printed)

L-8 (8/85)

(This area for official notarial seal)

1 SECOND AMENDMENT TO FIXED

2 BASE OPERATIONS LEASE

3 **20556**

4 THIS SECOND AMENDMENT TO FIXED BASE OPERATIONS LEASE  
5 ("Second Amendment") is entered into as of the 30 day of ~~July~~ July, 2000,  
6 pursuant to minute order adopted by the City Council of the City of Long Beach at its  
7 meeting of June 20, 2000, by and between the CITY OF LONG BEACH, a  
8 municipal corporation ("Landlord"), and PETROWINGS LIMITED, a California limited  
9 partnership ("Tenant").

10 1. This Second Amendment is made with reference to the following facts and  
11 objectives:

12 1.1 The parties entered into a Fixed Base Operations Lease as of  
13 November 16, 1988 ("Lease") for the use of certain premises at the Long  
14 Beach Municipal Airport, consisting of approximately 3.56 acres of land  
15 ("Leased Premises"). The Lease was amended on or about February 16,  
16 1990 ("First Amendment") to clarify the rights of a lender in the event Tenant  
17 assigned its rights under the Lease for security purposes.

18 1.2 The parties intend by this Second Amendment to set forth all  
19 of their understandings and agreements regarding amendment of the land  
20 area of the Leased Premises.

21 2. Section 1 of the Lease is amended by changing the land area from "3.56  
22 acres" at line 8 to "3.717 acres", and substituting the drawing and legal description  
23 attached hereto as Exhibit "A" for the original Exhibit "A" to the Lease.

24 3. Section 5 of the Lease is amended by adding a new sentence to be and  
25 read as follows:

26 "Notwithstanding the provisions of Section 1 of the Lease, and until  
27 otherwise agreed, the land area of the Leased Premises shall be deemed to  
28 be 3.56 acres, or 155,073.6 square feet, for purposes of the adjustment to

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 land rental required by this Section 5, notwithstanding the relinquishment of  
2 approximately 0.08 acres of land of the Leased Premises and the addition  
3 of approximately 0.237 acres of land to the Leased Premises."

4 3. Except as expressly provided in this Second Amendment all of the terms  
5 and conditions of the Lease shall remain unchanged and in full force and effect.

6 4. This Second Amendment shall be effective upon execution by the City of  
7 Long Beach.

8 PETROWINGS LIMITED, a California limited  
9 partnership

10 DATED: 5-31, 2000

By: E. Q. Martin

11 Name: E. Q. MARTIN

12 Title: Manager, Partisan

13 DATED: \_\_\_\_\_, 2000

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

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

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

16 "Tenant"

17  
18 CITY OF LONG BEACH, a municipal corporation

19 DATED: July 10, 2000

By: [Signature]  
ASSISTANT City Manager

21 "Landlord"

EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.

22 The foregoing Second Amendment to Fixed Base Operations Lease is  
23 hereby approved as to form this 27th day of June, 2000.

24 ROBERT E. SHANNON, City Attorney

25 By: [Signature]  
26 Everett L. Glenn, Deputy

27 ELG:rmb5-18-2000(petrowings.amd)00-02131

28 F:\APPS\CtyLaw32\WPDOCS\1018\1001\00010994.WPD

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of ~~California~~ IDAHO }  
County of BONNER } ss.

On MAY 31, 2000, before me, LINDA K. DUNN, NOTARY PUBLIC  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared ERNEST Q. MARTIN  
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



Place Notary Seal Above

to be the person(s) whose name(s) is/are subscribed to the within instrument is/and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Linda K. Dunn  
Signature of Notary Public  
COMMISSION EXPIRES: 12-7-00

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: SECOND AMENDMENT TO FIXED BASE OPERATIONS LEASE  
Document Date: 5-31-2000 Number of Pages: 4

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

- Signer's Name: ERNEST Q. MARTIN
- Individual
  - Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Attorney in Fact
  - Trustee
  - Guardian or Conservator
  - Other: \_\_\_\_\_

Signer Is Representing: PETROWINGS LTD.

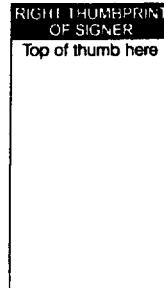
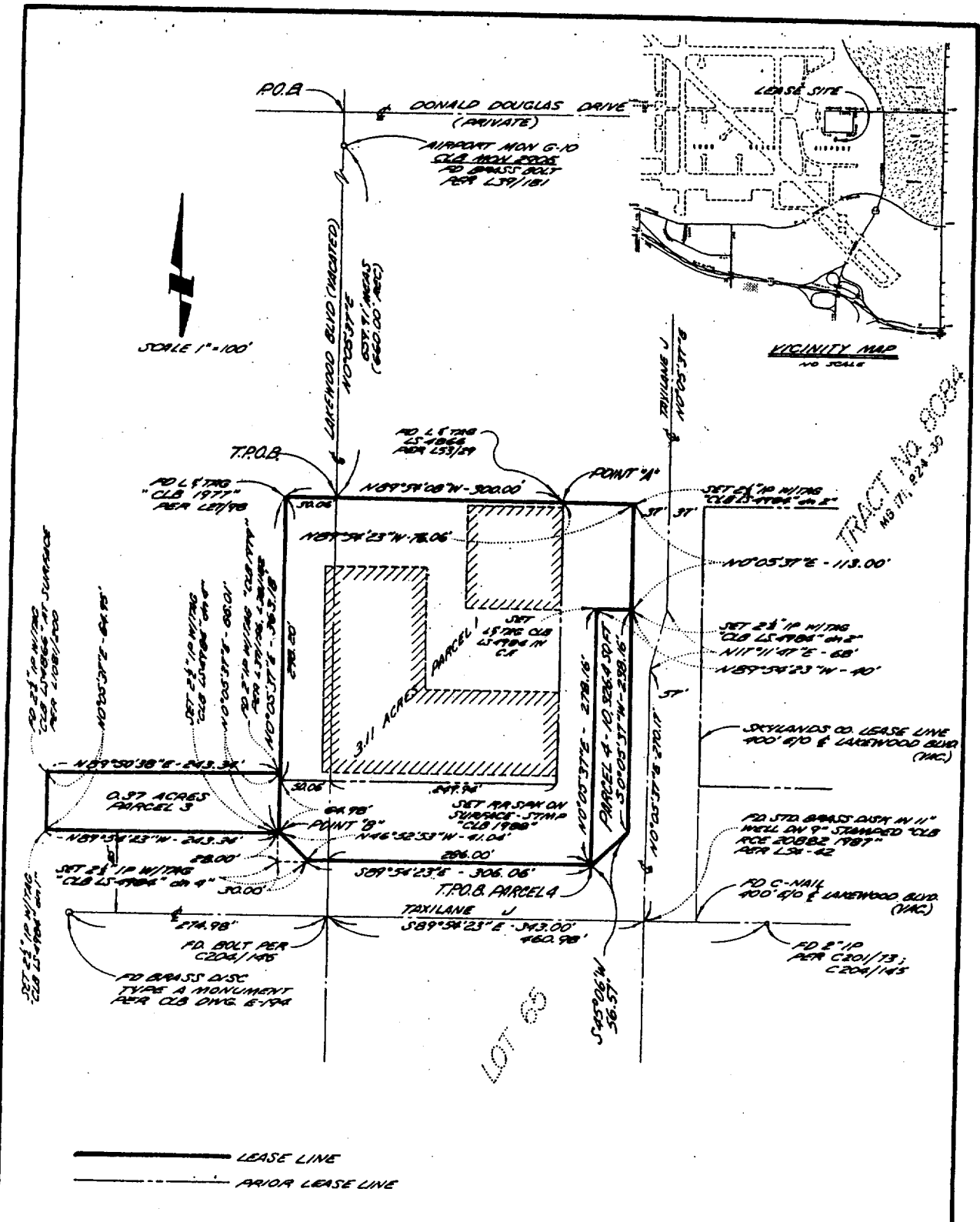


EXHIBIT "A"



*D.R. Johnson* 1/26/88  
CHIEF SURVEYOR L.S. 4289

*W.D. Put* 1/26/88  
DIVISION ENGINEER C.E. 31022

*H.Y. Edward J. Put*  
DIVISION ENGINEER C.E. 24223

*Don U. Gorman*  
MANAGER, AIRPORT BUREAU

| FIELD WORK |         |         |
|------------|---------|---------|
| BOOK       | PAGE    | DATE    |
| L53        | 127-130 | 8-1-86  |
| L53        | 164-165 | 3-5-87  |
| L53        | 168-173 | 3-24-87 |
| C201       | 73      | 1-30-89 |
| C204       | 145     | 9-14-89 |
| L54        | 42      | 7-10-87 |
| L1137      | 7-12    | 1-14-88 |

| DRAWINGS |          |         |
|----------|----------|---------|
| TITLE    | DWG. NO. | DATE    |
|          | 11-653   | 9-10-89 |
|          | 5-194    |         |

CITY OF LONG BEACH - CALIFORNIA  
DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU

**PETROWING**  
REGISTERED PROFESSIONAL ENGINEER  
No. 20882  
9-16-87

LEASE AT LONG BEACH AIRPORT

DATE APPROVED 2/10/88  
PREPARED S. SMITH  
CHECKED L. MADDOX  
LEASING NO. 193  
DRAWING NO. 1750a

LEGAL DESCRIPTION

Petrowings, Ltd.  
Lease at Long Beach Airport

Those portions of Lots 65 and 66 of Tract No. 8084, City of Long Beach, County of Los Angeles, State of California as per Map recorded in Book 171, Page 24 through 30, inclusive, of Maps in the office of the County Recorder of said County, described as follows:

Parcel 1

Beginning at the intersection of the centerline of Lakewood Boulevard, 100 feet in width, formally Cerritos Avenue, 80.00 feet in width vacated per Resolution of the California Highway Commission and recorded as Document No. 3601 on May 19, 1959, in the office of said County Recorder and the westerly prolongation of the northerly line of said Lot 65, all as shown on said Tract No. 8084, said intersection also being City of Long Beach Monument No. 2905 (Airport Monument No. G-10); thence South 0°05'37" West 659.91 feet along said centerline to the TRUE POINT OF BEGINNING; thence South 89°54'08" East 249.94 feet to a point, hereinafter referred to as Point "A"; thence South 89°54'23" East 76.06 feet; thence South 0°05'37" West 113.00 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 278.16 feet; thence North 89°54'23" West 306.06 feet; thence North 46°52'53" West 41.04 feet to a point, hereinafter referred to as Point "B"; thence North 0°05'37" East 363.18 feet; thence South 89°54'08" East 50.06 feet to the TRUE POINT OF BEGINNING.

Parcel 3

Beginning at Point "B"; thence North 89°54'23" West 243.34 feet; thence North 0°05'37" East 64.95 feet; thence North 89°50'38" East 243.34 feet to the westerly line of Parcel 1; thence South 0°05'37" West 66.01 feet along said westerly line to Point "B".

Parcel 4 Beginning at Point "B"; thence North 46°52'53" West 41.04 feet; thence South 89°54'23" East 306.06 feet to the TRUE POINT OF BEGINNING of Parcel 4; thence North 0°05'37" East 278.16 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 238.16 feet; thence South 45°06' West 56.57 feet to the TRUE POINT OF BEGINNING of Parcel 4



|                      |                     |                    |                        |
|----------------------|---------------------|--------------------|------------------------|
| PREPARED<br>S. SMITH | CHECKED<br>L.MADDOX | LEASE NO.<br>19331 | DRAWING NO.<br>M-1750a |
|----------------------|---------------------|--------------------|------------------------|

EXHIBIT B  
SUBLEASE

### SUBLEASE OF FIXED BASED OPERATION LEASE

THIS SUBLEASE OF FIXED BASED OPERATION LEASE (this "Sublease") is entered into on May 1, 2005 by and between Petrowings Limited, a California limited partnership ("Sublessor"), with an address of 4310 Donald Douglas Drive, Long Beach CA 90808 and Airspace LLC, a Delaware limited liability company, ("Sublessee"), currently located at 90 William Street, New York NY 10038.

**WHEREAS**, the City of Long Beach ("Lessor") and Sublessor entered into a forty (40) year Fixed Based Operation Lease dated November 16, 1988 (the "Lease") originally relating to three parcels of real property located at Long Beach Municipal Airport ("Airport"), which three parcels are more particularly described as Parcel 1 ("Parcel 1"), Parcel 2 and Parcel 3 and the descriptions of which are attached as an exhibit to the Lease. A copy of the Lease is attached hereto and incorporated herein as Exhibit A.


**WHEREAS**, Sublessor and Sublessee desire to enter into this Sublease and the rights and obligations thereunder relating to a certain portion of the land and improvements located on Parcel 1, comprising approximately 3.2 +/- acres and more commonly known as 4310 Donald Douglas Drive, located in the City of Long Beach, State of California, and generally described as office suite 102, office suite 202, hangers 103 and 104 and adjacent ramp area (the "Premises"), a copy of the plan of the Premises is attached hereto and incorporated herein as Exhibit B.

**NOW THEREFORE**, in consideration of the premises set forth above and the promises set forth below, the receipt and sufficiency of which are hereby acknowledged, Sublessor and Sublessee agree to the following terms and conditions.

1. Recitals. The Recitals set forth above are incorporated into and made a part of this Sublease.
2. Premises. Sublessor hereby subleases to Sublessee and Sublessee hereby subleases from Sublessor, for the term specified below, upon all of the conditions set forth herein, and consistent with the requirements of the Lease, the Premises.
3. Term. The initial term of this Sublease shall be for one (1) year commencing on May 1, 2005 and ending on April 30, 2006, unless sooner terminated at the option of the Sublessee as set forth in this Section 3 ("Initial Term"). Upon at least thirty (30) days advance written notice, during the Term (as it may be extended pursuant to Section 4), Sublessee may terminate this Sublease and, upon such termination, all rights and obligations between Sublessor and Sublessee pursuant to this Sublease shall be terminated and of no further force and effect.
4. Security Deposit. Upon execution of this Sublease, Sublessee shall pay to Sublessor a security deposit ("Deposit") in the amount of Thirty Five Thousand Dollars (\$35,000) and such Deposit shall be held by Sublessor. If Sublessee is not in default at the termination or expiration of this Sublease, and provided that the Premises are in the same condition as of the date of this Sublease, ordinary wear and tear excepted, any remaining portion of the Deposit thereupon shall be returned to Sublessee, within thirty (30) days from the date Sublessee vacates the Premises.
5. Rent. During the Term, Sublessee shall pay to Sublessor, as total and complete payment for all obligations due to Sublessor under this Sublease, for Sublessee's use of the Premises, equal monthly installment payments in the amount of Thirty Five Thousand Dollars (\$35,000.00) ("Rent"), payable in advance, by the fifth (5<sup>th</sup>) day of each month of the Term. If the Term begins and/or expires on a day other than the first (1<sup>st</sup>) day of a month, the Rent for such





places as Sublessor may designate in writing. ~~First month's Rent shall be abated and Sublessee's first rental payment shall not be due until June 1, 2005.~~ 

6. Use.

(a) Agreed Use. The Premises shall be used and occupied only for those purposes set forth in the Lease, and for no other purposes.

(b) Compliance. Sublessor warrants and represents that, as of the commencement of the Term, the Premises and all improvements located thereon, comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances. During the Term, Sublessee covenants that it will use the Premises and the improvements located thereon in compliance with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances.

(c) Acceptance of Premises and Lease. Sublessee acknowledges that: (i) Sublessor has advised Sublessee to satisfy itself regarding the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with all applicable requirements) and their suitability for Sublessee's intended use; (ii) Sublessee has made, or will make, such investigation as it deems necessary with reference to such matters and assumes all responsibility therefore as the same relates to its occupancy of the Premises; and (iii) neither Sublessor, Sublessor's agents, nor any broker has made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants, including Sublessee.

7. Representations and Warranties. Sublessor warrants and represents that, as of the date of this Sublease:

(a) Sublessor is in material compliance with the terms and conditions of the Lease.

(b) the Lease is in full force and effect and that neither Sublessor nor Lessor are in default of the Lease.

(c) all Sublessor payment obligations, including without limitation, all taxes and Lease payments, are current and paid in full.

(d) except for Sublessee, the Sheriff's Department is the only subtenant or user of the Premises.

(e) Sublessor has not been provided with any notification, nor to the best of Sublessor's knowledge, has any government agency commenced, or threatened to commence, any action or proceeding, regarding the presence and/or remediation of any hazardous waste, hazardous substance or toxic substance (collectively "Hazardous Substances") on or at the Premises and/or the Airport. Sublessor has provided Sublessee, and covenants in the future to provide Sublessee, with all plans and reports regarding any environmental studies relating to the Premises.

8. Covenants.

(a) Sublessor covenants that it will:

(i) be in material compliance with the terms and conditions of the Lease during the Term.

(ii) provide Sublessee with all government agency or other notices, documents and information regarding Hazardous Substances possibly or actually located on the Premises.

(iii) provide Sublessee with all government agency or other notices, documents and information regarding possible or actual eminent domain or the condemnation of the Premises.

(b) Sublessee covenants that it will:

(i) be in material compliance with the terms and conditions of the Sublease during the Term.

(ii) provide Sublessor with all government agency or other notices, documents and information regarding Hazardous Substances possibly or actually located on the Premises and/or the Airport.

(iii) provide Sublessor with all government agency or other notices, documents and information regarding possible or actual eminent domain or the condemnation of the Premises and/or the Airport.

9. Subordination and Assumed Obligations

(a) Subordination. This Sublease is, and shall at all times be, subject and subordinate to the Lease. The rights and obligations of Sublessor under this Sublease shall be those for Lessor under the Lease and the rights and obligations of Sublessee under this Sublease shall be those for Sublessor under the Lease. (b) Sublessee Assumed Obligations. Except as set forth in this Sublease, during the Term, Sublessee shall assume and perform all obligations of Sublessor under the Lease regarding the Premises and Sublessor shall assume and perform all obligations of Lessor under the Lease regarding the Premises.

10. Sublessee's Indemnification. Sublessee shall indemnify and hold harmless Sublessor from and against any and all liability, judgments, costs, damages, claims or demands, including reasonable attorneys' fees, arising out of or relating to:

(a) Sublessee's failure to perform its obligations under this Sublease.

(b) the existence and remediation of Hazardous Substances existing on the Premises.

11. Sublessor's Indemnification. Sublessor shall indemnify and hold harmless Sublessee from and against any and all liability, judgments, costs, damages, claims or demands, including reasonable attorneys' fees, arising out of or relating to:

(a) Sublessor's failure to perform its obligations under this Sublease.



(b) the existence and remediation of Hazardous Substances existing on the Premises on or before the commencement of the Term.

other than Sublessee.

12. Consent of Lessor.

(a) Consent to Sublease. Sublessor shall use its best efforts to obtain Lessor's consent to, and approval of, this Sublease. Sublessor shall provide Lessor with a copy of this Sublease and comply with all requirements set forth in the Lease regarding the subleasing of the Premises within five (5) days from the date of this Sublease. Sublessor shall diligently pursue Lessor's approval of this Sublease and shall keep Sublessee informed of the progress of the approval of this Sublease by Lessor.

(b) Consent to Modifications to Sublease. No changes or modifications shall be made to this Sublease without the written consent of Sublessor, Sublessee and Lessor.

(c) Lessor's Acknowledgment. Lessor's execution of this Sublease constitutes its consent to this Sublease and that Lessor acknowledges that, to the best of its knowledge, Sublessor is not in default of the Lease and the execution of this Sublease shall not constitute a default under the Lease.

(d) Sublessee's Right to Cure a Default. Lessor shall deliver to Sublessee copies of all notices of Sublessor's default under the Lease. Sublessee shall have the right to cure any Sublessor default within fifteen (15) days after its receipt of written notice from Lessor. Provided that Sublessee is not the cause of Sublessor's default under the Lease, any cost to cure such default incurred by Sublessee shall be offset against the Rent otherwise due by Sublessee to Sublessor under this Sublease.

13. Governing Law. This Sublease is governed by the laws of the State of California.

Executed at: \_\_\_\_\_

On: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Executed at: \_\_\_\_\_

On: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Sublessor: Petroleum 5

By: E. Q. Martin

Printed Name: E. Q. Martin

Title: Partner

Sublessee: Airspace LLC

By: [Signature]

Printed Name: Arik Kistlin

Title: Managing Member



REQUEST FOR CONSENT TO SUBLEASE

Petrowings Limited in accordance with Paragraph 22 of the lease with the City of Long Beach dated November 16, 1988 ("Master Lease"), hereby requests permission to enter into a Sublease on the following terms:

- 1. A. Proposed Subtenant: Airspace LLC  
(Name of Individual or Company)
- B. Address: 90 William Street, Suite 501  
New York NY 10038
- C. Telephone Number: (212) 730 0100
- D. Commencement Date of Subtenancy: May 1, 2005

2. Area (acreage or square footage) to be subleased: Office Suites 102, 202, Kanger 103, 104, adjacent ramp area

3. Location on Leased Premises: 4210 Donald Douglas Drive, Long Beach, CA 90808

4. Type of business to be conducted: Fixed based Operations

5. Responsible persons (names of principals or major executives of proposed Subtenant):

| Name              | Company | Managing Member Title |
|-------------------|---------|-----------------------|
| <u>Arik Kisin</u> |         |                       |
|                   |         |                       |
|                   |         |                       |
|                   |         |                       |

6. Attach a copy of the Sublease or a summary thereof, indicating the term of the sublease and proposed use(s).

7. Tenant and Subtenant both understand and agree that the Leased Premises are subject to the terms of the Master Lease. This Consent to Sublease is predicated upon the understanding that the Sublease is and shall be at all times subject to and subordinate

Robert S. Aboussin  
City Attorney of Long Beach  
303 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone: (562) 570-1300



1 to the Master Lease. Both Tenant and Subtenant will comply with all rules and regulations  
2 governing the Long Beach Municipal Airport. Tenant and Subtenant agree that the  
3 attached Addendum to Sublease ("Addendum") shall be made a part of and incorporated  
4 by reference in the Sublease and that an executed copy of the Addendum shall be  
5 provided to the City as a condition precedent to the effectiveness of this Consent to  
6 Sublease.

7 4-7-05  
~~4-6-05~~

*E. Shannon*

8 Date

Tenant (Authorized Representative)

9 4/6/05

Date

Subtenant

*Joan L. Lopez*  
Joan L. Lopez

11 Date

Subtenant

**Notary Public, State of New York**  
**No. G1LO6070676**  
**Qualified in Kings County**  
**Commission Expires March 4, 2006**

13 Consent to Sublease is hereby given on April 28, 2005.

15 CITY OF LONG BEACH, a municipal corporation

16 By *M. ...*  
City Manager

18 LANDLORD

19 Approved as to form on April 18, 2005

21 ROBERT E. SHANNON, City Attorney

22 By *[Signature]*  
Deputy

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

ADDENDUM TO  
SUBLEASE

DATED

5/4/05

BETWEEN

Petrowings LTD

AND

Airspace LLC

The following provision is added to that certain Sublease dated May 1st, 2005, between Petrowings LTD and Airspace LLC covering premises located at 4310 Donald Douglas Drive, Long Beach, CA 90808.

A new paragraph \_\_\_ shall be added to the Sublease to be and read as follows: Master Lease. Landlord and Tenant acknowledge and agree that the premises are subject to the terms of that certain lease ("Master Lease") dated as of November 6, 1988 between Landlord, as tenant, and the City of Long Beach, a municipal corporation, as landlord ("City"). Further, Landlord and Tenant acknowledge and agree that the Sublease is and shall be at all times subject to and subordinate to the Master Lease. Both Landlord and Tenant shall comply with all rules and regulations governing the Long Beach Municipal Airport.

Agreed and Accepted:

Petrowings LTD  
Landlord

By E. Q. Mantz  
Its Manager

By \_\_\_\_\_  
Its \_\_\_\_\_

Tenant

By [Signature]  
Its Nancy J. Newell

By \_\_\_\_\_  
Its \_\_\_\_\_

Joan L. Lopez  
Joan L. Lopez  
Notary Public, State of New York  
No. 01108070676  
Qualified in Kings County  
Commission Expires March 4, 2008



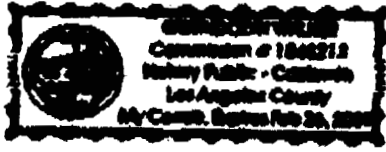
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Los Angeles }

on April 7 2005 before me, Gwendolyn Walker Dwyer, Public  
personally appeared Ernest Martin

personally known to me  
 proved to me on the basis of satisfactory evidence

to be the person whose name is set  
subscribed to the within instrument and  
acknowledged to me that he/she/it executed  
the same in his/her/its authorized  
capacity(ies), and that of his/her/its  
signature(s) on the instrument was personal, or  
the entity upon behalf of which the person(s)  
acted, executed the instrument.



WITNESS my hand and official seal.  
Gwendolyn Walker  
Notary Public

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on this document and could prove beneficial approval and recertification of this form to another document.

**Description of Attached Document**

Title or Type of Document: Request for Consent to Sublease - Addendum

Document Date: November 16, 1988 / 5/1/05 Number of Pages: 3

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner — Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer is Representing: \_\_\_\_\_

②

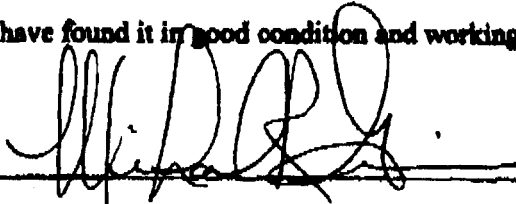
**Summary of Sublease**

|  |  |
|--|--|
| <b>Subtenant:</b>                            | Airspace LLC   |
| <b>Subtenant Address:</b>                    | Airspace LLC<br>90 William Street, Suite 501<br>New York, NY 10038   |
| <b>Subtenant Phone #:</b>                    | (212) 730-0100   |
| <b>Commencement Date<br/>of Subtenancy:</b>  | May 1, 2005  |
| <b>Sublease Term:</b>                        | Month-to-month.<br>(Petrowings Ltd. (Sublessor), and Airspace<br>LLC (Sublessee) may negotiate a term-<br>Sublease in the future.) |
| <b>Premises to be Subleased:</b>             | 4310 Donald Douglas Drive - Office suites 102,<br>202, Hangar 103, 104, adjacent ramp area.  |
| <b>Type of Business to be<br/>Conducted:</b> | Fixed based operations - air charter services.   |



**Petrowings**  
4310 Donald Douglas Drive  
Long Beach, Ca. 90808  
562-420-3538

Air Space, LLC and its representatives have inspected and approved the lease area known as 4310 Donald Douglas Drive, areas 102, 103, 104, and 202. They have inspected and approved the electrical, plumbing, air conditioning, heating, lighting, the operation of the hangar doors, and all other aspects of the condition of the buildings. This includes, but is not limited, to the carpeting, paint, and general condition of the buildings. They have found it in good condition and working order, and hereby accept the facility.

  
\_\_\_\_\_  
Representative of Air Space, LLC  
Dated \_\_\_\_\_

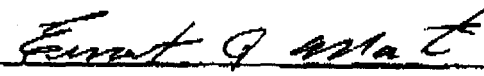
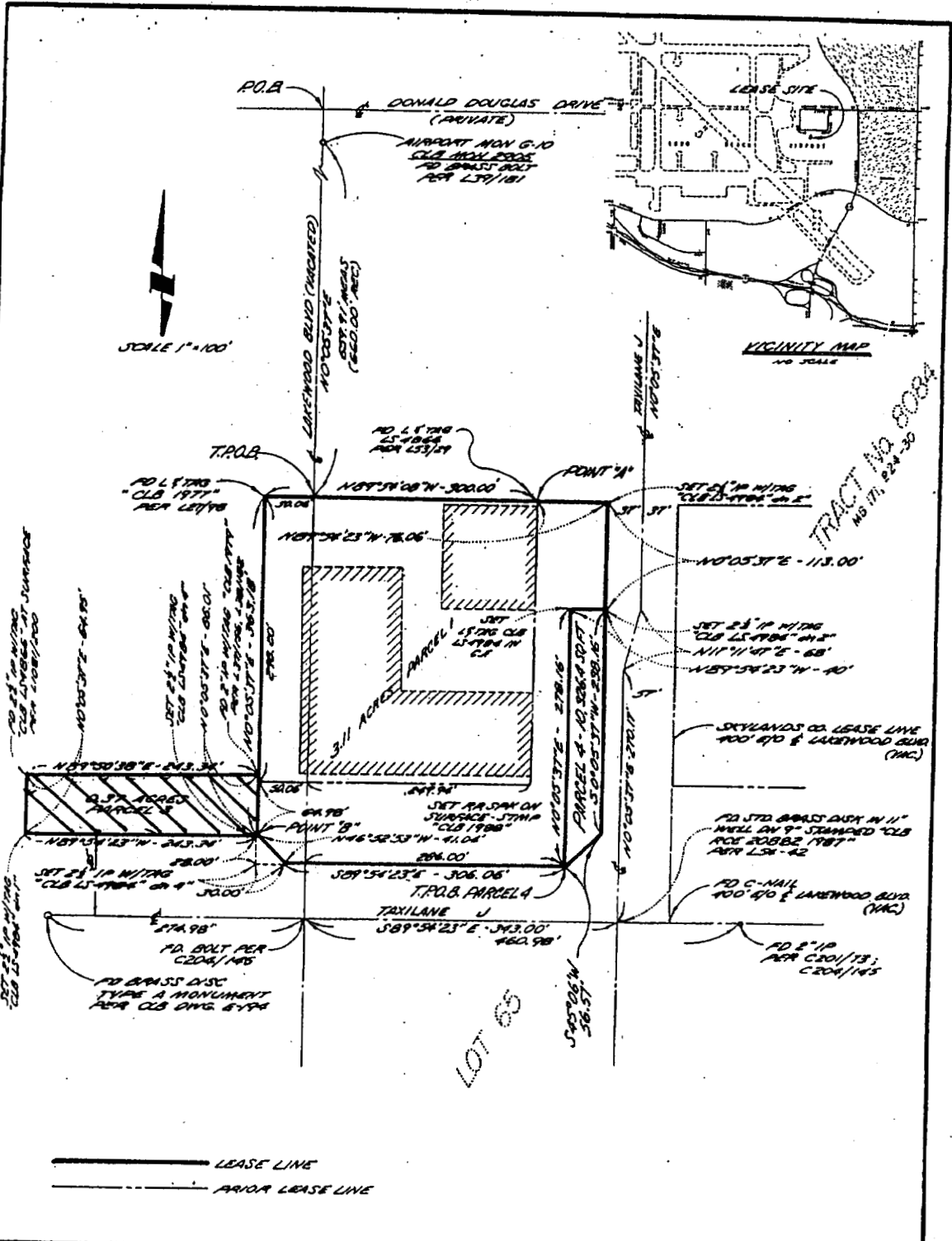
  
\_\_\_\_\_  
Managing Partner, Petrowings  
Dated 4-19-05



EXHIBIT C

PLAN

EXHIBIT



| <p><i>d.R. Unhamed</i> 1/26/88<br/>CHIEF SURVEYOR<br/>L.S. 2211</p> <p><i>W. Paul</i> 1/26/88<br/>DIVISION ENGINEER<br/>S.L. 37037</p> <p><i>Edward J. Poff</i><br/>DIVISION ENGINEER<br/>S.L. 22123</p> <p><i>John U. Gorman</i><br/>MANAGER, AIRPORT BUREAU</p> | <p>FIELD WORK</p> <table border="1"> <thead> <tr> <th>BOOK</th> <th>PAGE</th> <th>DATE</th> </tr> </thead> <tbody> <tr> <td>L53</td> <td>127-130</td> <td>8-1-86</td> </tr> <tr> <td>L53</td> <td>164-165</td> <td>3-5-87</td> </tr> <tr> <td>L53</td> <td>168-173</td> <td>3-24-87</td> </tr> <tr> <td>C201</td> <td>73</td> <td>1-30-59</td> </tr> <tr> <td>C202</td> <td>145</td> <td>9-14-59</td> </tr> <tr> <td>L54</td> <td>42</td> <td>7-10-87</td> </tr> <tr> <td>E1137</td> <td>7-12</td> <td>1-14-88</td> </tr> </tbody> </table> |         |       | BOOK     | PAGE | DATE | L53   | 127-130 | 8-1-86 | L53   | 164-165 | 3-5-87   | L53 | 168-173 | 3-24-87 | C201 | 73 | 1-30-59 | C202 | 145 | 9-14-59 | L54 | 42 | 7-10-87 | E1137 | 7-12 | 1-14-88 | <p>CITY OF LONG BEACH - CALIFORNIA<br/>DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU</p> |  |
|---|---|---------|-------|----------|------|------|-------|---------|--------|-------|---------|--|-----|---------|---------|------|----|---------|------|-----|---------|-----|----|---------|-------|------|---------|---|--|
|   | BOOK  | PAGE    | DATE  |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| L53   | 127-130   | 8-1-86  |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| L53   | 164-165   | 3-5-87  |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| L53   | 168-173   | 3-24-87 |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| C201  | 73  | 1-30-59 |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| C202  | 145   | 9-14-59 |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| L54   | 42  | 7-10-87 |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| E1137   | 7-12  | 1-14-88 |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| <p>DRAWINGS</p> <table border="1"> <thead> <tr> <th>TITLE</th> <th>DWG. NO.</th> <th>DATE</th> </tr> </thead> <tbody> <tr> <td></td> <td>4-653</td> <td>9-10-59</td> </tr> <tr> <td></td> <td>6-174</td> <td></td> </tr> </tbody> </table>                        |   |         | TITLE | DWG. NO. | DATE |      | 4-653 | 9-10-59 |        | 6-174 |         | <p>DATE APPROVED 2/10/88</p> <p>PREPARED S. SMITH</p> <p>CHECKED L. MADDOX</p> <p>LEASING NO. 193</p> <p>REG. PROFESSIONAL ENGINEER<br/>IN AIRPORT ROLLER<br/>No. 20882<br/>9-31-87<br/>CITY ENGINEER RCE 20882</p> <p>LEASE NO. 1750a</p> |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
| TITLE   | DWG. NO.  | DATE    |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
|   | 4-653   | 9-10-59 |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |
|   | 6-174   |         |       |          |      |      |       |         |        |       |         |  |     |         |         |      |    |         |      |     |         |     |    |         |       |      |         |   |  |

LEGAL DESCRIPTION

Petrowings, Ltd.  
Lease at Long Beach Airport

Those portions of Lots 65 and 66 of Tract No. 8084, City of Long Beach, County of Los Angeles, State of California as per Map recorded in Book 171, Page 24 through 30, inclusive, of Maps in the office of the County Recorder of said County, described as follows:

Parcel 1

Beginning at the intersection of the centerline of Lakewood Boulevard, 100 feet in width, formally Cerritos Avenue, 80.00 feet in width vacated per Resolution of the California Highway Commission and recorded as Document No. 3601 on May 19, 1959, in the office of said County Recorder and the westerly prolongation of the northerly line of said Lot 65, all as shown on said Tract No. 8084, said intersection also being City of Long Beach Monument No. 2905 (Airport Monument No. 6-10); thence South 0°05'37" West 659.91 feet along said centerline to the TRUE POINT OF BEGINNING; thence South 89°54'08" East 249.94 feet to a point, hereinafter referred to as Point "A"; thence South 89°54'23" East 76.06 feet; thence South 0°05'37" West 113.00 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 278.16 feet; thence North 89°54'23" West 306.06 feet; thence North 46°52'53" West 41.04 feet to a point, hereinafter referred to as Point "B"; thence North 0°05'37" East 363.18 feet; thence South 89°54'08" East 50.06 feet to the TRUE POINT OF BEGINNING.

Parcel 3

~~Beginning at Point "B"; thence North 89°54'23" West 243.34 feet; thence North 0°05'37" East 54.06 feet; thence North 89°54'38" East 243.34 feet to the westerly line of Parcel 1; thence South 0°05'37" West 66.01 feet along said westerly line to Point "B".~~

Parcel 4 Beginning at Point "B"; thence North 46°52'53" West 41.04 feet; thence South 89°54'23" East 306.06 feet to the TRUE POINT OF BEGINNING of Parcel 4; thence North 0°05'37" East 278.16 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 238.16 feet; thence South 45°06' West 56.57 feet to the TRUE POINT OF BEGINNING of Parcel 4



|                      |                      |                    |                        |
|----------------------|----------------------|--------------------|------------------------|
| PREPARED<br>S. SMITH | CHECKED<br>L. MADDOX | LEASE NO.<br>19331 | DRAWING NO.<br>M-1750a |
|----------------------|----------------------|--------------------|------------------------|

EXHIBIT D  
OPTION AGREEMENT

**OPTION AGREEMENT**

THIS OPTION AGREEMENT (this "Agreement") is entered into on this 13 day of MAY, 2005, by and between Petrowings Limited, a California limited partnership ("Seller") with an address of 4310 Donald Douglas Drive, Long Beach CA 90808, and Airspace LLC, a Delaware limited liability company ("Purchaser"), currently located at 90 William Street, New York NY 10038.

WHEREAS, the City of Long Beach ("Lessor") and Seller entered into a forty (40) year Fixed Based Operation Lease dated November 16, 1988 ("Lease") originally relating to three (3) parcels of real property located at Long Beach Municipal Airport ("Airport"), which three (3) parcels are more particularly described as Parcel 1 ("Parcel 1"), Parcel 2 and Parcel 3 and the descriptions of which are attached as an exhibit to the Lease. A copy of the Lease is attached hereto and incorporated herein as Exhibit A.

WHEREAS, Seller and Purchaser entered into a Sublease of Fixed Based Operation Lease of even date herewith ("Sublease") (a copy of the Sublease is attached hereto and incorporated herein as Exhibit B) relating to a certain portion of the land and improvements located on Parcel 1, comprising approximately 3.2 +/- acres and more commonly known as 4310 Donald Douglas Drive, located in the City of Long Beach, State of California, and generally described as office suite 102, office suite 202, hangers 103 and 104 and adjacent ramp area (collectively the "Property"), a copy of the plan of the Property is attached hereto and incorporated herein as Exhibit C.

WHEREAS, Purchaser desires to have the option to purchase all of Seller's rights, title and interest in and to the Lease and Seller desires to provide Purchaser with the option to purchase from Seller all of Seller's rights, title and interest in the Lease, all in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the premises set forth above and the promises set forth below, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree to the following terms and conditions.

**RECITALS**

The Recitals set forth above are incorporated into and made a part of this Agreement.

**ARTICLE 1. OPTION**

1.1 Exclusive Purchase Option. During the Term, as defined below in Section 1.2 below, Purchaser is hereby granted an exclusive option (the "Option") to purchase from Seller all of Seller's rights, title and interest in and to the Lease, pursuant to the terms and conditions of purchase described below. During the Term, Seller will not solicit or consider any offers to sell, sublease, assign, or transfer in any way, the Lease and/or the Property or any of Seller's rights, title and interests in the Lease and/or the Property, to or from any party other than Purchaser.

1.2 Term. Purchaser's exclusive Option shall be for a term commencing on MAY 13, 2005 and ending on December 31, 2005, unless sooner terminated at the option of Purchaser as set forth in this Section 1.2 ("Initial Option Term"). Upon at least thirty (30) days advance written notice, during the Term (as defined in this Section 1.2), Purchaser may terminate this Agreement and, upon such termination, all rights and obligations between Seller and Purchaser set forth in this Agreement shall be terminated and of no further force and effect.

*66*

1.3 Exercise of Option. Upon Purchaser's receipt of a copy of the Approval Notice as defined in Section 2.4(b) below, Purchaser shall have sixty (60) days to exercise its Option right as defined herein and Seller and Purchaser shall enter into the Assignment as defined in Section 2.4(a) below. If Purchaser does not timely exercise its Option right, this Agreement automatically shall be deemed to be terminated and have no further force and effect.

1.4 Option Consideration. Consideration for the granting of the Option shall be an aggregate amount of Two Thousand Five Hundred Dollars (\$2,500), the receipt and sufficiency of which are acknowledged by the parties hereto.

## ARTICLE 2. TERMS AND CONDITIONS OF PURCHASE

2.1 Purchase Price. The purchase price for the purchase of the Lease (the "Purchase Price") to be paid by Purchaser to Seller upon the exercise of the Option shall be the amount set forth in Schedule 1, a copy of which is attached hereto and incorporated herein. Any and all Rent, and/or any portion of Rent, paid by Purchaser to Seller, as that term is defined in Section 5 and Section 6 of the Sublease, including but not limited to Rent paid for not more than sixty (60) days after receipt of the Approval Notice, shall be considered and deemed to be partial payment by Purchaser of the Purchase Price and Purchaser shall be credited for such amount against the Purchase Price, provided that the total amount of Rent credit to be afforded to the Purchaser against the Purchase Price shall not be for Rent due after October 1, 2005. The Purchase Price shall be payable in whole at Closing, as defined below, or in possible installments as mutually agreed upon by the parties hereto.

2.2 Closing. Purchaser and Seller agree that the closing of the purchase and sale of the Lease shall be consummated within thirty (30) days of the exercise of the Option by Purchaser (the "Closing"), and receipt of the Approval Notice at such place as the parties may agree. Upon the Closing, the Sublease shall be deemed to be null and void.

2.3 Purchaser's Deliveries. At or before the Closing, Purchaser will pay to Seller the Purchase Price, or any agreed upon Closing installment portion thereof.

2.4 Seller's Deliveries. At the Closing, Seller shall deliver to Purchaser the following items, all documents being duly executed by Seller and Lessor, if necessary, in recordable form when so required:

(a) Assignment of Lease. An Assignment of the Lease ("Assignment") from Seller to Purchaser, which Assignment shall include Lessor's and all other required parties' written consent and approval to such Assignment, including from all government and quasi-government offices and agencies (collectively "Agencies" or Individually "Agency"), including the Approval Notice as defined in Section 2.4(b) below, in form and substance satisfactory to Purchaser, conveying to Purchaser all rights, title and interests in and to the Lease and the Property, as a lessee of the Property, free and clear of all liens, leases, encumbrances, conditions, easements, restrictions and agreements.

(b) Approvals. Upon execution of this Agreement and Purchaser's written demand to Seller, Seller shall use its best efforts immediately to obtain Lessor's consent and the consent and approval of all necessary Agencies, to the Sublease and this Agreement. During the Term, Seller shall advise Purchaser about all efforts and results by Seller and the Agencies relating to obtaining such consents, including without limitation, the Approval Notice as defined in this Section 2.4(b). Seller immediately shall provide to Purchaser written notice of Lessor's and the Agencies' consent and approval to this Agreement and the Sublease ("Approval Notice").

(c) Lien Affidavit. An affidavit (the "Lien Affidavit"), in form and substance acceptable to Purchaser, certifying that the Property is free from claims for mechanics' and materialmen's liens, as well as the rights or claims of any parties in possession or other tenants' rights.

(d) Environmental Affidavit. The environmental affidavit required by Section 3.7 below.

(e) Certificate as to Representations and Warranties. The certificate as to representations and warranties required by Article 3 and Section 5.2 below.

(f) Miscellaneous Documents. Any other document reasonably requested by the Purchaser and/or Lessor required hereby.

2.6 Costs. Seller shall pay its own legal counsel. Purchaser shall pay its own legal counsel.

2.7 Prorations. All receipts, costs and expenses, including without limitation, Lease payments and taxes, due under the Lease and all Rent under the Sublease, shall be paid prorated to the date of the Closing. Any special assessments and other similar charges which have or may become a lien on the Property, or which have been confirmed by an appropriate public authority so as to fix liability on Seller prior to the Closing, whether past due or payable in the future, shall be paid in full by Seller on or prior to the Closing, or as soon as possible when such amounts become known.

2.8 Brokerage. Seller and Purchaser each warrants and represents to the other that in connection with the purchase and sale of the Lease no real estate agent, broker, finder or any other person has acted for either of them in any manner with respect to the sale and purchase of the Lease contemplated by this Agreement and therefore, there are no broker compensation and/or commissions due in connection with the transaction contemplated by this Agreement. Seller shall be responsible for all real estate agent, broker, finder or any other person's claims for compensation and/or commissions in connection with the transactions contemplated under this Agreement.

**ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF SELLER.**

Seller represents and warrants to the Purchaser as follows:

3.1 Execution. This Agreement has been duly executed and delivered on behalf of Seller, constitutes the valid and binding agreement of Seller and is enforceable in accordance with its terms. Except for Lessor, there is no other person or entity that has an ownership or any other interest in the Lease or the Property whose consent is required in connection with Seller's performance of its obligations hereunder.

3.2 Leases. As of the date of Closing, there will be no parties in possession, tenancies, leases or side agreements with tenants or others affecting the Property except for the County Sheriff's Department ("Sheriff's Department") which has entered into a Sublease with Seller ("Sheriff's Sublease"), a copy of the Sheriff's Sublease is attached hereto and incorporated herein as Exhibit D. As of the Closing, all rights and obligations in connection with the Sheriff's Sublease, including without limitation, all rent and other payments due from the Sheriff's Department, shall be between the Sheriff's Department and Purchaser.

3.3 Contracts. Except for this Agreement, there are no contracts of sale, purchase options or first offer or refusal rights (written or oral) affecting the Lease and/or the Property to which Seller is a party or of which Seller has knowledge that would in any way adversely affect Seller's ability to perform its obligations hereunder.

3.4 Violation of Law. Seller has no knowledge of any violation of federal, state or local law or ordinances, orders or regulations with respect to the Property including, but not limited to, those pertaining to building, zoning and environmental requirements.



3.5 Planned Improvements. Seller has no knowledge of any special assessments against the Property or any planned public improvements, which may result in a special assessment against the Property.

3.6 Legal Proceedings. There are no proceedings pending or, to Seller's knowledge, threatened against or relating to the Property including without limitation, any proceedings relating to condemnation or the exercise of the right of eminent domain as to any part of the Property, or purchase in lieu thereof, or for limiting or denying any right of access thereto.

3.7 Hazardous Substances. Seller has not been provided with any notification, nor to the best of Seller's knowledge, has any government agency commenced, or threatened to commence, any action or proceeding, regarding the presence and/or remediation of any hazardous waste, hazardous substance or toxic substance (collectively "Hazardous Substances") on or at the Property. Seller shall provide an affidavit to Purchaser prior to or at Closing as to its knowledge of any adverse subsurface conditions affecting the Property, or any prior use of the Property for the storage or disposal or dumping of Hazardous Substances, and the location(s) on the Property and nature of any underground storage tanks used to store petroleum or Hazardous Substances. Seller has provided Purchaser, and covenants in the future to provide Purchaser, with all plans and reports regarding any environmental studies relating to the Property.

3.8 Zoning. The present use of the Property is a permitted use under the zoning classification applicable to the Property without any rezoning, special exception, use permit or variance being required therefore.

**ARTICLE 4. RIGHTS OF PARTIES DURING OPTION PERIOD**

During the period from the execution of this Agreement through the Closing, Purchaser and Seller shall have the following rights and obligations:

4.1 Continued Operation; Risk of Loss. Subject to Purchaser's and Seller's rights and obligations set forth in the Sublease, Seller shall continue to maintain the Property in at least as good condition as at present and shall operate the Property in at least as favorable a manner as heretofore has been the case. Seller shall not remove or alter any improvements on the Property without the prior written consent of Purchaser. The risk of loss or damage to the Property prior to the Closing shall remain upon Seller.

4.2 No Further Encumbrance. Seller and Purchaser shall not create or permit any title defects or encumbrances against the Property.

4.3 Access to Property; Inspections. Subject to the terms of the Lease, Purchaser and its representatives, agents, employees, surveyors, engineers, contractors and subcontractors shall have the full right of access to the Property and to all surveys and appraisals with respect to the Property owned by or under the control of Seller for the purpose of inspecting the Property, making engineering, boundary, topographical and drainage surveys and tests, conducting soil tests and borings, planning repairs and improvements, and making such other tests, feasibility studies, inquires and investigations (including Hazardous Substances) of the Property as Purchaser may deem necessary.

4.4 Leases. During the Term, Seller may not lease, sublease assign or otherwise transfer, affect, convey or encumber the Lease and/or the Property without Purchaser's prior written consent, which consent may be granted, withheld or conditioned in Purchaser's sole discretion.

4.5 Facility Upgrades. During the Term, Purchaser may desire to make facility and improvement upgrades (collectively "improvements"). Purchaser shall be entitled to make such improvements provided that Purchaser first obtain Seller's prior written approval, which approval shall not

be unreasonably withheld, conditioned or delayed and, further provided that Purchaser and Seller first obtain Lessor's written approval, all in accordance with the terms of the Sublease and the Lease. Seller shall act diligently in obtaining Lessor's approval regarding Purchaser's plans and construction of the Improvements. During the Term, Purchaser may conduct such studies as it deems necessary to construct the Improvements. All costs and expenses associated with the studies and construction of the Improvements shall be paid by Purchaser and Seller shall have no obligation relating to such costs and expenses

#### **ARTICLE 5. CONDITIONS PRECEDENT TO CLOSING**

Purchaser's obligations hereunder, including its obligation to proceed to Closing following its exercise of the Option, are subject to the satisfaction of each of the conditions precedent set forth in this Article 5 on or before the Closing. If any of such conditions precedent is not satisfied, Purchaser may elect to terminate this Agreement as provided in Article 6.

5.1 Title Insurance. Purchaser may obtain a title insurance commitment (the "Commitment") issued by an insurance company (the "Title Company") regularly doing business in the State of California. Seller agrees to provide the Title Company such documents, certificates, opinions and affidavits as the Title Company may require as conditions precedent to issuing to Purchaser its title policy pursuant to the Commitment. The Commitment shall also include such affirmative insuring provisions as Purchaser may require and shall otherwise be satisfactory to Purchaser.

5.2 Representations and Warranties. On the date of the Closing, the representations and warranties made by Seller herein shall be true and correct and Seller shall have fully performed all the agreements and covenants to be performed by Seller in accordance with the provisions of this Agreement and any other agreement relating to the purchase of the Property by Purchaser, and Seller shall have executed and delivered to Purchaser at the Closing a certificate to the foregoing effect.

5.3 Condemnation. No taking of any portion of the Property under exercise of the power of eminent domain shall have occurred or shall be threatened to occur. In the event of any actual or threatened taking, pursuant to the power of eminent domain, of all or any portion of the Property, or any proposed sale in lieu thereof, Seller shall give written notice thereof to Purchaser within five (5) days after Seller learns or receives notice thereof. If all or any part of the Property is, or is to be, so condemned or sold, Purchaser shall have the right to terminate this Agreement pursuant to Article 6. If Purchaser elects not to terminate this Agreement, all proceeds, awards and other payments arising out of such condemnation or sale (actual or threatened) shall be paid to Purchaser at the Closing, if received by Seller at that time, or be assigned to Purchaser at the Closing if not received by Seller at that time, and Purchaser shall not be entitled to any reduction in the Purchase Price as a result of such condemnation.

5.4 Condition of Improvements. Subject to the terms and conditions set forth in the Sublease, the improvements on the Property shall be in as good condition and working order on the date of Closing as on the date hereof and shall be broom cleaned.

5.5 Seller's Deliveries. Seller shall have delivered to Purchaser, at or before the Closing, all of the documents and other information required of Seller pursuant to Section 2.4 above.

#### **ARTICLE 6. TERMINATION**

If any of the conditions and provisions set forth in this Agreement or in the Sublease have not been satisfied or complied with on or at the Closing, Purchaser may elect to terminate this Agreement by written notice to Seller. In the event of termination pursuant to this Article 6, this Agreement shall be deemed to have been terminated and Purchaser shall deliver to Seller, at no cost to Seller, all documents relating to the findings from its inspections hereunder. If Purchaser does not elect to terminate this Agreement, Purchaser may elect to waive any such unsatisfied conditions in writing and proceed to the

Closing in accordance with the provisions of this Agreement, and, if Seller then refuses to close, Purchaser shall have all the rights and remedies available to Purchaser for such failure as are afforded at law and/or in equity including the right to compel specific performance of this Agreement.

**ARTICLE 7. POSSESSION**

Following the exercise of the Option by Purchaser, possession of the Property pursuant to the Lease shall be delivered to Purchaser at Closing subject to Section 3.2 hereof.

**ARTICLE 8. MISCELLANEOUS**

It is further agreed as follows:

8.1 Applicable Law. This Agreement shall be construed and governed in accordance with the laws of the State of California.

8.2 Notices. All notices required hereunder shall be in writing and delivered by hand, or sent by overnight express mail or certified mail, postage prepaid and return receipt requested to the following addresses:

If to the Seller:

Petrowings Limited  
4310 Donald Douglas Drive  
Long Beach, CA 90808  
Attn: Earnest Martin

*c/o ARI Suite 202*

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_ Esquire

If to the Purchaser:

Airspace LLC  
90 William Street  
New York NY 10038  
Attn: Arik Kislín

with a copy to:

Galland, Kharasch, Greenberg  
Fellman & Swireky, P.C.  
1054 31st Street, N.W.  
Suite 200  
Washington, D.C. 20007  
Attn: Richard Bar, Esquire

Or to such other address as the intended recipient may have specified in a notice to the other party.

8.3 Successors and Assigns. Purchaser may assign its right under this Agreement. The benefits and burdens of this Agreement shall inure to the benefit of and bind Purchaser and Seller and their respective successors and assigns.

8.4 Headings. The titles and headings of the various Articles and Sections hereof are intended solely for means of reference and are not intended for any purpose whatsoever to modify, explain or place any construction on any of the provisions of this Agreement.

8.5 Entire Agreement. This Agreement and Exhibits hereto constitute the entire agreement between Purchaser and Seller with respect to the Property and there are no agreements, understandings,

*ad ②*

warranties or representations between the parties except as set forth herein. This Agreement may not be amended except by a writing executed by Purchaser and Seller.

8.6 **Severability.** If any term, covenant or condition of this Agreement, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to other persons or circumstances, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

8.7 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed on their behalf by their duly authorized representatives as of the day and year first above written.

Executed at: PETROWINGS

On: 5-13-05

Address: 4310 Donald Douglas Dr  
Lowry Beach, CA 90808

Seller: PETROWINGS LIMITED

By: E. Martin

Printed Name: Earnest Martin  
Title: Partner

Executed at: Airspace LLC

On: 5/13/05

Address: 90 William St.  
Suite 501  
New York NY 10038

Purchaser: AIRSPACE LLC

By: [Signature]

Printed Name: Arik Kislis  
Title: Managing Member

[Handwritten mark]

EXHIBIT A

LEASE



**EXHIBIT B**

**SUBLEASE**

*de*

EXHIBIT C  
PLAN OF THE PROPERTY

*abe*

EXHIBIT D

SHERIFF'S SUBLEASE

*W*





EXHIBIT E

ASSIGNMENT OF LEASE, CONSENT AND ATTORNMENT

**FILE COPY**

RECORDING REQUESTED BY AND

WHEN RECORDED MAIL TO:

Brahma Properties, LLC  
4845 Cartwright Avenue  
North Hollywood, California 91601

SPACE ABOVE THIS LINE FOR RECORDER'S USE

### ASSIGNMENT OF LEASE, CONSENT AND ATTORNMENT

This Assignment of Lease, Consent and Attornment (this "Agreement") is made as of October 1, 2003, by and among Petrowings, Limited, a California limited partnership ("Petrowings"), Brahma Properties, LLC, a California limited liability company ("Brahma") and the City of Long Beach, a municipal corporation ("Landlord").

#### Recitals

A. Landlord and Petrowings executed that certain Long Beach Municipal Airport Fixed Base Operation Lease dated as of November 16, 1988 (the "Original Lease") identified as Contract No. 20556, pursuant to which Landlord leased to Petrowings that certain property described on the attached Exhibit "A" and incorporated by reference, for a term commencing on December 1, 1988, and continuing thereafter for a period of forty (40) years. The Original Lease was amended by that certain First Amendment to Fixed Base Operation Lease (the "First Amendment") dated December 1989 and identified as Contract No. 20556 and further amended by that certain Second Amendment to Fixed Base Operations Lease (the "Second Amendment") dated July 10, 2000. The Original Lease, First Amendment and Second Amendment are referred to collectively herein as the "Lease" and a copy is attached and incorporated by reference as Exhibit "B", but shall not be recorded with this Agreement. Terms used in this Agreement not otherwise defined shall have the meaning set forth in the Lease.

B. Petrowings desires to assign to Brahma all of Petrowings' right title and interest under the Lease pertaining to that portion of the Leased Premises identified as Parcel 3 ("Parcel 3") as shown by crosshatching on Exhibit "C" consisting of .37 acres and legally described as follows:

Those portions of Lots 65 and 66 of Tract No. 8084, City of Long Beach, County of Los Angeles, State of California as per Map recorded in Book 171, Page 24 through 30, inclusive, of Maps in the office of the County recorder of said County, described as follows: Beginning at Point "B"; thence North 89 degrees 54' 23" West 243.34 feet; thence North 0 degrees 05' 37" East 64.95 feet; thence North 89 degrees 50' 38" East 243.34 feet to the westerly line of Parcel 1; thence South 0 degrees 05' 37" West 66.01 feet along said

westerly line to Point "B".

C. Petrowings desires to guarantee to Brahma a non-exclusive irrevocable license to use that portion of the Leased Premises from Donald Douglas Drive to Parcel 3 (the "Access Road"), as shown by crosshatching on Exhibit C and described as follows:

That portion of the access roadway located on the Leased Premises running north/south approximately three hundred (300) feet in length and twenty (20) feet wide from Donald Douglas Drive to Parcel 3, but specifically excluding the parking spaces on the eastern side of said Access Road.

#### **Section 1. Assignment**

Subject to the terms and conditions set forth in this Agreement, Petrowings assigns and transfers to Brahma all right, title, and interest in the Lease with respect to Parcel 3 and grants a non-exclusive irrevocable license to Brahma to use the Access Road for ingress and egress to Parcel 3 and Brahma accepts from Petrowings all right, title, and interest in the Lease with respect to Parcel 3 except for Lease Section 4.2 (Back Rent) which shall be deemed deleted from the Lease for purposes of this Agreement, and accepts the license granted hereunder. The assignment of the Lease with respect to Parcel 3 and the license in and to the Access Road is subject to the terms and conditions set forth in this Agreement.

#### **Section 2. Assumption of Lease Obligations.**

Brahma assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Petrowings as tenant under the Lease with respect to Parcel 3, including the making of all payments due to or payable on behalf of Landlord as may be required under the Lease to the extent such terms, covenants, conditions and obligations relate to Parcel 3 (the "Parcel 3 Obligations"). It is acknowledged and agreed that the Leased Premises contains 3.717 acres (161,912.52 square feet) and Parcel 3 contains .37 acres (16,117.2 square feet) and, therefore, for purposes of paying Base Rent and other Parcel 3 Obligations, Brahma shall pay directly to Landlord 9.954 % of the Base Rent due under the Lease, as such Base Rent may be adjusted pursuant to the terms of the Lease. The Base Rent under the Lease is presently \$10,415.80 and the Parcel 3 Obligations for Base Rent is presently \$1,036.79.

### **Section 3. Estoppel Statements.**

Petrowings and Landlord covenant that the copy of the Lease attached as Exhibit B is a true and accurate copy of the Lease as currently in effect and that there exists no other agreement affecting Petrowings' tenancy under the Lease. The term of the Lease commenced on December 1, 1988, and shall continue for a period of forty (40) years. To the best of the Landlord's knowledge, Petrowings is not in default or breach of the Lease or those certain Long Beach Airport Rules and Regulations including Minimum Standards dated August 21, 1998 (the "Minimum Standards"). To the best of Landlord's knowledge, Petrowings has not committed an act or failed to act in such a manner which, with the passage of time, would result in a default or breach of the Lease or Minimum Standards by Petrowings. To the best of the Petrowings' knowledge, Landlord is not in default or breach of the Lease nor has Landlord committed an act or failed to act in such a manner which, with the passage of time, would result in a default or breach of the Lease by Petrowings.

### **Section 4. Access Road Rights and Maintenance Obligations**

Petrowings hereby grants to Brahma and the successors and assigns of Parcel 3 for the remaining term of the Lease, an irrevocable non-exclusive license right of ingress and egress over and across the Access Road to and from Parcel 3. Brahma shall have the obligation to keep the Access Road in good order, condition and repair. Petrowings on behalf of itself and its successors, assigns, subtenants, and licensees, covenant not to interfere with Brahma's rights of ingress and egress over the Access Road. Petrowings may permit its other assignees, subtenants, or licensees of the Leased Premises to use the Access Road; provided, however, such others assignees, subtenants, or licensees of the Leased Premises agree to share proportionately to their respective use, Brahma's costs and expenses of insuring, maintaining, cleaning, repairing and replacing the Access Road, when used by vehicles other than normal passenger sized automobiles or small pick-up trucks. Notwithstanding the foregoing, if Landlord terminates the Lease with respect to Parcel 3 in accordance with Section 41 of the Lease, Brahma's license to use the Access Road shall automatically transfer to Landlord and Petrowings shall maintain the Access Road until such time as Parcel 3 is used by Landlord or leased by Landlord to another tenant; in which event, Landlord or such other tenant, as the case may be, shall have the obligation to keep the Access Road in good order, condition and repair.

### **Section 5. Indemnification.**

Petrowings indemnifies Brahma from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Petrowings to fulfill Petrowings's Parcel 3 Obligations under the Lease accruing with respect to the period on or prior to the date of this Agreement. Brahma indemnifies Petrowings from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Brahma to fulfill Parcel 3 Obligations under the Lease accruing with respect to the period subsequent to the date of this Agreement.

**Section 6. Landlord's Consent and Brahma's Attornment**

Landlord, by consenting to the assignment of the Lease in this Agreement also agrees that the Lease with respect to Parcel 3 shall be deemed amended as if it were a direct lease of Parcel 3 by Landlord to Brahma and as so amended continue in full force and effect as a direct lease between Landlord and Brahma, upon all the terms and conditions of the Lease except that Brahma shall only be responsible for Parcel 3 Obligations and the obligation to maintain the Access Road and Landlord shall be responsible for the performance of Landlord's covenants and obligations under the Lease to Brahma with respect to Parcel 3 accruing from and after the date of this Agreement. Brahma shall pay and Landlord shall receive and collect, directly from Brahma all Base Rent for the Parcel 3 Obligations and any other sums owing and to be owed under the Lease by Brahma on account of Parcel 3 Obligations. Brahma hereby attorns to Landlord.

**Section 7. Successors and Assigns.**

This Agreement shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

**Section 8. Governing Law and Attorneys Fees.**

This Agreement shall be governed by and construed in accordance with California law. If any litigation between Petrowings and Brahma arises out of this Agreement or concerning the meaning of interpretation of this Agreement, the losing party shall pay the prevailing party's costs and expenses of this litigation, including, without limitation, reasonable attorney fees.

**Section 9. Notices.**

Section 50 (L) of the Lease is hereby modified to provide that notices to Brahma, as tenant of Parcel 3, shall be addressed as follows:

Brahma Properties, LLC  
4845 Cartwright Avenue  
North Hollywood, California 91601

The parties have executed this Assignment, Consent and Attornment as of the date first above written.

ASSIGNOR

PETROWINGS, LIMITED,

ASSIGNEE

BRAHMA PROPERTIES, LLC,

a California limited partnership

a California limited liability  
company

By: Ernest Martin  
Ernest Martin  
Its: General Partner

By: Gevork Termendzhyan  
Gevork Termendzhyan  
Its: Managing Member

LANDLORD

CITY OF LONG BEACH, a  
municipal corporation

APPROVED AS TO FORM

9/22/03

Robert E. Shannon  
ROBERT E. SHANNON, City Attorney

By: [Signature]  
Its: Assistant City Manager

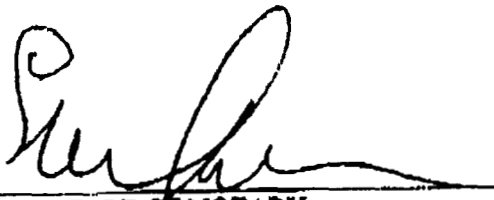
[Signature]  
DEPUTY CITY ATTORNEY

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

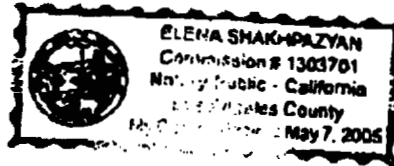
On September 8, 2003, before me, Elena Shakhpar,  
personally appeared Georg TERMEZEE, personally known to me (or proved to me  
on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or  
the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

  
SIGNATURE OF NOTARY

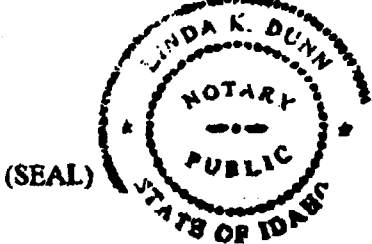
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IDAHO  
STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF BONNER )

On SEPT 11, 2003, before me, LINDA K. DUNN, personally appeared ERNEST MARTIN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Linda K. Dunn  
SIGNATURE OF NOTARY  
COMMISSION EXPIRES: 12-8-2006

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF Los Angeles )

On October 1, 2003, before me, LINDA C. RAMSAY, personally appeared GERALD R. MILLER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

Linda C. Ramsay  
SIGNATURE OF NOTARY

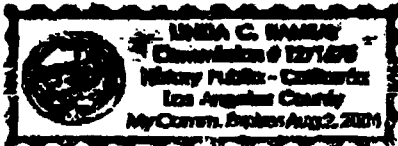




EXHIBIT "A"

LEGAL DESCRIPTION OF PETROWINGS' PREMISES

Petrowings, Ltd.  
Lease at Long Beach Airport

Those portions of Lots 65 and 66 of Tract No. 8084, City of Long Beach, County of Los Angeles, State of California as per Map recorded in Book 171, Page 24 through 30, inclusive, of Maps in the office of the County Recorder of said county, described as follows:

Parcel 1

Beginning at the intersection of the centerline of Lakewood Boulevard, 100 feet in width, formally Cerritos Avenue, 80.00 feet in width vacated per Resolution of the California Highway Commission and recorded as Document No. 3601 on May 19, 1959, in the office of said County Recorder and the westerly prolongation of the northerly line of said Lot 65, all as shown on said Tract No. 8084, said intersection also being City of Long Beach Monument No. 2905 (Airport Monument No. 6-10): thence South 0°05'37" West 659.91 feet along said centerline to the TRUE POINT OF BEGINNING; thence South 89°54'08" East 249.94 feet to a point, hereinafter referred to as Point "A"; thence South 89°54'23" East 76.06 feet; thence South 0°05'37" West 113.00 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 278.16 feet; thence North 89°54'23" West 306.06 feet; thence North 46°52'53" West 41.04 feet to a point, hereinafter referred to as Point "B"; thence North 0°05'37" East 363.18 feet; thence South 89°54'08" East 50.06 feet to the TRUE POINT OF BEGINNING.

Parcel 2

Beginning at Point "A" thence North 0°05'37" East 45.00 feet; thence South 89°54'23" East 76.06 feet; thence South 0°05'37" West 45.00 feet to the northerly line of Parcel 1; thence North 89°54'23" West 76.06 feet along said northerly line to Point "A".

Parcel 3

Beginning at Point "B"; thence North 89°54'23" West 243.34 feet; thence North 0 degrees 5'37" East 64.95 feet; thence North 89 degrees 50'38" East 243.34 feet to the westerly line of Parcel 1; thence South 0 degrees 05'37" West 66.01 feet along said westerly line to Point "B".

EXHIBIT "B"

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John R. Calhoun  
City Attorney of Long Beach  
330 West Ocean Boulevard  
Long Beach, California 90802  
Telephone (213) 580-6001

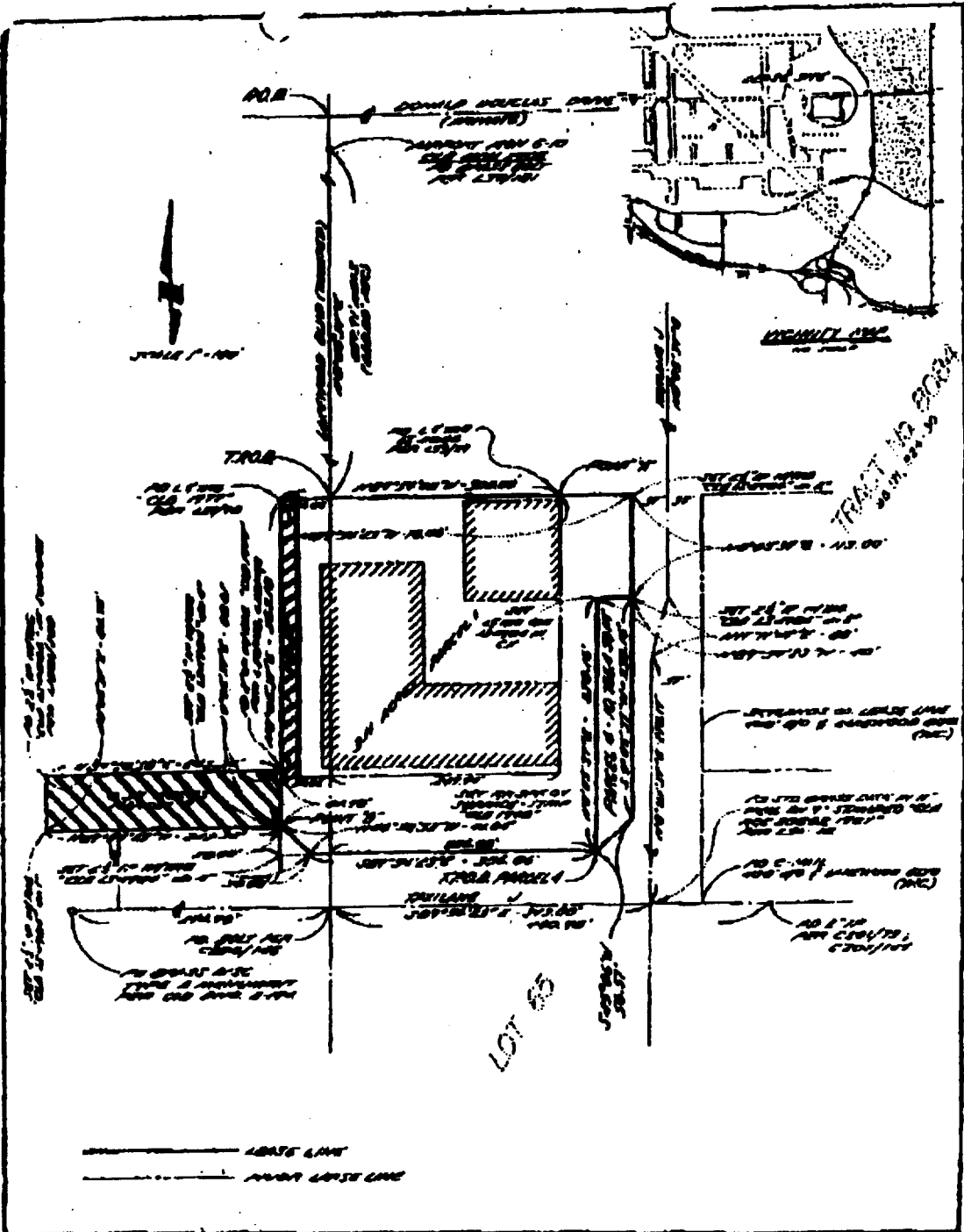
LONG BEACH MUNICIPAL AIRPORT

**CONTRACT  
20556**

FIXED BASE OPERATION LEASE

CITY OF LONG BEACH  
LANDLORD

PETROWINGS LIMITED  
TENANT



|   |          |         |                       |   |         |
|---|----------|---------|-----------------------|---|---------|
| CITY OF LONG BEACH - CALIFORNIA<br>DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU   |          |         | FIELD WORK            |   |         |
|   |          |         | DATE                  | TIME  | BY      |
| L. R. Johnson<br>SUPERVISOR<br>E. J. P. [unclear]<br>ASSISTANT ENGINEER IN CHARGE<br>Edward J. [unclear]<br>ASSISTANT ENGINEER<br>J. U. Gorman<br>MANAGER, AIRPORT BUREAU | NO. 1    | 1-19-06 | 8:15                  | [unclear]   |         |
|   | NO. 2    | 1-19-06 | 8:30                  | [unclear]   |         |
|   | NO. 3    | 1-19-06 | 8:45                  | [unclear]   |         |
|   | NO. 4    | 1-19-06 | 9:00                  | [unclear]   |         |
|   | NO. 5    | 1-19-06 | 9:15                  | [unclear]   |         |
| DRAWINGS  |          |         | DATE APPROVED 2/10/06 |   |         |
| TITLE   | REV. NO. | DATE    | PREPARED BY           | CHECKED BY  | DATE    |
|   |          |         | D. SMITH              | L. MADDOX   | 1-19-06 |
|   |          |         |                       | AIRPORT ENGINEERING BUREAU<br>1906 P.C.M. - 1780. |         |

Exhibit C