Council Meeting of
July 21, 2009

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: City Manager – Approve Assignment and Assumption of Lease of City-owned property at 2901 Airport Drive.

RECOMMENDATION

Recommendation of the City Manager that the City Council approve an Assignment and Assumption of Lease from Barbara K. Robinson, an individual to Barbara K. Robinson, as Trustee of the Barbara Robinson Living Trust, dated November 14, 2007 for a Lease of City owned property located at 2901 Airport Drive with facilities known as Robinson Helicopter Company.

Funding

Funding is not required for this transaction.

BACKGROUND/ANALYSIS

The subject Lease is for City owned property located at 2901 Airport Drive. The property has been improved and is operating with the business know as Robinson Helicopter, Inc. The Master Tenant is Barbara K. Robinson, an individual as Lessee. Ms. Robinson has requested that the Lease be transferred from her as an individual into her trust known as "Barbara K. Robinson, as Trustee of the Barbara Robinson Living Trust, dated November 14, 2007". This transaction requires approval by the City Council under the terms and conditions of the Lease.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By _____
Brian K. Sunshine
Assistant to City Manager

CONCUR:

_____
LeRoy J. Jackson
City Manager

Attachment: Assignment and Assumption Agreement

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ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE ("Assignment") is entered into on July 21, 2009, by and between BARBARA K. ROBINSON ("Assignor") and BARBARA K. ROBINSON, as Trustee of the BARBARA ROBINSON LIVING TRUST, dated November 14, 2007 ("Assignee").

RECITALS

A. Assignor is the Lessee under that certain City of Torrance Master Lease, dated January 28, 2003 (the "Lease").

B. The Lease has been Amended on three occasions: a First Amendment to Lease dated July 13, 2004; a Second Amendment to Lease dated May 8, 2007, and a Third Amendment to Lease dated May 20, 2008. The Lease and all Amendments are attached as Exhibit "A" to this Assignment and are incorporated by this reference.

C. Assignor desires to assign to Assignee, and Assignee desires to accept the assignment of, all of Assignor's right, title and interest in and to the Lease on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions contained herein, the parties agree as follows:

1. Assignment. Assignor assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in the Lease, together with any and all rights which Assignor may have against Lessor under the Lease.

2. Assumption. Assignee assumes all of Assignor's obligations under the Lease subsequent to the date hereof.

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption of Lease on the date first above written.

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[SIGNATURES FOLLOW ON NEXT PAGE]

ASSIGNOR:

_____
BARBARA K. ROBINSON, an individual

ASSIGNEE:

_____
BARBARA K. ROBINSON, as Trustee of the
BARBARA ROBINSON LIVING TRUST,
dated November 14, 2007

CITY OF TORRANCE
A Municipal Corporation

By: _____
Frank Scotto, Mayor

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III

City Attorney

By: _____
Ron Pohl
Assistant City Attorney

State of
County of _____)

On _____, before me, _____ a notary public
personally appeared _____,
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 entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:_____ **(Seal)**

State of
County of _____)

On _____, before me, _____, a notary public
personally appeared _____,
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 entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:_____ **(Seal)**

State of
County of _____)

On _____, before me, _____ a notary public
personally appeared _____,
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 entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:_____ **(Seal)**

State of
County of _____)

On _____, before me, _____, a notary public personally appeared _____, 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 entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:_____ **(Seal)**

Exhibit "A"

City of Torrance Master Lease, dated January 28, 2003
First Amendment to Lease, dated July 13, 2004
Second Amendment to Lease, dated May 8, 2007
Third Amendment to Lease, dated May 20, 2008

LEASE

THIS LEASE ("Lease") is made and entered into in duplicate at Torrance, California, as of the 28 day of January 2003, by and between the CITY OF TORRANCE, a municipal corporation, as lessor, hereinafter referred to as the "City", BARBARA K. ROBINSON, an individual, as lessee, hereinafter referred to as "Lessee", and ROBINSON HELICOPTER COMPANY, INC., a California corporation, as an approved sublessee, with reference to the following facts:

RECITALS

A. The City is the owner in fee of certain real property constituting the Leased Premises (as hereinafter defined) consisting of approximately 25.8 acres of real property located at the Torrance Municipal Airport (the "Airport"), the boundaries of which are described in that certain Quitclaim Deed executed by the United States of America, dated March 5, 1948, recorded on May 13, 1948, in Book 27145, Page 362, of Official Records in the Office of the County Recorder of Los Angeles County (the "Quitclaim"). The Leased Premises are legally described on Exhibit 1. attached hereto.

B. By instrument of Release, dated July 25, 1962, and recorded on August 24, 1962, in Book R-1308, Page 800, of Official Records in the Office of the County Recorder of Los Angeles County, the United States of America, acting by and through the Administrator of the Federal Aviation Administration, released, with certain exceptions, the Airport, including the Leased Premises, from the conditions, reservations and restrictions of the Quitclaim.

C. The Leased Premises are being leased hereby for the construction, operation and maintenance of a limited service aviation fixed based operation ("FBO") and aircraft and aircraft parts manufacturing facility, upon the terms and conditions set forth in this Lease pursuant to the authority contained in Section 37380 of the Government Code of the State of California, amended by statutes of 1983 and Section 37395 of said Code, added by statutes of 1954 (West's Annotated California Codes) and pursuant to the powers conferred on the City of the provisions of Article XI of the Constitution of the State of California.

D. The City, acting by and through the City Council, on December 17, 1991, June 02, 1992 and January 28 2003, determined that the real property constituting the Leased Premises is not required for other City purposes and that it is in the public interest that this Lease be entered into between the City and Lessee.

E. This Lease restates and supercedes the Leases dated April 01, 1992 and July 15, 1992 covering Parcels 1, 2 and 3 and Parcels 4, 5, 6 and 7, respectively, herein restated as Official Map Parcels 23 and 31.

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. LEASED PREMISES

1.1 Lease of Premises

1.1.1 For and in consideration of payment by Lessee of the rents, and the faithful performance by Lessee of the covenants and conditions herein contained, the City does hereby lease to Lessee the following described property in the City of Torrance, County of Los Angeles, State of California more particularly described as: Parcel 23 of Official Map Number 2 as per map recorded in Book 5, Pages 44 through 51 inclusive, of Official Maps, records of said County, of that certain land as described in Exhibit 1., consisting of 573,685 square feet, attached hereto and made a part hereof, which real property is hereinafter

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referred to as the "Leased Premises."

1.1.2 For and in consideration of payment by Lessee of the rents, and the faithful performance by Lessee of the covenants and conditions herein contained, the City does hereby lease to Lessee the following described property in the City of Torrance, County of Los Angeles, State of California more particularly described as: portions of Parcels 1 and 16, and all of Parcels 17, 18, 19, 20, 21 and 22 of Official Map Number 2 as per map recorded in Book 5, Pages 44 through 51 inclusive, of Officials Maps, records of said County of that certain unimproved land as described in Exhibit 1., consisting of 364,226 square feet, attached hereto and made a part hereof, which real property is hereinafter referred to as the "Leased Premises."

1.2 Clear Area

For so long as the leasehold premises are used for servicing and sale of helicopters, City shall provide the following incentive: In order to reduce conflicts between fixed-wing and helicopter operations, and between helicopter movements and fixed-wing tie-downs, City will set aside, and clear, an area adjacent northeasterly of the leased premises, seventy (70) feet in width, extending the entire length of the leasehold premises, to be used exclusively for helicopter operations. City will provide an additional ten (10) foot wide strip northeasterly of the clear area, for the purpose of pedestrian movement. Both clear areas shall be suitably marked, or striped, and no fixed-wing aircraft parking, taxiing, or operations shall be permitted, nor shall motor vehicles be permitted to operate on, or through, the two areas, shown on Exhibit 1.2.

1.3 Condition of Property; Lessee Review

1.3.1 Lessee hereby accepts the Leased Premises in its existing condition as of the earlier of the Possession Commencement Date (as hereafter defined) or the date Lessee takes actual possession of the Leased Premises, subject to all applicable zoning, municipal, county, state and federal laws, ordinances and regulations governing and regulating the Leased Premises, including, without limitation, the City of Torrance Municipal Code, and all covenants, conditions and restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that she has conducted such review as she has deemed necessary to satisfy herself regarding all aspects of the condition of the Leased Premises, including, without limitation, the condition of title of the Leased Premises, applicable zoning and other laws, the physical condition of the Leased Premises, the suitability of the Leased Premises for the uses to which Lessee intends and/or the suitability of Lessee's plans for construction and the anticipated conduct of her business. Lessee further acknowledges that neither the City nor the City's agent has made any representation or warranty as to the present or future suitability of the leased Premises for the conduct of Lessee's business.

1.3.2 City agrees to allow Lessee to install sufficient modest signs to allow customers, employees, suppliers or visitors to find the Leased Premises.

1.4 Options

1.4.1 City offers, and Lessee accepts an option to lease from City Parcel 31 consisting of 184,695 square feet of Exhibit 1. when the present Frudenfeld leasehold for that property expires on June 30, 2004. In the event Lessee elects to exercise this option, the term of the lease of Parcel 31 shall commence on July 01, 2004 and expire on June 30, 2032, with an additional option to extend the term commencing on July 01, 2032 and expiring on June 30, 2042. Lessee must exercise the option prior to June 30, 2004, and the additional option prior to June 30, 2032, if at all.

1.4.2 Subject to the adjustment provided for in paragraph 3.3, the rent for Parcel 31 shall be the sum of $5,540.85 per month, which rent shall be paid in addition to all rents paid for any other Parcel and which rent shall be due and payable at the same time as the rent is payable for Parcel 23. The rent for Parcel 31 has been computed by multiplying the total number of square feet comprising the said Parcel by Three Cents ($.030).

2. TERM

2.1 Possession Commencement Date; Duration

The term of this Lease shall commence on January 28, 2003 (the "Possession Commencement Date") and expire at midnight on the day before the fortieth (40th) anniversary of the Possession Commencement Date. City offers, and Lessee accepts an option to extend the term of this Lease an additional ten (10) years beyond the expiration date referred to in this Paragraph. In the event Lessee elects to exercise this option, the extended option term shall expire at midnight on the day before the fiftieth (50th) anniversary of the Possession Commencement Date.

2.2 Option Term

The terms and conditions upon which Lessee shall lease the Leased Premises from the City during any and each Option Term shall be the terms and conditions set forth in this Lease. Unless expressly provided herein to the contrary all terms and conditions which are applicable to the term.

2.3 Delay of Possession

The parties hereto acknowledge that portions of Parcels 16, 17, 18, 19 and 20 of this Lease are leased to other parties as of the date of this lease. The other parties' tenancies are month-to-month tenancies and the City covenants to proceed to prosecute to completion in a diligent and prompt manner the termination of those tenancies so as to make the Parcels available to Lessee as soon as possible.

Notwithstanding anything to the contrary in Paragraph 2.1, if for any reason the City cannot deliver possession of the Leased Premises to Lessee on the Possession Commencement Date, the City shall not be subject to any liability on account of such inability to deliver possession, nor shall such inability to deliver possession affect the validity of this Lease or the obligations of Lessee hereunder, but in such case, Lessee shall not be obligated to pay the rent specified in Paragraphs 3 and 4 until possession of the Leased Premises is tendered to Lessee, and, further, the construction obligation set forth at Paragraph 8 shall be extended for a period equal to the number of days between the Possession Commencement Date and the date the City tenders possession of the Leased Premises; provided, however, that this Lease may be terminated, at Lessee's option, if the City shall fail to tender possession of the Leased Premises to Lessee within ninety (90) days of the Possession Commencement Date.

3. PAYMENT OF MINIMUM MONTHLY BASIC RENT

3.1 Payment Obligation

Subject to the provisions of Paragraph 5.3 below, on or before the first day of each calendar month or partial calendar month during the term of this Lease, including any Option Terms, Lessee shall pay to the City, without abatement, deduction or offset, and in advance, the Minimum Monthly Basic Rent (as defined below) for such month. Should the Rent Commencement Date not coincide with the first day of a calendar month, or should the expiration or earlier termination of this Lease occur on a date other than the last day of a

calendar month, rent payable for such period shall be prorated in accordance with the ratio between the number of days in the term which occur in such month, and total number of days in such month.

3.2 Minimum Monthly Basic Rent

3.2.1 Subject to the adjustment provided for in paragraph 3.3, during the term of the Lease, the Minimum Monthly Basic Rent for Parcel 23 shall be a sum equal to $20,005.60 per month.

3.2.2 Subject to the adjustment provided for in Paragraph 3.3, during the term of the Lease, commencing on the "Rent Commencement Date" Minimum Monthly Basic Rent for portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20, 21 and 22 shall be a sum equal to $10,926.78 per month, which sum has been computed by multiplying the total number of square feet comprising the Leased Premises by Three Cents ($.030).

3.3 Adjustment

The Minimum Monthly Basic Rent provided for in Paragraph 3.2.1 shall be increased on September 1; and the Minimum Monthly Basic Rent provided for in Paragraph 3.2.2 shall be increased on the first day of the forty-ninth (49th) full month occurring after the Possession Commencement Date and on the same day of each calendar year thereafter in proportion to the percentage increase, if any, in the Consumer Price Index, All Urban Consumer (1982-4 = 100) for the Los Angeles-Anaheim-Riverside CSMA (the "Index") issued by the United States Bureau of Labor Statistics, Department of Labor (the "Bureau"), between the Index published for the month which occurs two (2) months prior to the month of the preceding years anniversary of the Possession Commencement Date (the "Base Index"), and the Index published for the same month of the year in which each adjustment to Minimum Monthly Basic Rent is to be made; provided that, in no event shall Minimum Monthly Basic Rent be increased more than five percent (5%) in any year as a result of the application of this Paragraph 3.3 and in no event shall Minimum Monthly Basic Rent be decreased as a result of the application of this Paragraph 3.3. In the event the Index is not published in the month which occurs two (2) months prior to the month in which the Possession Commencement Date occurs, or in the same month during subsequent years in the term of this Lease, the Index utilized shall be the Index published for the month which is closest chronologically to the month called for. As used herein, "Minimum Monthly Basic Rent" means the monthly sum payable by Lessee at the time or during the rental period referred to, as calculated pursuant to this Lease.

EXAMPLE: Assume the Base Index was 100, with the Minimum Monthly Basic Rent applicable on the Possession Commencement Date equal to Six Thousand Dollars ($6,000). Assume further that the applicable Index was 105 for the lease year commencing on the fifth (5th) anniversary of the Possession Commencement Date. Minimum Monthly Basic Rent payable during the lease year commencing on the fifth (5th) anniversary of the Possession Commencement Date would be Six Thousand Three Hundred Dollars ($6,300) per month, calculated by adding the Minimum Monthly Basic Rent on the Possession Commencement Date - $6,000 - to the product of the percentage increase in the applicable Index over the Base Index - five percent (5%) - multiplied by the initial Minimum Monthly Basic Rent.

3.4 Substitution of Index

If said Bureau shall revise said Index, the parties shall accept the method of revision or conversion recommended by said Bureau. If said Index shall be discontinued with no recommended substitute, another consumer price index for the Los Angeles metropolitan area which includes the City of Torrance, and which is generally recognized as

authoritative, shall be substituted by agreement of the parties. If the parties are unable to agree within thirty (30) days after demand by either party, on application of either party a substitute index shall be selected by the Chief Officer of the San Francisco Regional Office of the Bureau of Labor Statistics, or its successor.

3.5 Rent Commencement Date

"Rent Commencement Date" for Parcel 23 is the Possession Commencement Date.

"Rent Commencement Date" for portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20, 21 and 22 shall mean the date of the first to occur of the following: (1) the date two (2) years and ten (10) months after the date of execution of this lease (which date shall be postponed because of force majeure or other delays during the first two (2) years and ten (10) months of the lease beyond the reasonable control of Lessee); or (2) ten (10) months after completion of the construction of the Project. The Project shall be deemed to have been completed when, in accordance with the plans and specifications, the Project shall have been completed to the reasonable satisfaction of the City Manager (subject to correction of minor "punchlist" items), an Architect's Certificate of Completion has been executed, and a Certificate of Occupancy has been issued by the City for the Project.

"Rent Commencement Date" for Parcel 31 shall be July 1, 2004, provided Lessee exercises the option set forth in Paragraph 1.4.

4. ADDITIONAL RENT

In addition to Minimum Monthly Basic Rent all other charges and sums payable by Lessee hereunder are acknowledged and agreed by Lessee to constitute additional rent ("Additional Rent") under this Lease, whether or not such charges and sums be designated as such. All Additional Rent shall be due and payable (if payable to a third party) not later than the dates on which the same are due and payable, or (if payable to the City) on demand or together with the next succeeding installment of Minimum Monthly Basic Rent, whichever shall first occur, and the City shall have the same rights and remedies upon Lessee's failure to pay Additional Rent, or any portion thereof, as for the nonpayment of Minimum Monthly Basic Rent.

5. PLACE OF PAYMENT; LATE PAYMENT

5.1 Place of Payment

All Minimum Monthly Basic Rent and Additional Rent payable to the City shall be paid, without offset, to the office of the Director of Finance of the City at 3031 Torrance Boulevard, Torrance, California 90503, or at such other place as the City shall from time to time designate in writing.

5.2 Late Payment

Lessee acknowledges that the amount necessary to adequately compensate the City would be impracticable and extremely difficult to calculate whenever any payment required under Paragraph 3 or Paragraph 4 is not made at the time such amount becomes due and payable. Therefore, Lessee agrees that in addition to the Minimum Monthly Basic Rent, the following schedule of late charges shall be applicable to that portion of rent payable pursuant to Paragraph 3 or Paragraph 4 which is overdue: (1) late ten (10) days but under thirty (30) days: one percent (1%) of the amount due; plus one percent (1%) for each additional thirty (30) day period or fraction thereof. The parties hereby agree that such late

charges represent a fair and reasonable estimate of the costs the City will incur by reason of the late payment of rent by Lessee.

Notwithstanding the foregoing provisions of this Paragraph 5.2, in no event shall the amounts payable to the City pursuant to this Paragraph 5.2 exceed the maximum amounts allowed by law. To the extent any such payment of a late charge or charges hereunder would exceed such maximum rate, such payment(s) shall be deemed to be an advance against Minimum Monthly Basic Rent as to which Lessee shall be credited on the next installment of Minimum Monthly Basic Rent payable hereunder.

5.3 No Relief from Default

The provisions herein for payment of late charges shall not be construed to extend the date for payment of any sums required to be paid by Lessee hereunder or to relieve Lessee of its obligation to pay all such sums at the time or times herein stipulated.

5.4 Late Charge As Additional Rent

The late charges payable pursuant to this Paragraph 5 shall be deemed to be Additional Rent under this Lease.

6. USE

6.1 Permitted Uses

6.1.1 Aircraft and aircraft parts manufacturing.

6.1.2 New and/or used helicopter sales (retail or wholesale).

6.1.3 Sale of helicopter parts, components, accessories and allied equipment (retail or wholesale).

6.1.4 Sale of new and used helicopter instruments.

6.1.5 Maintenance, repair, overhaul, modification and storage of helicopters and with respect to portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20, 21 and 22, beginning three years from the issuance of a certificate of occupancy, maintenance, repair, overhaul, modification and storage of aircraft.

6.1.6 Storage or general warehouse use which is not incompatible with airport functions.

6.1.7 With respect to portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20, 21 and 22, upon notice to City, storage of jet or turbine fuel for manufacturing and testing of helicopters manufactured or operated by Robinson Helicopter Company ("RHC") when the need arises for RHC to use an alternate fuel.

6.1.8 Any other use which is not incompatible with airport functions and which is approved by the City. Such approval by the City shall not be unreasonably withheld. The City hereby acknowledges that Lessee is making a substantial investment in the property and may need flexibility to ensure the most economic use of the property throughout the term of this Lease.

6.2 Restrictions on Use

Notwithstanding the generality of the foregoing provisions, including, without limitation, Paragraph 6.1 the following restrictions shall be applicable to Lessee's use of the Leased Premises:

6.2.1 Prohibited Uses. Only the uses specified in Paragraph 6.1 are authorized uses, and such uses are authorized only when conducted by Lessee or any sublessee approved in advance by the City in accordance with Paragraph 21 hereof. Lessee is expressly prohibited from using the Leased Premises for the following purposes: (a) fixed wing aircraft flight training and rental or lease of hangars or tiedowns for fixed wing aircraft without City approval except as provided in paragraph 6.1.5; (b) any fixed wing aircraft services likely, in the opinion of the City, to violate either the nighttime curfew on aircraft take-offs or any noise abatement program; (c) salvage yard activities of any type; and (d) the storage or sale of jet or turbine fuel except as provided in Paragraph 6.1.7.

6.2.2 Retention by the City of Certain Rights. All oil, gas and mineral rights are expressly reserved from this Lease, provided that neither the City nor the City's agents, assigns, licensees or lessees under any oil, gas or mineral lease may enter onto the Leased Premises under any asserted right inferred from this provision. Slant drilling under the Leased Premises pursuant to any right, title or interest created or reserved under or pursuant to this subparagraph 6.2.2 shall not constitute a breach of this Lease, provided that (i) it is below a depth of five hundred (500) feet from the surface, and (ii) the drilling shall not undermine or imperil improvements now or hereafter located on the Leased Premises, or materially increase the cost of maintaining or insuring the same.

6.2.3 Compliance with the Torrance Municipal Airport Code and Noise Abatement Programs or Ordinances. Lessee expressly covenants to at all times make reasonable and prudent efforts to assure that owners and operators of aircraft based on or operating from the Leased Premises adhere to all duly adopted provisions set forth in Division 5 of the City of Torrance Municipal Code ("Airport Code"). Lessee further agrees to abide by all rules and regulations promulgated pursuant to the Airport Code. In furtherance of Lessee's obligations pursuant to this subparagraph 6.2.3, Lessee shall inform its employees, customers and invitees of all noise abatement programs, ordinances, rules, procedures and any regulations relating thereto. Lessee shall, at the City's request, provide written documentation of its compliance with the requirements of this subparagraph 6.2.3.

Lessee shall cooperate fully with the City in the enforcement of the provisions of the Airport Code, the ordinances, rules and regulations promulgated thereunder or in addition thereto and all noise abatement programs and ordinances now or hereafter adopted by the City including (without limitation) provision to City of all information available to Lessee concerning any violations of the Airport Code, the rules and regulations promulgated thereunder, or any noise abatement program or ordinances by any of Lessee's employees, customers, or invitees.

Lessee agrees that it will not provide any services (including, but not limited to tiedown, repairs and fueling) to any aircraft which Lessee has been notified by City is ineligible for such service pursuant to the Airport Code or the ordinances, rules and regulations of City relating to the Airport.

6.3 Operation

Lessee shall operate all of its businesses, and shall cause all sublessee's assignees, permitees and concessionaires, if any, to operate their respective businesses and all aspects thereof, in a manner comparable to first-class businesses of the same types located in the general geographical area of the Airport.

6.4 Permits

This Lease shall not be construed to: (1) exempt Lessee from the requirement of obtaining any permit or license, paying any fee, or obtaining any development review or approval required by the Torrance Municipal Code or pursuant to any other applicable provision of law; or (2) entitle the Lessee to any permit, license, review or approval required by the Torrance Municipal Code or by any other applicable provision of law.

7. SITE PREPARATION

7.1 Soils Investigation

The City makes no covenants or warranties respecting the condition of the soil or subsoil or any other condition of the Leased Premises. Lessee may enter onto the Leased Premises before the Possession Commencement Date to make such soil and structural engineering tests as Lessee considers necessary, provided that the City shall be notified at least forty eight (48) hours prior to Lessee making any such entry. All such tests made by or on behalf of Lessee shall be at Lessee's sole expense and shall be evidenced by a separate contract(s). A complete copy of every report delivered to Lessee prepared pursuant to this Paragraph 7.1 shall be delivered to the Torrance City Manager (the "City Manager") concurrently with the submission of such report to the Director of Building and Safety of the City.

7.2 Risk of Lessee

Lessee shall proceed to construct buildings, structures and other improvements on the Leased Premises at its sole risk as to the condition of the soil.

7.3 Clearing of Leased Premises

The City shall deliver actual possession of Lessee's portion of portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20, 21 and 22 free and clear of all structures. In the event that any debris has been left on the Leased Premises by persons not employed or affiliated with Lessee, the City shall remove such debris at its expense promptly following the execution of this Lease. It is the sole responsibility of the Lessee to clear the Leased Premises of all trees, shrubs and other foliage, and any and all other work or activities necessary to prepare the Leased Premises for development shall be the responsibility, and done at the sole cost, of Lessee.

7.4 Grading

Lessee shall grade the Leased Premises at its sole cost and expense in accordance with a grading plan to be prepared by the Lessee at its sole cost and expense and approved by the Director of Building and Safety of the City. The Lessee shall submit a completed request for a grading permit and shall grade said Leased Premises in accordance with the permit issued and the provisions of the Torrance Municipal Code and any amendments thereto and all other applicable laws.

8. CONSTRUCTION

8.1 Construction of New Improvements

8.1.1 Lessee acknowledges that it is leasing portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20, 21 and 22 as vacant and unimproved land, that the Lessee has the sole obligation of constructing a limited service fixed base operation on the Leased Premises, and that Lessee's obligation in this regard is a material part of the consideration for, and inducement to, the City to enter into this Lease.

8.1.2 Subject to the conditions hereinafter provided in this Paragraph 8, Lessee agrees to construct on portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20 and 21, at its sole cost and expense, the structures and other improvements listed in Exhibit 8.1.2, attached hereto and incorporated herein by this reference. The improvements to be so constructed and identified on Exhibit 8.1.2 are referred to collectively herein as the "Project." As used herein, the "Project" also includes all street and other off-site improvements required of Lessee pursuant to Paragraph 9 below. Lessee shall expend no less than one Hundred Thirty Five Thousand Dollars ($135,000) on the Project. Lessee shall supply the City with duplicate copies of any site plan, elevation drawings and architect's sketches at the time such documents are submitted to the Planning Department.

8.1.3 Lessee shall cause the project to be constructed on the leased premises in a timely manner such that, unless delayed due to circumstances beyond the control of Lessee, a Certificate of Occupancy must be received within two years from the actual possession date or Lessee will surrender portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20 and 21 to City unless an extension is granted by City. Any extension can be granted at the sole discretion of City. It is the intent of both the City and Lessee to expedite the permitting, processing, commencement and completion of the Project.

8.2 Force Majeure

The time within which Lessee is obligated hereunder to construct the buildings and other improvements constituting the Project shall be extended for a period of time equal in duration to, and performance in the meantime shall be excused on account of and for and during the period of, any delay caused by strikes, threats of strikes, lockouts, war, threats of war, insurrection, invasion, acts of God, calamities, violent action of the elements, fire, action or regulation of any governmental agency, law or ordinance, impossibility of obtaining materials (collectively, events of "Force Majeure"), which events of Force Majeure were beyond the reasonable control of Lessee.

8.3 FAA Filing

Prior to the commencement of construction, Lessee shall file such applications and forms as are required to receive approval thereof from the Federal Aviation Administration (FAA). The City covenants that it will use good faith efforts to obtain the consent of the FAA to the construction of the Project on the Leased Premises provided for under this Paragraph 8.

8.4 Interference with Aircraft

Lessee shall not light or operate, or cause or permit to be lighted or operated, any building, other structure or equipment which would interfere with the navigation, landing or takeoff of aircraft on the runways and in the aeronautical areas of the airport.

8.5 Bonds; Certificate of Deposit

8.5.1 On or before the date of commencement of construction of any building, structure or other improvement constituting a part of the Project, Lessee shall file or cause to be filed with the City Clerk of the City, a Performance Bond and a Payment Bond, in the form and amount hereinafter provided, executed by Lessee or Lessee's contractor and by a surety authorized to do business in the State of California as surety guaranteeing the performance of Lessee's construction obligations under this Lease. If said bond is executed by the Lessee's contractor, it shall name the Lessee and the City as joint obligees.

8.5.2 The term of both bonds shall commence on or before the date of filing with the City Clerk.

(a) The Performance Bond shall remain in effect until the date of completion of the work for the building(s) and other improvement(s) to which it relates (as hereinafter provided) to the reasonable satisfaction of the City Manager of the City, or his designee.

(b) The Payment Bond shall remain in effect until the expiration of the period of filing a claim of lien for all buildings and other improvements covered by such Payment Bond, as provided in Title 15 of Part 4 of Division 3 of the California Civil Code, and as hereafter amended, or if a claim of lien is filed, the expiration of the period for filing an action to foreclose such lien, or until the Leased Premises are freed from the effect of such claim of lien and any action brought to foreclose such lien pursuant to the provisions of said Title 15 of Part 4 of Division 3 or the lien is otherwise discharged.

8.5.3 The Performance Bond shall at all times be in an amount of 100% of the valuation of all buildings, structures and other improvements for which a building permit has been issued and as to which construction has not been completed and provide a penalty of 25% of such value. The Payment Bond shall at all times be in the amount of 50% of the valuation of all buildings, structures and other improvements for which a building permit has been issued and as to which construction has not been completed and provide a penalty of 10% of such value.

8.6 Title to Improvements

Any buildings, structures or other improvements which shall be constructed on the Leased Premises shall be the property of Lessee for the term of this Lease, subject to the terms and conditions hereof, and shall become the property of the City upon the expiration or sooner termination of this Lease as provided in Paragraph 14 herein. Lessee shall be solely responsible for all maintenance of all buildings and improvements thereon in accordance with the provisions of this Lease. During the term of this Lease, Lessee shall not remove or demolish, in whole or in part, any Leasehold Improvement upon the Leased Premises without the prior written consent of the City which may, at its sole discretion, condition such consent upon the obligation of Lessee to replace the same by an improvement or improvements specified in such consent.

8.7 Further Acts - Utilities

8.7.1 The City covenants and agrees that, upon written request of Lessee, the City will execute such instruments as may be reasonably necessary to subject the City's fee interest in the Leased Premises to easements for the installation, maintenance, repair and replacement of normal utilities to service the Leased Premises as may be reasonably required in connection with the Project; provided, however, that the City shall incur no out-of-pocket costs, liabilities, obligations or expenses as a result of the granting of such easements

for the installation, maintenance, repair or replacement of such utilities during the term of this Lease.

8.7.2 The City does not warrant or affirm that gas, electric, telephone or other public utility services, except water, are available to Lessee. Lessee, at its own risk and without cost or expense to the City, shall install on and to said Leased Premises all such public utility services.

8.8 No Parcelization

Neither the Leased Premises nor Lessee's leasehold interest therein shall be subdivided or parcelized, including without limitation, the recording of any tentative or final subdivision or parcel map, without the prior written consent of the City Council.

9. UTILITY INSTALLATIONS

9.1 Sanitary Sewers

9.1.1 A public sewer line extending to the southern boundary of the Leased Premises has been constructed by the City.

9.1.2 Lessee shall be responsible for constructing, at its sole cost and expense, any sewer lines and other facilities necessary to connect the buildings and other improvements on the Leased Premises, and the connection of such line(s) and facilities to the public sewer line. All such construction shall be in conformance with the standards imposed by the City, including those provided in the Torrance Municipal Code.

9.1.3 In the event Lessee shall connect private sewer facilities on the Leased Premises to a public sewer main, Lessee shall pay to the City such fees as are provided by law in accordance with Division 2, Chapter 14 of the City Code and any amendments thereto, and any other applicable laws.

9.2 Water Mains

9.2.1 The installation and construction of service, fire hydrant and backflow assemblies outside of the boundaries of the Leased Premises, and all service and fire hydrant assemblies and other facilities including individual water meters within the boundaries of the Leased Premises to carry domestic water and provide fire suppression flow from said mains, shall be at the sole expense of Lessee. Likewise, the installation, construction, repair and maintenance of all service assemblies, plumbing and other facilities from the water meters to and within the individual businesses and buildings shall be at the sole expense of Lessee.

9.2.2 The City will maintain and repair all water mains, fire hydrants, and associated facilities within the Leased Premises, up to the point of connection to the individual buildings; water meters, provided that Lessee grants to the City a suitable easement, or easements across and upon the Leased Premises for such maintenance repair.

9.3 Payment for Utility Services

Lessee shall pay all charges for fuel, gas, water, electricity, pickup of refuse, telephone services, and all other utilities necessary to carry on the operations of Lessee.

9.4 Easements Restricted

Lessee shall obtain City approval concerning the relocation of any easements on the Leased Premises shown on Exhibit 9.4. The City agrees that it shall endeavor to assist Lessee in the relocation of such easements as necessary to provide Lessee with reasonable use and the ability to fully develop the Leased Premises.

10. LIENS

10.1 Payment by Lessee

10.1.1 Subject to Lessee's right to contest the same as hereinafter provided in subparagraph 10.4 of this Paragraph 10, Lessee agrees that it will pay as soon as due all mechanics', laborers', materialmen's, contractors', subcontractors', or similar charges, and all other charges of whatever nature which may become due, attached to or payable on said Leased Premises or any part thereof or any building, structure or other improvements thereon, from and after the date as of which this Lease is executed or as a result of any work performed on the Leased Premises by Lessee or any of Lessee's agents, employees or contractors prior to such date. Notwithstanding the foregoing, Lessee shall not be responsible for any such charges arising from work performed on the Leased Premises by the City's employees or agents.

10.1.2 Nothing herein contained shall in any respect make Lessee the agent of the City, or authorize Lessee to do any act or to make any contract encumbering or in any manner affecting the title or rights of the City in or to the reversionary interest of the City in the Leased Premises or the improvements thereon.

10.2 Notice

Before any buildings, structures or other improvements, repairs or additions thereto having an aggregate cost in excess of Twenty Five Thousand Dollars ($25,000) are constructed or reconstructed upon the Leased Premises, including but not limited to work relating to the Project, or, if sooner, before the delivery of any materials to the Leased Premises in connection with such construction or reconstruction, Lessee shall serve written notice upon the City, in the manner provided for in Paragraph 29 herein, twenty (20) days prior to commencement of Lessee's intention to perform such work or receive such materials for the purpose of enabling the City to post and record notices of nonresponsibility under the provisions of Section 3094 of the California Civil Code, or any other similar notices which may be required by law.

10.3 Bond

If any such mechanics' or other liens shall at any time be filed against the Leased Premises or any portion thereof or interest therein, Lessee shall cause the same to be discharged of record within sixty (60) days after the date of filing the same, or otherwise free the Leased Premises from the effect of such claim of lien and any action brought to foreclose such lien, or Lessee shall promptly furnish to the City a bond in an amount and issued by a surety company satisfactory to the City, securing the City against payment of such lien and against any and all loss or damage whatsoever in any way arising from the failure of Lessee to discharge such lien.

10.4 Contest

Lessee shall have the right to contest any such liens in good faith and with due diligence, provided that during the time Lessee contests such liens Lessee shall furnish the City with a bond in an amount and issued by a surety company satisfactory to the

City securing the City against payment of such lien and against any and all loss or damage whatsoever in any way arising from the failure of Lessee to discharge such lien, and provided further that Lessee shall fully pay and immediately discharge the amount of any final judgment rendered against the City or Lessee in any litigation involving the enforcement of such liens or the validity thereof.

10.5 Discharge by the City; Additional Rent

In the event of Lessee's failure to discharge of record any such uncontested lien within said sixty (60) day period or to pay and satisfy any such judgment as aforesaid, the City may, but shall not be obligated to, pay the amount thereof, inclusive of any interest thereon and any costs assessed against Lessee in said litigation, or may discharge such lien by contesting its validity or by any other lawful means. All such amounts paid by the City pursuant hereto, plus any additional costs incurred by the City in connection therewith and reimbursable pursuant to Paragraph 10.6, shall be deemed to be Additional Rent.

10.6 Repayment by Lessee

Any amount paid by the City pursuant to a court judgment rendered in accordance with Paragraph 10.5 shall be repaid by Lessee to the City on demand, together with an additional three percent (3%) per month to be applied to attorney's fees and costs of the City up to but not exceeding the amount of actual attorney's fees and costs actually incurred by the City; provided that, interest payable hereunder shall in no event exceed the maximum per annum rate permitted under applicable law. To the extent any such payment of interest hereunder would exceed such maximum rate, such payment shall be deemed to be an advance against Minimum Monthly Basic Rent as to which Lessee shall be credited on the next installment of Minimum Monthly Basic Rent payable hereunder.

11. SAFETY REQUIREMENTS

All work performed under this Lease shall be performed in such manner as will meet or exceed all State of California safety regulations. The City reserves the right to issue restraining or cease and desist orders to Lessee for a reasonable period when unsafe or harmful acts are observed or otherwise confirmed relating to, relative to or connected with Lessee's performance under this Lease.

Lessee shall maintain the Leased Premises free of hazards to persons and/or property resulting from its operations. Any hazardous condition noted by the Lessee, at any place on the Airport which is not a result of Lessee's operations, shall be reported to the City as soon as reasonably possible.

12. ALTERATIONS AND ADDITIONAL IMPROVEMENTS

12.1 Construction Approval

Following completion of the Project, Lessee shall not construct any additional building, structure or other improvement on the Leased Premises unless the plan showing the location thereof and construction plans and specifications are first approved by the Director of Building and Safety (on behalf of the City in its governmental capacity)(except for subtenant improvements and improvements costing, in the aggregate, less than Twenty Five Thousand Dollars ($25,000)) and by the City Council, for the City as lessor of the Leased premises, whose approval shall not be withheld unreasonably; provided, however, that the giving of such consent shall not be a waiver of any rights to object to further or future construction.

12.2 Alteration Approval

Lessee shall not make any exterior changes or alterations, structural or otherwise, to any building, structure, or other improvement constituting the Project or any subsequent improvement approved by the City Council pursuant to subparagraph 12.1 above (except for subtenant improvements and improvements costing in the aggregate, less than Twenty Five Thousand Dollars ($25,000)) without the prior written consent of the City Council for City. Such consent shall not be unreasonably withheld; provided, however, that the giving of such consent shall not be a waiver of any rights to object to further or future alterations.

12.3 Provisions Governing

Following the completion of the improvements approved herein, in the event that (and in each case that) Lessee shall construct any additional or replacement buildings, structures or other improvements (including alterations or additions to the existing buildings) on the Leased Premises, Lessee shall construct such improvements and each of them in accordance with the provisions of this Lease governing the construction contemplated by Lessee; provided, however, the completion dates set forth in Paragraph 8 shall not apply to such construction, provided that Lessee shall comply with any completion dates specified by the City as a condition to any approval granted pursuant to Paragraph 12.2 hereof.

12.4 Value and Utility

All changes and alterations shall be of such a character that when completed the value and utility of the building, structure or other improvement changed or altered by such changes or alterations shall not be less than the value and utility thereof immediately before any such change or alteration.

12.5 Alterations Following Commencement

All work done in connection with any changes or alterations following the commencement thereof shall be performed in a good and workmanlike manner and with due diligence.

13. MAINTENANCE AND REPAIR

13.1 General

Lessee acknowledges that the City's agreement hereunder to lease the Leased Premises for the term set forth at Paragraph 2.1 is on the express understanding and agreement by Lessee that Lessee shall at its sole cost and expense throughout the term of this Lease, maintain, and as reasonably necessary, remodel, refurbish, or otherwise preserve the buildings, structures, fuel storage facilities and tanks, other improvements, common areas, landscaping, equipment, fixtures and signs on the Leased Premises in a safe, clean and sanitary condition so as to preserve the quality and attractiveness of the facilities operated on the Leased Premises as provided herein, and such facilities shall be competitive with facilities of like kind and age. In this regard, and without limitation, Lessee agrees that it shall take the actions specified hereinbelow at such times and to the extent required by the circumstances to preserve and maintain the improvements on the Leased Premises in accordance with the agreements of Lessee set forth in this Paragraph 13. In furtherance of Lessee's obligations pursuant to this Paragraph 13, and not in limitation thereof, Lessee agrees as follows:

13.1.1 Lessee hereby consents to periodic inspections by the City for the purpose of determining maintenance violations and agrees to immediately correct each and

every violation. Lessee shall not allow refuse, garbage, or trash to accumulate on or adjacent to the Leased Premises, except on the date of scheduled pickup service, and then only appropriate receptacles located in areas designed for such purposes and approved by the City.

13.1.2 Lessee shall make all repairs necessary to maintain the Leased Premises. Lessee shall make any and all necessary repairs to or shall replace any equipment, structures, or other physical improvements on the Leased Premises in order to comply with any and all applicable regulations, laws or ordinances of the United States, the State of California, County of Los Angeles, the City or any other governmental body having jurisdiction over the Leased Premises or Lessee's operations thereon, including, but not limited to regulations promulgated by the FAA.

13.1.3 If Lessee fails to correct any unsafe, unclean, or unsanitary condition immediately after being notified in writing to do so by the City, then the City shall have the right, but not the obligation, to enter the Leased Premises and remedy the condition, or conditions, and charge the cost to Lessee without any liability for any resulting business loss or damage. In the event of an emergency, the City shall have the right, but not the obligation, to immediately enter the Leased Premises to remedy an unsafe, unclean, or unsanitary condition and charge the cost to Lessee. The City shall notify Lessee of such emergency as soon as reasonably possible.

13.1.4 Except for any obligations of the City under Paragraph 20 (relating to the destruction of the Leased Premises), and under Paragraph 30 (relating to condemnation of the Leased Premises), it is intended by the parties hereto that the City have no obligation, in any manner whatsoever, to repair and maintain the Leased Premises, nor any building structures, or other improvements located or constructed thereon, nor the equipment therein, whether structural or nonstructural, all of which obligations are intended by the parties to be solely that of the Lessee. Lessee expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Lessee the right to make repairs at or on the Leased Premises at the City's expense or to terminate this Lease because of the City's failure to keep the Leased Premises in good order, condition and repair. Lessee acknowledges that it has sought the advice of counsel regarding the effect of this waiver and that it voluntarily makes this waiver. Lessee further acknowledges that except for this waiver, the City would not enter into this Lease with Lessee.

13.1.5 The City shall not at any time be required to make any improvements or repairs whatsoever with respect to the Leased Premises except that the City shall have the right, but not the obligation, in its sole discretion, to make any repairs or construct any improvement necessary to protect the Leased Premises or any other property located in or about the Airport.

13.2 Painting and Cleaning of Buildings, Structures and Common Areas

Lessee shall paint, clean and as reasonably necessary preserve and refurbish the surfaces of the interior and exteriors of all buildings, structures, fuel storage facilities, hangars, work areas and common areas on the Leased premises. The painting, cleaning or preservation and refurbishment shall restore the appearance of the buildings, structures, fuel storage facilities, hangars, work areas and common areas so far as reasonable.

13.3 Pavement, Sewers and Storm Drains

Lessee shall repair or replace any area of pavement or slabs on the Leased Premises that have spalled, weathered, alligatored, or otherwise failed or deteriorated with like materials and workmanship. Lessee shall repair, clean or replace any nonpublic sewers or storm drains on the Leased Premises which have plugged, broken or which

otherwise need such work. Such maintenance shall be performed as often as is necessary to properly maintain the pavement on the Leased Premises or the sewers or storm drains on the Leased Premises.

13.4 Landscaping

Lessee shall landscape the Leased Premises in an attractive manner that is similar to the existing facility and in accordance with approved plans and specifications and thereafter maintain said landscaping. Lessee will landscape and maintain certain City-owned property in a manner that is similar to the existing facility. That certain City-owned property is shown in Exhibit 13.4.

13.5 The City's Access to Leased Premises

During normal business hours the City and the City's officers, employees and agents shall have the right to enter upon the Leased Premises or any buildings, structures or other improvements thereon for the purpose of inspecting the same and posting notices of nonresponsibility or any other notices the City may reasonably deem necessary or desirable.

14. SURRENDER

14.1 Structures

At the expiration of the term of this Lease or upon the sooner termination thereof, this Lease shall terminate without further notice and Lessee shall immediately surrender possession of said Leased Premises to the City and all buildings, structures, underground storage facilities and other improvements thereon or therein (including but not by way of limitation, any alterations, additions or improvements) shall remain for the benefit of the City. Any holding over by Lessee after expiration of the term of this Lease shall not constitute a renewal or extension thereof or give Lessee any rights in or to the Leased Premises.

14.2 Removal

No buildings, structures or other improvements shall be removed from said Leased Premises or voluntarily destroyed or damaged during the term of this Lease without the prior written consent of the City Manager which may be granted or withheld in the sole discretion of the City Manager.

14.3 Movable Structures

Equipment, trade fixtures and similar installations which are installed in any building, structure, fuel storage facility or other improvement on the Leased premises shall not be deemed to be part of the realty even though such installations are attached to the floors, walls or roof of any building or structure or to outside pavements, so long as such installation can be removed without structural damage to any building, structure or other improvement on the Leased Premises; provided, however, that if the removal of any such installation causes nonstructural damage to any part of the building, structure, other improvement, pavements or premises, Lessee shall repair such damage and restore said building, structure, other improvement, pavements or premises to the same condition as originally existed upon the completion of construction, ordinary and usual wear and tear excepted; and provided further, that no holes or apertures, or unpainted or otherwise unfinished walls shall be left by Lessee in any building, structure or other improvement at the expiration or sooner termination of the term of this Lease.

14.4 Personal Property

Any and all personal property of every kind and nature whatsoever, not attached to or installed in any building, structure or other improvement which Lessee or its sublessees places in, upon or about the Leased Premises during the term hereof may be removed therefrom prior to the expiration of the term of this Lease and shall, as between the City and Lessee, be and remain the personal property of Lessee or its sublessees, as the case may be, provided that any such personal property left on the Leased Premises upon surrender to the City shall be presumed to be abandoned by Lessee and/or its sublessees and shall become property of the City.

14.5 Lighting, etc.

Notwithstanding anything to the contrary contained in Paragraphs 14.3 and 14.4, any and all lighting, plumbing, air cooling, air conditioning, heating and ventilating equipment ("Utility Fixtures") shall be deemed to be a part of the realty, and regardless of whether or not any such item or equipment can be removed without structural damage to the building, structure or improvement in which it is installed, no Utility Fixtures shall be removed from any such buildings, structures or other improvements, except for repairs, alternations and replacement with like equipment, without the consent of the City Council, and all such Utility Fixtures shall remain as a part of the realty at the expiration or sooner termination of the term of this Lease.

14.6 Removal at Expiration

Notwithstanding anything to the contrary in this Paragraph 14, the City may give notice of its election, not less than one (1) year prior to the expiration of the term of this Lease, to require the removal of any or all buildings, structures and other improvements and the restoration of the Leased Premises upon expiration of this Lease, in which event the Lessee shall remove such improvements and restore the Leased Premises within 120 days following the expiration of the term of this Lease. Such period shall not constitute an extension or renewal of this Lease.

15. SUBORDINATION

15.1 Quitclaim Deed

Lessee acknowledges that it has received a copy of the Quitclaim Deed executed by the United States of America, dated March 5, 1948, and recorded on May 13, 1948 in Book 27145, Page 362 of Official Records in the Office of the County Recorder of Los Angeles County (a copy of which is attached as Exhibit 15.1 and made a part hereof) upon which the City holds title to said Leased Premises and Lessee agrees to comply with the provisions thereof as amended to the date of this Lease. This Lease shall be subordinate to such provisions as amended and Lessee agrees to execute such additional instruments or agreements as may be required by the City or the United States to confirm or effectuate such subordination.

15.2 FAA Requirements

Lessee acknowledges its acceptance of and its agreement to comply with all rules and regulations of the FAA applicable to the operations of a fixed based operator operation. Except as otherwise provided below, if after Lessee completes the Project, the FAA or any other governmental entity regulating the Airport changes its requirements relating to the construction and operation of the Leased Premises or the business of Lessee conducted thereon (the "FAA Requirements") necessitating that Lessee alter or make additions to the Leased Premises in order to bring the Leased Premises into conformity with the FAA's or such

other governmental entity's revised requirements, then Lessee shall make all such alterations and additions at its sole cost and expense without any abatement or reduction in the Rent payable under this Lease.

16. COMMON AREAS; AVIATION EASEMENTS; RIGHTS AND RESERVATIONS BY LESSOR

16.1 Definition; Common Areas

"Common Areas" shall mean those portions of the Airport located within the physical boundary thereof which are made available for the general use, convenience or benefit of all lessees and visitors of the Airport, including, without limitation, transient aircraft tiedown space, taxiways, runways, public vehicle parking areas, all utility lines and systems, access roads, driveways, sidewalks, pedestrian walkways and other similar areas, in addition to maintenance and equipment areas. The City may at any time establish or change the nature, use, size, and composition of the Common Areas, which acts may include, without limitation (i) the creation and relocation of driveways, entrances, exits, and parking spaces; (ii) installation of landscaping or restricted areas; and (iii) establishment of handicap and loading zones. The City shall obtain FAA approvals when such approvals are required.

16.2 Control, Maintenance and Operation of Common Areas

The City shall at all times have the sole and exclusive control of all the Common Areas. The City shall operate, manage and maintain the Common Areas. The manner in which such Common Areas shall be operated, managed and maintained and the expenditures therefor shall be at the sole discretion of the City. The City shall have the right to perform any and all construction to, in or about the Common Areas which it deems reasonable for the maintenance, replacement, refurbishment, renovation or improvement of the Common Areas, other premises or the Airport in general. The City shall give Lessee reasonable notice of any such construction in or about the Common Areas.

16.3 Lessee's Use of Common Areas

Lessee and its employees and invitees are, except as otherwise specifically provided in this Lease, authorized, empowered and privileged to use the Common Areas in common with other persons during the Lease Term. Lessee shall at all times comply with the provisions of Paragraph 8.5 and, in connection therewith, covenants that it shall not at any time park or permit the parking of its trucks or vehicles or the trucks or vehicles of its employees, suppliers, customers, or invitees in any area within the Airport not designated by the City for such use by Lessee and its employees, suppliers customers, or invitees. If Lessee parks, or permits the parking of, any vehicle contrary to the foregoing provisions, the City may cause the same to be towed to a public garage or other parking area and the expense of such towing, plus storage charges, will be paid by Lessee.

16.4 Limitation on Lessee's Right to Use

Lessee's rights hereunder in and to the Common Areas shall at all times be subject to the rights of the City and the other lessees of the Airport to use or to benefit from the use of such areas and it shall be the duty of Lessee (i) to the extent reasonably within its control, to keep all of the Common Areas adjacent to the Leased Premises free and clear of any obstructions or nuisances whether created or permitted by Lessee or its operation or by others; (ii) to use and allow the use of Common Areas only for normal ingress and egress by employees, suppliers, customers and invitees to and from the property occupied by Lessee and the other lessees in the Airport and such other use approved in advance and in writing from the City and (iii) not to cause, permit or suffer to the extent within Lessee's control any

Common Areas to be used so as to unreasonably interfere with the rights of the City or other lessees of the Airport or their employees, suppliers, customers, invitees or businesses.

16.5 Interference with Aviation

Lessee agrees that neither it nor its sublessees, permitees, assignees, licensees or concessionaires will:

16.5.1 Erect or permit the erection or growth of any building, structure, tree or other object on said Leased Premises above any elevation above mean sea level as shown on Exhibit 16.5.1, bearing Identification No. 694 and dated March 22, 1991;

16.5.2 Use said Leased Premises or permit said Leased Premises to be used in any manner which might (as may be determined by the Airport Authority in its sole discretion) (i) interfere with the landing or taking off of aircraft from the Airport, or (ii) which otherwise constitutes an air navigation obstruction, or (iii) which creates an interference; and

16.5.3 Light or operate, or cause to be lighted or operated, any equipment which (as may be determined by the Airport Authority in its sole discretion) would interfere with the navigation, landing or takeoff of aircraft on the runways and in the aeronautical areas of the Airport.

16.6 Avigation Easements

16.6.1 The City hereby reserves the following easements from the leasehold estate:

(a) the right to take any action necessary to prevent the erection or growth of any building, structure, tree or other object into the airspace above those elevations shown on Exhibit 16.5.1 attached hereto, and to remove from such airspace, or mark and light as obstructions to air navigation, any and all buildings, structures, trees or other objects that may at any time project or extend above the elevations shown on Exhibit 16.5.1 together with the right of ingress to, egress from, and passage over the said Leased Premises for such purposes.

(b) The right to enter onto the Leased Premises for the purpose of causing the abatement of any interference with the landing and taking off of aircraft from the Airport; and

(c) A right, for the use and benefit of the public, of flight for the passage of aircraft in the airspace above the surface of the said Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of, or flight in the air, using said airspace or landing at, or taking off from, or operating at, or on said Airport.

16.6.2 As used in this paragraph, the term "Aircraft" includes aircraft now or hereafter developed which utilize the Airport or such airspace whether similar or dissimilar to existing aircraft.

16.6.3 As used in this paragraph, the term "Interference" includes without limitation any interference with radar, any electrical or other interference with radio or other communication between the Airport and aircraft, or any use or activity which makes it difficult for pilots to distinguish between the Airport and other lights, creates glare or otherwise impairs visibility or which otherwise endangers the landing, taking off or maneuvering of aircraft or the safety of those using the Airport, or is hazardous thereto.

16.6.4 In the event that the City exercises any of its rights pursuant to the above provisions of this Paragraph 16, the City shall not be liable to the Lessee for any damage suffered as a result thereof and the Lessee shall reimburse the City for all reasonable and necessary expenses incurred by the City therefor.

16.7 Release of Liability Relating to Flight Easement

This Lease is made upon the express condition and in consideration of the City's leasing the Leased Premises herein provided, and Lessee covenants that, Lessee hereby releases the City, its officers, employees, agents and contractors from any liability from, and voluntarily assumes all risk of loss, damage or injury to the person or property of Lessee (including the leasehold interest of Lessee herein), and its officers, agents, invitees or employees, sublessees, assignees, transferees, licensees, concessionaires and of any other person in or about the Leased Premises, which during the term of this Lease may be caused by or arise or occur in any manner by reason of the right of flight easement set forth in this Paragraph 16, including, but not limited to, loss, damage or injury from the following:

16.7.1 From the flight of any aircraft of any and all kinds now or hereafter flown in, through, across, around or about any portion of the airspace over the Leased Premises; or

16.7.2 From noise, vibration, currents and other effects of air, illumination and fuel consumption, or fear thereof, arising or occurring from or during the flight of any aircraft described in subparagraph 16.7.1, or from or during the use by such aircraft of Airport facilities, including, but not limited to, landing, storage, repair, maintenance, operation, run-up, and take-off of such aircraft, and the approach and departure of aircraft to or from said Airport.

16.8 Ingress and Egress

Lessor, at its option and in its sole discretion, may at any time control and limit access to, in, or about the Airport between the hours of 6:00 p.m. and 6:00 a.m. for the public health, safety, welfare, or for any municipal or public purpose. The City shall not be liable or responsible or any damages, arising therefrom to the Leased Premises, buildings, structures, fuel storage facilities, installations or improvements thereon, or to any business or operation of Lessee.

In the event that access to the Leased Premises is controlled or limited in accordance with this Paragraph 16.8, whether by the City or by other parties or causes other than Lessee, Lessee will remain liable for the full amount of rent and other sums due hereunder.

16.9 Restrictions on Delivery Hours and Access Roads

16.9.1 The City reserves the right, between the hours of 6:00 p.m. and 6:00 a.m., to reasonably regulate the hours and locations of deliveries and to reasonably restrict the activities of Lessee with regard to all deliveries, loading, unloading and servicing on or to the Leased Premises and Common Areas, and Lessee agrees to abide by all regulations of the City in respect thereof.

16.9.2 The City reserves the right to reasonably restrict and control access routes to the Airport and the Leased Premises during those days and between the hours of 6:00 p.m. and 6:00 a.m. when hours the Airport is closed or operations are at minimum levels.

16.10 The City's Access to Leased Premises

During normal business hours the City and the City's officers, employees and agents shall have the right to enter upon the Leased Premises or any building, structure, facility or other improvements thereon for any purpose permitted under this Lease or at law, including, without limitation, for the purpose of inspecting the Leased Premises and posting notices of nonresponsibility or any other notices the City may reasonably deem necessary or desirable.

17. TAXES, ASSESSMENTS AND UTILITY CHARGES

17.1 Payment of Charges

17.1.1 Lessee agrees to pay before delinquency every charge, lien or expense accruing or payable during the term of this Lease in connection with the use or occupancy of said Leased Premises, including, but not by way of limitation, water, electricity, gas, telephone, utilities and other services used by Lessee and/or its sublessees on said Leased Premises.

17.1.2 Lessee shall indemnify and hold the City harmless from and against, and shall assume full responsibility for, payment of all wages or salaries and all federal, state or local taxes or contributions imposed or required under the unemployment insurance, social security, income tax, and workers' compensation laws, or under other laws respecting Lessee's employees engaged in the performance of Lessee's obligations hereunder.

17.2 Payment of Taxes

Lessee agrees to pay prior to delinquency all taxes assessed upon the value of personal property and improvements belonging to Lessee and upon Lessee's possessory interest in the real property of the City constituting the Leased Premises and all improvements thereon, or which become a lien against said Leased Premises or Lessee's interest therein or its property thereon or against any building, structure or any improvements erected or constructed by the Lessee on said Leased Premises during the term of this Lease, and, in addition, Lessee shall pay all sales,use, service, gross receipts and other taxes levied against the operation of its business. Upon request by the City, Lessee shall provide proof of its payment of such taxes prior to any such taxes becoming delinquent.

17.3 Payment of Assessments

Lessee agrees to pay before delinquency any assessments against the Leased Premises or against any buildings, structures or any improvements erected or constructed by the Lessee on the Leased Premises, or against the Common Areas made for improvements which benefit the Leased Premises (such as without limitation, lighting, sewage and street improvements).

17.4 Sales Tax Permit

Lessee agrees that it will obtain, and will require all sublessees to have obtained a California State Sales and Use Tax Permit for any portion of the Leased Premises utilized by Lessee and/or such sublessee before doing any business thereon for which such a permit or license is required.

17.5 Contests

Lessee shall have the right, at the Lessee's sole cost and expense, to contest the amount or legality of any taxes, assessments or utility charges which it is

obligated to pay, and make application for the reduction thereof, or of any assessments upon which the same may be based, provided that Lessee first posts a bond with the City in an amount equal to the amount of such taxes, assessments or charges contested with interest and penalties, or by paying the amounts contested under protest. Lessee agrees that it will prosecute any such contest or application with due diligence and will within thirty (30) days after an adverse final determination thereof pay the amount of any such taxes, assessments or charges which may have been the subject of such contest or application as so determined, together with any interest,penalties, costs and charges which may be payable in connection therewith.

17.6 New Taxes

If, during the term of this Lease, federal or state taxes shall be imposed, assessed or levied on the fee interest of the City in the Leased Premises, or on or with respect to any real or personal property constituting a portion of the fee interest of the City in the Leased Premises, or on the rents derived by the City from the Leased Premises in lieu of or in addition to such real or personal property taxes, and the City, in good faith, demonstrates that such new tax is in the nature of an ad valorem or use tax (rather than an income or

franchise tax on the City's income), Lessee shall pay all such taxes, assessments, levies or charges imposed upon the City within twenty (20) days of demand therefor by the City.

18. INDEMNITY; HOLD HARMLESS

Lessee has accepted the condition of the Leased Premises and hereby releases the City from and agrees to indemnify and hold the City (with "City" being defined for purposes of this Paragraph 18 only as including City, City's Mayor, City's City Council and its members, City's boards' and commissions and their respective members, and City's officers, employees and agents) free and harmless from any and all liabilities and claims for damages, losses, relating to or arising from any injury or death to any persons, including but not limited to Lessee and its employees and agents, or damage to property of any kind whatsoever and to whomsoever belonging, including but not limited to property of Lessee, from any and all cause or causes whatsoever, which results or arises from the businesses conducted by Lessee or its sublessees on the Leased Premises. Any amount paid by the City pursuant to a court judgment rendered in accordance with this Paragraph 18 shall be repaid by lessee to the City on demand, together with an additional three percent (3%) per month to be applied to attorney's fees and costs of the City up to but not exceeding the amount of actual attorney fees and costs actually incurred by City; provided that any interest payable hereunder shall in no event exceed the maximum per annum rate permitted under applicable law. To the extent any such payment of interest hereunder would exceed such maximum rate, such payment shall be deemed to be an advance against Minimum Monthly Basic Rent as to which Lessee shall be credited on the next installment of Minimum Monthly Basic Rent payable hereunder.

Such release, indemnification, and hold harmless includes (without limitation) the following:

(a) Lessee shall indemnify and hold harmless the City from and against any and all actions, causes of action, obligations, costs, damages, losses, claims, liabilities and demands of any nature whatsoever, regardless of the merit or outcome of any such claim or suit, arising from or in any manner connected to construction of improvements on the Leased Premises and the operation of Lessee's business thereon;

(b) Lessee shall indemnify and hold harmless the City from and against any and all actions, causes of action, obligations, costs, damages, losses, claims, liabilities and demands of any nature whatsoever accruing or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, equipment or supplies

in connection with services or work conducted or performed for Lessee or at or for the Leased Premises, or arising out of such activities or work;

(c) Without limiting the generality of the foregoing, Lessee hereby agrees that the City shall not be liable for any injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise, improvements, or other property of Lessee, Lessee's officers, agents, employees, invitees, customers, or any other person in or about the Leased Premises, nor shall be City be liable for injury or death to the person of Lessee, any sublessee, or any of their respective officers, employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, crime, or from any cause whatsoever, and whether the said damage or injury results from conditions arising upon the leased Premises or from city's activities upon other portions of the Airport; and

(d) The City shall not be liable to Lessee for any damages arising from any act or omission of any other lessee, sublessee, or other occupant of any portion of the Airport, or their respective officers, employees, contractors, customers or invitees.

19. INSURANCE

19.1 Liability

19.1.1 Lessee agrees that at all times during the course of construction, it will maintain in force at Lessee's or its contractors sole cost and expense a comprehensive general liability insurance policy or policies which will insure and indemnify the Lessee and the City, the City Council and each member thereof, members of Boards and Commissions and every officer and employee of the City against liability or financial loss résulting from any suits, claims, or actions brought by any person or persons and from all costs and expenses of litigation brought against the City in the minimum amount of One Million Dollars ($1,000,000) combined single limit for any injury to persons and/or damages to property (i) in or about said respective portions of the Leased Premises and any building constructed thereon, or (ii) by reason of the use and occupation by Lessee or by any other person or persons of said portions of the Leased Premises. The City, the City Council, members of Boards and Commissions, and every officer and employee of the City, acting in the due course of his employment or his official capacity, shall be named as an additional insured on said policy. Such policy or policies shall be written to provide coverage on an occurrence basis.

19.1.2 After completion of construction, and upon occupancy by subtenants, and at all times throughout the remainder of the term of this Lease, Lessee shall maintain, or cause to be maintained, at no expense to the City, a comprehensive general liability insurance policy, or policies, which will insure and indemnify the Lessee and the City, the City Council and each member thereof, members of Boards and Commissions, and every officer and employee of the City against liability or financial loss resulting from any suits, claims or actions brought by any person or persons and from all costs and expenses of litigation brought against the City in the amount of not less than Two Million Dollars ($2,000,000) combined single limit per occurrence for any injury to persons and/or damages to property (i) in or about said Leased Premises and any buildings constructed thereon, or (ii) by reason of the use and occupation of Lessee or by any other person or persons of said Leased Premises. The City, the City Council, members of Boards and Commissions, and every officer and employee of the City, acting in the due course of his employment or his official capacity, shall be named as an additional insured on said policy. Such policy or policies shall be written to provide coverage on an occurrence basis.

19.1.3 It is understood that the type of liability insurance and minimum limits of insurance required herein may become inadequate for such purposes during the term of this Lease, and Lessee agrees that it shall add or cause to be added such insurance coverage and increase such minimum limits at no expense to the City by such amounts as may be required by the City, provided that in no event shall such increases in any year exceed the percentage adjustment in the Index as provided in Paragraph 3.3 above. In the event that the Lessee objects to such increase on the grounds that it is unreasonable and the dispute cannot be resolved by the parties, the City shall have the burden of establishing that the increase is reasonable and the issue shall be decided by arbitration in Los Angeles, California in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment thereon shall be entered by any court of competent jurisdiction.

19.2 Property Damage

Lessee agrees that after completion of the project and upon occupancy by subtenants and at all times throughout the remainder of the term of this Lease, Lessee shall maintain, or cause to be maintained at no cost to the City an insurance policy or policies which will insure and indemnify the Lessee and the City from loss occurring to buildings, structures, fixtures and other improvements (excluding grading and fill but including foundations) on the Leased Premises by reason of fire, extended coverage perils, and "all risk" perils, including but not by way of limitation, demolition, and contingent liability arising out of the operation of building codes. If required by any "Leasehold Mortgagee" (as defined in Paragraph 22 hereof), such property damage insurance shall also cover loss resulting from flood and/or earthquake, but only if and to the extent required by such Leasehold Mortgagee. If Lessee shall not obtain and maintain flood insurance, Lessee shall be deemed to have waived all claims and causes of action, if any, against the City for personal injury and property damages resulting from any flooding.

The amount of such insurance shall be at least adequate and consistent with the ongoing value of the buildings, structures, fixtures, or such other improvements located on the Leased Premises with an agreed amount endorsement. The City shall be named as an additional insured on said policy, including earthquake coverage, if required.

19.3 Workers' Compensation

Lessee shall at all times maintain one or more workers' compensation policies in such form and with coverage sufficient to meet all requirements of the Labor Code of the State of California.

19.4 Copy of Policy

At all times during the term of this Lease and prior to taking possession of said Leased Premises, Lessee shall maintain on file with the City Clerk of the City a certified copy of each insurance policy required herein and all amendments thereto. Notwithstanding any other provisions to the contrary contained in this Lease, Lessee shall not have the right to take possession of said Leased Premises until such copies are filed with the City Clerk.

19.5 Lessee's Insurance Primary

The insurance provided in the policies of insurance required hereunder to be maintained by Lessee shall be primary and noncontributing with any insurance that may be carried by the City.

19.6 No Limitations on Indemnification Obligation

The procuring of any policy of insurance shall not be construed to be a limitation on Lessee's liability or as full performance on its part of Lessee's obligation to indemnify the City pursuant to Article 18 of this Lease.

19.7 Failure to Provide

Lessee agrees that if it does not keep all insurance coverage required under this Lease in full force and effect, the City may obtain any insurance not maintained by Lessee and pay the premium thereon, together with interest thereon at the maximum rate provided by law, and the repayment thereof shall be deemed to be Additional Rent and payable as such on the next day after notice of the payment by the City for said insurance.

20. CASUALTY; INSURANCE PROCEEDS

20.1 Statement of Costs

In the event of the partial or total destruction of any of the buildings, structures or other improvements on the Leased Premises where the cost of repair or replacement exceeds Ten Thousand Dollars ($10,000), as established jointly by Lessee and the Director of Building and Safety of the City, Lessee shall promptly furnish the City with:

20.1.1 A statement of the original cost of the damaged structures; and

20.1.2 An itemized statement setting forth the estimated cost of reconstruction thereof or repairs thereto, prepared by a California licensed architect or engineer.

20.2 Duty to Repair - Where Insurance

20.2.1 In the event of the partial or total destruction of any of the buildings, structures or other improvements on the Leased Premises by any cause which is by the terms of this Lease required to be insured against, Lessee shall repair or rebuild the affected buildings, structures or other improvements to the condition existing prior to the occurrence of such destruction or damage, and shall do so even though the proceeds of the insurance policies covering the loss shall be insufficient to reimburse Lessee thereof; provided, however, that if such proceeds of insurance are more than sufficient to pay the cost of any such rebuilding, Lessee shall be entitled to receive any surplus.

20.3 Duty to Repair - Where No Insurance

20.3.1 In the event of the partial or total destruction of any of the buildings, structures or other improvements on the Leased Premises by any cause which is by the terms of this Lease not required to be insured against, then:

If either (i) such damaged or destroyed building(s), structure(s) or other improvement(s) constitute a material portion of the Project the loss of which would make operation of the remaining improvements on the Leased Premises uneconomical in the reasonable judgment of the City or the Lessee (taking into account the loss of rent to the City which such reduced operation would entail and any reduction in the rate of return on invested capital to Lessee), or (ii) operation of the Project during and after repair or restoration of such damaged or destroyed building(s), structure(s) and other improvement(s) would be uneconomical in the reasonable judgment of the City or Lessee (taking into account the loss of rent to the City and the cost of such repairs and the rate of return to Lessee on invested capital over

the remaining term of the Lease), then either the City or Lessee may terminate this Lease by notifying the other party to such effect within thirty (30) days of the event causing such damage or destruction. In such event, Lessee shall demolish the building(s), structure(s) and improvement(s) designated by the City as requiring demolition and restore the Leased Premises to a neat and clean condition to the reasonable satisfaction of the City Manager within a reasonable time period to be agreed upon by the City Manager and Lessee. Notwithstanding the provisions of this subparagraph, if only (i) above is applicable, the City shall not terminate this Lease if Lessee shall advise it within thirty (30) days following the casualty that it will undertake to restore such damaged or destroyed portions of the Project in a manner reasonably satisfactory to the City and that such restoration can be completed within one (1) year thereafter.

In the event that either party shall disagree with the determination of the other party that continued operation of the remaining or repaired improvements on the Leased Premises would uneconomical, such question shall be subject to arbitration in the manner and pursuant to the procedures provided for in Paragraph 31 of this Lease.

If neither party shall cancel this Lease in accordance with the provisions of this subparagraph 20.3, the City and Lessee shall jointly determine whether Lessee shall repair or restore the damaged or destroyed building(s), structure(s) or other improvements, or repair and/or replace such damaged or destroyed elements of the Project, in either case within a reasonable period to be agreed upon by the City and Lessee. Thereafter, Lessee shall continue to operate the improvements on the Leased Premises in accordance with this Lease.

If either party shall cancel this Lease in accordance with the provisions of this subparagraph 20.3, Lessee shall have no further obligation for rental or other payments hereunder from and after the date that such demolition and restoration are completed, and from and after the date that such demolition and restoration are completed, neither Lessee nor any Leasehold Mortgagee shall have any right, title, interest, lien or encumbrance in, to or upon the Leased Premises or any of the buildings, structures or other improvements located thereon.

20.4 Duty to Repair - Last Five Years of Lease Term

In the event of the partial or total destruction of any of the buildings, structures or other improvements on the Leased Premises by any cause, whether insured or uninsured, during the last five (5) years of the term of this Lease, either the City or Lessee may terminate this Lease by notifying the other party in writing to such effect within thirty (30) days of the event causing such destruction. If either party shall so elect to cancel this Lease pursuant to this paragraph Lessee shall have no duty to repair, replace, or restore and portion of the Leased Premises and all liabilities of either party to the other party which would have accrued under this Lease from and after such date shall be canceled; provided, however, that each party shall remain liable to the other party for any and all obligations and duties which arise or accrue under this Lease prior to such termination date. Notwithstanding anything to the contrary in this Lease, if either party terminates the Lease pursuant to this paragraph, Lessee shall immediately pay over and assign to the City any insurance proceeds or other payments that may be received by Lessee as compensation or reimbursement for the damage or destruction of the Leased Premises including the buildings, structures or other improvements thereon.

20.5 Repair Work

Any reconstruction and repair work provided to be performed by Lessee hereunder shall be commenced and continued to completion promptly and diligently. Such reconstruction and repair work shall be performed, insofar as reasonably possible, in compliance with and pursuant to the original plans and specifications and in compliance with

the provisions of Paragraph 13 herein. The City may require a payment bond from Lessee to assure the removal or bonding of any liens.

20.6 Rent

In the event of destruction or damage, whether total or partial, to the buildings, structures, or other improvements on the Leased Premises, the rent provided for hereunder shall not be abated by reason of the occurrence of any such destruction or damage as long as the term of this Lease continues and remains in existence and Lessee has not elected to quit and deliver up possession of the Leased Premises.

21. SALE, ASSIGNMENT AND SUBLETTING; CITY'S RIGHT TO TRANSFER

21.1 Sale, Assignment and Subletting Prohibited Without City's Consent

21.1.1 Except as provided in Paragraph 22, Lessee shall not sell or assign any of the leasehold interest to other than a related party without offering to the City the first right and option to purchase such leasehold interest on the same terms and conditions as proposed by a ready, willing and able purchaser. The City shall have thirty (30) days to exercise the option and must exercise the option in writing, if at all.

21.1.2 The term "related party" as used in Subparagraph 21.1 shall mean any party related by blood or marriage either directly or through a corporate or partnership entity controlled by individuals related by blood or marriage.

21.1.3 Lessee shall not sublet all or any part of the Leased Premises, or assign this Lease or any interest herein or in the Leased Premises, without first obtaining the written consent of the City Council, which consent shall not be unreasonably withheld. The giving of such consent shall not be a waiver of any right to object to further or future assignments or subleases, but the consent to each successive assignment or sublease must be first obtained in writing from the City Council. Any assignment of this Lease to an assignee so approved by the City shall not relieve the assignor of any liability under this Lease arising after the effective date of such assignment unless the City expressly and in writing releases Lessee, and upon any assignment of this Lease wherein City does not expressly release Lessee, Lessee shall remain fully liable under the Lease during the entire unexpired term thereof. The City shall have thirty (30) days to approve or disapprove any proposed sublease, assignment or transfer submitted by Lessee.

21.1.4 In the event Lessee assigns this Lease or sells any structure or other improvement attached to the Leased Premises to other than a related party, the City shall have the right to review and adjust the monthly rental rate for the Leased Premises, if the proposed assignee or transferee will use the Leased Premises for purposes other than those in the Permitted Uses provision of Paragraph 6.1. The City's right to review and adjust the monthly rental rate for the Leased Premises contained in this subparagraph shall not result in a monthly rental rate which is inconsistent with the stated objectives of this lease nor greater than the rental rate which the City is collecting for similar real property being used for the same or similar purpose.

21.1.5 Notwithstanding anything contained in this Paragraph 21 to the contrary, the City expressly agrees that it does consent to the sublet of all or any part of the Leased Premises, and to the assignment of this Lease or any interest herein or in the Leased Premises to Robinson Helicopter Company, Inc., a California corporation.

21.2 Guidelines for Consent

Without limiting the City's right to refuse to consent to an assignment, sublease, or other transfer on additional or other grounds, the City's refusal to consent to any assignment, sublease or other transfer shall be considered reasonable:

21.2.1 If construction of the Project has not been completed (as defined in subparagraph (deleted)), in accordance with this Lease, it being understood and acknowledged by Lessee that the involvement of Lessee during such construction period is a material inducement to the City's execution of this Lease; or

21.2.2 If Lessee shall at the time of the proposed assignment, sublease, or transfer shall be in default under this Lease; or

21.2.3 If the term of any sublease, transfer, or assignment exceeds the term of this Lease.

21.3 Vesting

As a condition precedent to the City's consent to any assignment, transfer, or sublease, and to the vesting of any rights in this Lease or in the leasehold estate created hereby in any assignee, transferee or sublessee of the Lessee's interest hereunder, whether voluntary or involuntary:

21.3.1 Each such proposed assignee, transferee, or sublessee shall first have delivered to the City Clerk of the City a written notice of such proposed assignment or sublease, which notice, duly executed by such assignee, transferee or sublessee:

(a) shall contain a statement that the proposed assignee, transferee or sublessee agrees to be bound by all the terms, covenants and conditions of this Lease which are to be performed by Lessee;

(b) shall state the name and address of the proposed assignee, transferee or sublessee for the purpose of enabling notices to be given under Paragraph 26 herein; and

(c) shall state whether the proposed assignee, transferee or sublessee is an individual, a corporation or a partnership, and (i) if such assignee, transferee or sublessee is a corporation, such notice shall state the names of such corporation's principal officers and directors, its state of incorporation, the amount of capital stock authorized and the amount of capital stock outstanding at the time of the assignment, the number of shareholders and the name and address of every shareholder who directly or indirectly owns or controls five percent (5%) or more of such stock (stating the number of such shares), or (ii) if such assignee, transferee or sublessee is a partnership, such notice shall state the names and addresses of all general partners of such partnership.

21.3.2 Each sublessee shall agree that in the event that the City gives such sublessee notice that Lessee is in default under this Lease, such sublessee shall thereafter make all sublease or other payments directly to the City, which payments will be received by the City without any liability whether on the sublease or otherwise (except to credit such sums against those due under this Lease and/or under such sublessee's sublease), and any sublessee shall agree to attorn to the City or its successors and assigns should this Lease be terminated for any reason, except that in no event shall the City or its successors or assigns be obligated to accept such attornment.

21.4 Voidability

Any sale, assignment, sublease or transfer which has been made in violation of or which is not in full compliance with the provisions of this Lease shall be voidable by the City in its sole and absolute discretion, and, once voided, any such purported assignee, transferee or sublessee shall acquire no right or interest in the Leased Premises by reason of such attempted unapproved assignment, sublease or transfer.

21.5 Binding Arbitration as Sole Remedy

In the event a controversy arises as to the validity of an assignment, sublease or transfer proposed by Lessee, Lessee and the City agree to submit to binding arbitration in accordance with Paragraph 32 below, the issue of whether or not any proposed assignment, sublease or transfer of Lessee's interest is valid and in compliance with the terms of this Lease.

21.6 Effect of Invalid Assignment, Sublease or Transfer

In the event that Lessee fails to commence correction of any invalid assignment, sublease or transfer after being given written notice from the City, such event shall be deemed a material breach of the conditions and restrictions of this Lease, and upon such material breach, the City may, at its option, terminate this Lease at once by giving written notice of its election thereof to Lessee, and upon such termination this Lease shall end and by of no further force except for liabilities and obligations incurred by the parties prior to the date of termination. The City's acceptance of rent from a purported sublessee, transferee or assignee of Lessee shall not waive or impair the City's right to enforce the prohibition against transfers described herein.

21.7 The City's Right to Transfer

The City has the right, at its sole discretion, to assign, sublease, hypothecate or transfer this Lease or any interest therein to any person or entity. In the event of any bona fide transfer or transfers of the title of such fee ownership, the City herein named, except as hereinafter provided (and in case of any subsequent transfers or conveyances, the then grantor after the date of such transfer or conveyance) shall be automatically freed and relieved from all personal liability as respects the performance of any covenants or obligations on the part of the City contained in this Lease thereafter to be performed, provided that any funds in the hands of the then grantor at the time of such transfer in which Lessee has an interest shall be turned over to the grantee. It being intended hereby that the covenants and obligations contained in the Lease on the part of the City shall, subject as aforesaid, be binding on the City, its successors and assigns only during and in respect of their respective periods of ownership.

22. ENCUMBRANCES

22.1 Right to Encumber

Subject to Paragraph 22.2, during the term of this Lease, Lessee may assign for security purposes only or may encumber Lessee's interest under this Lease and the leasehold estate created hereby (a "Leasehold Mortgage") in favor of an institutional lender (including any bank, savings and loan association, insurance company or any affiliate thereof) (herein sometimes referred to as the "Leasehold Mortgagee"). In the event Lessee names and notifies the City of a designated private lender and the City does not provide notice of objection to Lessee within ten (10) business days, such private lender shall be an approved Leasehold Mortgagee. In connection with any such Leasehold Mortgage and the interest of the Leasehold Mortgagee, Lessee may perform any and all acts and execute any and all

instruments necessary or proper to consummate any loan transaction and perfect the security to be given the Leasehold Mortgagee; provided, however, that:

22.1.1 Prior to completion of construction of the Project called for in Paragraph 8 of this Lease (i) such Leasehold Mortgage must constitute a first lien on Lessee's leasehold estate, (ii) such Leasehold Mortgage may be given only to secure an indebtedness obtained for the purpose of financing the cost (including development costs and "hard" and "soft" construction costs) of constructing the Project on the Leased Premises, and (iii) all monies secured by such Leasehold Mortgage shall be applied to construction of said Project on the Leased Premises.

22.1.2 After completion of construction of the Project, such Leasehold Mortgage may be given only to secure "permanent " indebtedness obtained for the purpose of "taking-out" the construction financing, or a refinancing of such permanent loan. Any refinancing shall provide that principal and interest payable thereunder shall be fully amortized prior to expiration of the initial term of this Lease. The aggregate indebtedness secured by all such Leasehold Mortgages shall not exceed the amount of the original permanent loan unless:

(a) the "net operating income" of the Project shall be sufficient to establish as of a date within ninety (90) days of the date of such proposed refinancing a debt service coverage ratio of not less than 1.2 to 1 (including indebtedness proposed to be incurred) as determined by satisfactory evidence submitted to and approved by the City; and

(b) Lessee has submitted evidence reasonably satisfactory to the City (including, if the City shall so require, a current appraisal of the real property and improvements then constituting the Project) establishing a load to value ratio of not more than seventy five percent (75%) (including indebtedness proposed to be incurred), as of a date within ninety (90) days of the date of such proposed refinancing.

For purposes of this subparagraph 22.2.1, "net operating income" shall mean all revenues derived from the operation of the Project, less (i) operating expenses (including a reserve for ordinary maintenance and renovation costs, as determined in accordance with generally accepted accounting principles, without deduction for depreciation or debt service, and (ii) a reserve in at least the amount which the City and Lessee reasonably determine is required to satisfy Lessee's obligations hereunder with respect to capital expenditures required to maintain and renovate the Project during the ten (10) year period commencing on the date of such proposed financing.

22.1.3 Such Leasehold Mortgage shall be an assignment for security or encumbrance only of the Lessee's interest under this Lease and the leasehold estate created hereby and shall not convey or be a lien upon the City's freehold estate in the Leased Premises or the City's reversionary interest in all buildings and improvements located on the Leased Premises. The City shall not be required to consent to and Lessee acknowledges that City has informed it that it does not intend to subordinate its fee interest to the lien of any Leasehold Mortgagee.

22.1.4 In connection with the obtaining of a Leasehold Mortgage, the following conditions are met:

(a) The documents evidencing the load and the Leasehold Mortgage acquired thereunder must provide that such loan and mortgage are subject to each and all of the covenants, conditions and restrictions stated in this Lease and to all rights and interest of the City herein, except as otherwise provided in this Lease;

(b) Lessee must give the City prior written notice of any such deed of trust or mortgage and shall accompany the notice with a true copy of the note and deed of trust or mortgage;

(c) Lessee must provide all requested information the City deems necessary or desirable in order to obtain consent;

(d) No encumbrance incurred by Lessee pursuant to this paragraph shall constitute, and Lessee shall not have the power to incur, an encumbrance that will constitute in any way a lien or encumbrance on the fee of said Leased Premises or any interest of the City in said Leased Premises;

(e) The City must have consented to the amount of the encumbrance and to the terms of the assignment for security, including (without limitation) those set forth in the Leasehold Mortgage; and

(f) No encumbrance incurred by Lessee pursuant to this Paragraph 22 may extend beyond the initial term of this Lease.

22.2 Leasehold Mortgagee Defined

The term "Leasehold Mortgagee" as used in this Paragraph 22 and elsewhere in this Lease shall mean the mortgagee under any mortgage, or the trustee and beneficiary under any deed of trust or indenture of mortgage and deed of trust encumbering the leasehold estate hereunder (including the assignee or successor of any such mortgagee, beneficiary or trustee and the holder of any promissory note or bond secured thereby), and executed by Lessee and delivered for the purpose of securing to such mortgagee, trustee or beneficiary payment of any indebtedness incurred by Lessee and secured by such mortgage, deed of trust or indenture of mortgage and deed of trust. The terms "Approved Leasehold Mortgagee" and "Approved Leasehold Mortgage" shall mean a Leasehold Mortgagee and a Leasehold Mortgage, respectively, complying with the requirements of subparagraph 22.1 above.

22.3 Agreements Regarding Leasehold Mortgagees

22.3.1 Notices to Leasehold Mortgagee. Copies of all notices given or documents delivered by the City to Lessee under the terms of this Lease, including without limitation notices of Lessee's default under this Lease, shall be concurrently served by the City on an Approved Leasehold Mortgagee by United States mail, postage prepaid, registered or certified mail, return receipt requested, at the address last provided to the City in writing by such Approved Leasehold Mortgagee. No notice given by the City under this Lease shall be effective unless served as provided in this subparagraph.

22.3.2 Approved Leasehold Mortgagee's Rights to Cure. The City shall not terminate this Lease because of any default by Lessee or on the basis of any other event or circumstance which gives the City the right to terminate this Lease if the Approved Leasehold Mortgagee, within twenty (20) days after its receipt of such notice from the City of a default by the Lessee under this Lease in the case of a default which can be cured by the payment of money required to be paid by Lessee under the terms of this Lease, or within forty five (45) days after its receipt of such notice in the case of a nonmonetary default, shall at its election either:

(a) Cure such default if the default can be cured by the payment of money required to be paid by Lessee under the terms of this Lease or, if the default cannot be cured in such a manner, commence to cure the default within such forty five (45) day period and thereafter diligently proceed to complete the cure; or

(b) (i) institute a trustee's sale or judicial foreclosure proceedings under the Approved Leasehold Mortgage and thereafter diligently proceed to complete such proceedings; (ii) cure such default within twenty (20) days if the default can be cured by the payment of money required to be paid by Lessee under the terms of this Lease; (iii) comply with all of the terms and conditions of this Lease requiring the payment or expenditure of money by Lessee (including but not limited to Paragraph 13 of this Lease) until such time (the "foreclosure date") as this Lease has been sold by trustee's sale, judicial foreclosure of transfer in lieu of foreclosure or reconveyed under the Approved Leasehold Mortgage; and (iv) commence to cure all nonmonetary defaults within forty five (45) days following the institution of a trustee's sale or judicial foreclosure proceeding, and thereafter diligently proceed to complete the cure; provided, however, that if the Approved Leasehold Mortgage fails to comply with at least one of conditions (a) or (b) of this Paragraph 22.3.2 the City shall be released from the covenant of forbearance contained in this subparagraph.

22.3.3 Prosecution of Foreclosure. The Approved Leasehold Mortgagee shall be deemed to be diligently proceeding to complete a trustee's sale or judicial foreclosure notwithstanding the fact that such proceedings or the commencement of such proceedings are stayed by statute, rule, court order, bankruptcy stay, or other similar enactment or action, provided that, (a) such Approved Leasehold Mortgagee is at all times during such stay in compliance with the provisions of subparagraph 22.3.2(b)(ii), (iii) and (iv), and (b) such trustee's sale or judicial foreclosures is completed within twenty-four (24) months following the institution of such proceedings.

22.3.4 Mortgagee Lease. If this Lease terminates because of a default by Lessee or any other event or circumstance which entitles the City to terminate this Lease, the City shall provide the Approved Leasehold Mortgagee with written notice of such termination. If within thirty (30) days after receiving notice of such termination, the Approved Leasehold Mortgagee by written notice to the City requests that the City enter into a new lease with such Approved Leasehold Mortgagee for the Leased Premises, then the City shall enter into a new lease (the "Mortgagee Lease") for the Leased Premises with the Approved Leasehold Mortgagee within thirty (30) days after the Approved Leasehold Mortgagee's request, provided that the Leasehold Mortgagee has delivered to the City at the time of such request the approved Leasehold Mortgagee's written agreement to cure Lessee's defaults under this Lease and provided further that if Lessee has defaulted under Paragraphs 7, 8, 9, 12 or 20 of this Lease the Approved Leasehold Mortgagee shall have entered into a written agreement with the City pursuant to which such Approved Leasehold Mortgagee has agreed to perform the remaining obligations of Lessee under said paragraphs in a manner and within a time period satisfactory to the City, or obtained the agreement of a third party satisfactory to the City to so perform such obligations. The Mortgagee Lease shall commence, and rent and all obligations of the Approved Leasehold Mortgagee shall begin to accrue, as of the date of termination of this Lease. The term of the Mortgagee Lease shall be for the period which would have constituted the remainder of the initial term of this Lease had this Lease not been terminated, and the Mortgagee Lease shall be upon all of the other terms and conditions of this Lease, as modified by all amendments, if any, entered into by the City and Lessee. The Mortgagee Lease shall be free of all rights of Lessee. Lessee shall provide in all subleases pertaining to the Leased Premises that each sublessee of the Leased Premises shall, at the Leasehold Mortgagee's option, attorn to the Approved Leasehold Mortgagee under the Mortgagee Lease, and the Approved Leasehold Mortgagee agrees to accept such an attornment, provided the sublessee is not in default under its sublease at the time of such attornment. Prior to or upon execution of the Mortgagee Lease, the Approved Leasehold Mortgagee shall (a) pay to the City all rent and other amounts owing to the City by Lessee under this Lease as of the date of termination of this Lease; (b) shall pay to the City all rent and other amounts due under the Mortgagee Lease from the date of commencement of the term of the Mortgagee Lease to the date of execution of the Mortgagee Lease; (c) shall pay to the City all reasonable costs and expenses (including attorneys' fees) incurred by the City

in connection with the Mortgagee Lease; and (d) shall provide in a manner satisfactory to the City for the cure of all nonmonetary defaults of Lessee under this Lease.

22.3.5 Performance by Leasehold Mortgagee. The City agrees to accept performance by the Approved Leasehold Mortgagee of Lessee's obligations under this Lease with the same force and effect as if performed by Lessee; provided, however, that the Approved Leasehold Mortgagee shall not become liable for the performance of Lessee's obligations under this Lease unless and until the Approved Leasehold Mortgagee acquires title to the Lease, and provided further that if an Approved Leasehold Mortgagee shall so acquire title to this Lease pursuant to subparagraph 22.3.4 above, within sixty (60) days after such Approved Leasehold Mortgagee shall have so acquired title to this Lease such Approved Leasehold Mortgagee shall have either (i) sold or otherwise transferred this Lease to a third party approved by the City pursuant to Paragraph 22 of this Lease, which third party shall be financially capable and experienced in operating fixed base operator operations similar to those on the Leased Premises; or (ii) engaged the services of a management company or companies reasonably acceptable to and approved in writing by the City which management company or companies shall be experienced in operating fixed base operator operations similar to those on the Leased Premises and which management company or companies shall actively operate and manage the Leased Premises until such time as such Approved Leasehold Mortgagee shall have sold or otherwise transferred this Lease to a third party as required in clause (i) of this sentence. An Approved Leasehold Mortgagee acquiring title to this Lease shall be liable for the performance of Lessee's obligations under this Lease only for so long as the Approved Leasehold Mortgagee holds title to this Lease. The City and Lessee agree that an Approved Leasehold Mortgagee may enter on the Leased Premises to perform any curative act.

22.3.6 No Merger. Without the written consent of the Approved Leasehold Mortgagee, there shall be no merger of this Lease or of the leasehold estate created hereunder with the fee estate in the Leased Premises by reason of the fact that this Lease or the leasehold estate hereunder may be held directly or indirectly by or for the benefit of any person who owns the fee estate in the Leased Premises or any portion thereof.

22.3.7 Estoppel Certificates. The City and Lessee shall at any time and from time to time upon not less than thirty (30) days prior written request by the other, deliver to the requesting party an executed and acknowledged written statement certifying that: (a) this Lease is unmodified and in full force and effect (or if this Lease has been modified or if this Lease is not in full force or effect, stating the nature of the modification or the basis on which this Lease has been terminated, whichever is applicable; (b) to its knowledge, the requesting party is not in default under this Lease (or if such default exists, stating the specific nature and extent of the default); and (c) the dates to which the monthly rent and other monetary obligations under this Lease have been paid in advance. Each certificate delivered pursuant to this subparagraph may be relied upon by any prospective purchaser, transferee or encumbrancer of the City's or Lessee's respective interests in the Leased Premises, including without limitation any prospective Approved Leasehold Mortgagee.

22.3.9 No Voluntary Surrender. No voluntary surrender of this Lease by Lessee or amendment or mutual termination of this Lease shall be effective without the prior written consent of the Leasehold Mortgagee.

22.3.10 Leasehold Foreclosure. The City's consent shall not be required for a transfer of this Lease to an Approved Leasehold Mortgagee by trustee's sale, judicial foreclosure or transfer in lieu of foreclosure; provided that the provisions of this subparagraph shall not amend or modify the obligations of such Approved Leasehold Mortgagee pursuant to this Paragraph 22.

23. BREACH OR DEFAULT

23.1 Event of Default

Any of the following shall constitute an event of default ("Event of Default") by Lessee under this Lease:

23.1.1 Failure of Lessee to pay when due the Minimum Monthly Basic Rent, Additional Rent or any other sums payable by Lessee under this Lease, and the continuance of such failure for ten (10) business days after written notice thereof from the City that such payment is due. If City services Lessee with a Notice to Pay Rent or Quit pursuant to applicable law, such Notice to Pay Rent or Quit shall also constitute the notice required hereunder; or

23.1.2 The abandonment or vacation of the Leased Premises for twenty (20) business days after written notice thereof from the City; or

23.1.3 The failure of Lessee to perform any other obligation hereunder which shall not be remedied within twenty (20) business days after written notice from the City specifying such failure to perform (or, if such failure cannot reasonably be remedied by Lessee within twenty (20) business days, if Lessee shall not have commenced appropriate action to effect such remedy within said twenty (20) business day period and thereafter prosecuted such action to completion with all due diligence); or

23.1.4 Except as otherwise provided by paramount law, (a) the entry of any decree or other relief by any court with respect to Lessee or any approved Sublessee in any involuntary liquidation bankruptcy case under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy or insolvency law; (b) the loss of actual physical possession of the property by Lessee or any approved Sublessee through involuntary liquidation bankruptcy or foreclosure.

23.1.5 The attachment, execution or judicial seizure of substantially all of Lessee's assets located at the Leased Premises or of Lessee's interest in this Lease, where such seizure has not commenced to be discharged within twenty (20) business days after written notice thereof from the City; or

23.1.6 Lessee's failure to construct the improvements set forth in Exhibit 8.1.2.

23.2 City's Remedies

If an Event of Default by Lessee shall continue uncured, following notice of default as required by this Lease, for the period applicable to such Event of Default under the applicable provisions of this Lease, the City shall have the following remedies in addition to all other rights and remedies provided by law or equity, which the City may pursue cumulatively or in the alternative:

23.2.1 Nonmonetary Remedies

(a) Termination. The City may, at the City's election, terminate this Lease by giving Lessee written notice of termination. On the giving of such notice, all of Lessee's rights in the Leased Premises and in all improvements thereon shall terminate. Promptly after such notice of termination, Lessee shall surrender and vacate the Leased Premises and all improvements thereon in broom clean condition, and the City may reenter and take possession of the Leased Premises and all remaining improvements and eject all parties in possession, eject some and not others, or eject none. Termination under this subparagraph

23.2.1 shall not relieve Lessee from the payment of any sum then due to the City or from any claim for damages previously accrued or then accruing against Lessee.

(b) Reentry of Premises. City may at the City's election reenter the Leased Premises, and, without terminating this Lease, at any time and from time to time relet the Leased Premises and the improvements thereon or any part or parts of them, for the account and in the name of Lessee or otherwise. The City may at the City's election eject all persons, eject some and not others, or eject none. The City shall apply all rents from any such reletting in the same manner as is provided in paragraph 23.3 below on assignment of subrents. Any such reletting may be for the remainder of the term or for a longer or shorter period. The City may execute any leases made pursuant to this subparagraph 23.2.1(b) either in the City's name or in Lessee's name and shall be entitled to all rents from the use, operation or occupancy of the Leased Premises or improvements or both. Lessee shall nevertheless pay to the City on the due date specified in this Lease the equivalent of all sums required of Lessee under this Lease, less the proceeds of any such reletting or attornment. No act by or on behalf of the City under this provision shall constitute a termination of this Lease unless the City advises Lessee in writing that the Lease has been terminated by City.

(c) Personal Property of Lessee. The City may at the City's election store Lessee's personal property and trade fixtures for the account and at the cost of Lessee.

23.2.2 Monetary Remedies

(a) Recovery of Rent. The City has the remedy described in California Civil Code §1951.4 pursuant to which it may continue the Lease in effect after Lessee's breach and abandonment and recover rent as it becomes due, including Minimum Monthly Basic Rent and Additional Rent for any period before termination, plus interest at the maximum rate permitted by law from the due date of each installment. Any proceeds from reletting or attorned subrents shall be paid, when received, first to the City to the extent that such proceeds for the period covered do not exceed the amount due from and charged to Lessee for the same period and the balance to Lessee.

(b) Damages. The City shall be entitled, at the City's election, to damages in such amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

For purposes of this subparagraph (b), the following acts by the City or its employees or agents shall not constitute a termination of the Lessee's right to possession:

(i) acts of maintenance or preservation or efforts to relet all or any part of the Leased premises; or

(ii) the appointment of a receiver upon initiative of the City to protect the City's interest under this Lease.

23.3 Assignment of Subrents

Lessee hereby assigns to the City all subrents and other sums payable by sublessees during any period in which the City has the right under this Lease to reenter the Leased Premises by reason of Lessee's default under this Lease, and Lessee shall not have any right with respect to such sums during such period from and after the date(s) that the City elects to so reenter the Leased Premises. This assignment is subject and subordinate to any and all assignments of the same subrents and other sums made, before the default in question, to an Approved Leasehold Mortgagee under any mortgage permitted by Paragraph 23 of this Lease. The City may at the City's election reenter the Leased Premises and the

improvements thereon, without terminating this Lease, and collect such sums and or bring action for the recovery of such sums directly from such obligors.

Receipt or collection by City of any such subrents shall not alter the obligations of Lessee hereunder, or the time and manner of discharging same, including its obligation to pay rent on the dates provided for herein, but subrents received or collected by City pursuant to this Paragraph 23.3 will be applied against rents and other obligations of Lessee hereunder.

23.4 Receipt of Rent not Waiver of Default

The receipt by the City of Minimum Monthly Basic Rent, Additional Rent or any other charges due to the City, with knowledge of any breach of this Lease by Lessee or of any default on the part of Lessee in the observance or performance of any of the conditions or covenants of this Lease, shall not be deemed to be a waiver of any provisions of this Lease unless otherwise agreed to be the City in writing. Unless otherwise agreed to by the City in writing, no acceptance by the City of a lesser sum that the Minimum Monthly Basic Rent, Additional Rent, or any other charges then due hall be deemed to be other than on account of the earliest installment of the Minimum Monthly Basic Rent, Additional Rent or other charges due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as the Minimum Monthly Basic Rent, Additional Rent or charges due be deemed an accord and satisfaction, and the City may accept such check or payment without prejudice to the City's right to recover the balance of such installment or pursue any other remedy provided in this Lease. No failure on the part of the City to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the City, shall discharge or invalidate such covenant or provision or affect the right of the City to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the City, shall discharge or invalidate such covenant or provision or affect the right of the City to enforce the same in the event of any subsequent breach or default, unless expressly agreed to by the City Manager in writing. The receipt by the City of any of the Minimum Monthly Basic Rent, Additional Rent or any other sum of money or any other consideration paid by Lessee after the termination in any manner of the term, or after notice by the City of such termination, shall not reinstate, continue, or extend the term hereof, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the City to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by the City Manager. Neither acceptance of the keys nor any other act or thing done by the City or by its agents or employees during the term shall be deemed to be an acceptance of a surrender of the Leased Premises, excepting only an agreement in writing signed by the City Manager accepting or agreeing to accept such a surrender.

24. COMPLIANCE WITH LAW

24.1 Lessee's Operation Shall Comply with All Laws, Ordinances and Regulations

Lessee shall conduct all operations in accordance with, and comply with, and shall cause all sublessees, permitees, licensees, assignees and/or concessionaires to conduct all operations in accordance with, and comply with, all Federal, state and local laws, ordinances, rules and regulations applicable to such business, whether now in effect or hereinafter adopted (including, without limitation, those of the City of Torrance, the County of Los Angeles, the State of California and the United States of America) including, but not limited, compliance with all technical construction codes adopted by the City of Torrance, the City of Torrance's Airport Code, and all rules and regulations adopted for the operation of the Airport.

24.2 Permits and Licenses

Lessee shall obtain and maintain during the term of this Lease, all appropriate licenses, permits and certificates that may be required in connection with the operation of its facilities and the provision of services hereunder, including, but not limited to, all FAA and City licenses, permits and certificates, all without additional expense to the City.

24.3 Operation of Airport

24.3.1 The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee and without interference or hindrance of any kind whatsoever, direct or indirect, from Lessee or any persons holding by or under Lessee.

24.3.2 This Lease shall be subordinate to the provisions and requirements of any existing agreement between the City and the United States, relative to the development, operation or maintenance of the Airport.

24.3.3 Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

24.3.4 It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

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

25. QUIET ENJOYMENT

Except as otherwise provided in this Lease, the City covenants that Lessee, upon paying the rent expressly reserved in this Lease and observing and keeping the terms, covenants and conditions of this Lease on its part to be kept and performed, shall lawfully and quietly hold, occupy and enjoy the Leased Premises during the term of this Lease.

26. NOTICES

26.1 Notice to the Parties

All notices hereunder given by the parties shall be in writing and delivered as follows:

If to the City:	City Clerk 3031 Torrance Boulevard Torrance, California 90503
with a copy to:	City Manager City of Torrance 3031 Torrance Boulevard Torrance, California 90503
If to Lessee:	Barbara K. Robinson One Georgeff Road Rolling Hills, CA 90274
with a copy to:	Robinson Helicopter Company 2901 Airport Drive Torrance, California 90505 Attn: Frank Robinson

or at such other address as the parties may from time to time designate in writing. All notices to Lessee shall also be delivered to any Approved Leasehold Mortgagee entitled to notice pursuant to Article 22 above.

26.2 Effectiveness

Any such notice shall be given by depositing the same in the United States Post Office, properly addressed as aforesaid, postage fully prepaid, for delivery by certified mail. Any notice given hereunder by certified mail shall be deemed, as between the City and Lessee, to have been fully given and delivered for all purposes at the expiration of seventy-two (72) hours after the same is deposited in the United States Post Office for delivery as aforesaid.

27. AMENDMENTS AND MODIFICATIONS

This Lease shall not be amended or modified in any way, and no purported amendment or modification shall be effective, unless the same has been (i) approved by the City Council and set forth in a written instrument, expressly purporting to amend this Lease, executed by the City Manager or the Major for the City; (ii) executed by Lessee; and (iii) approved in writing by any Approved Leasehold Mortgagee.

28. APPROVALS BY THE CITY

No consent, approval or satisfaction of the City provided for hereunder, and no waiver by the City of any provisions hereof, shall be effective unless given in a writing specifically referring to this Lease and executed by the City Manager or his designee for the City; no such consent, approval, satisfaction or waiver under or with respect to this Lease shall be inferred or implied from any other act or omission of the City or any agent or employee thereof. Similarly, unless otherwise expressly provided therein, no approval, consent

or other action taken by the City under or pursuant to this Lease shall be deemed to waive any other rights or authority of the City in any capacity other than as the lessor under this Lease. Similarly, nothing contained in this Lease shall in any way restrict or diminish the rights, powers or jurisdiction of the City, its City Council, Planning Commission and other agencies with respect to the governance of the Leased Premises and all buildings, improvements, business and activities located on or conducted thereon.

29. CONDEMNATION

29.1 Definitions

The following definitions apply in construing provisions of this Lease relating to a taking of or damage to all or any part of the Leased Premises or the improvements thereon or any interest in them by eminent domain or inverse condemnation:

29.1.1 "Taking" means a taking or damaging, including severance damages, by eminent domain or inverse condemnation or for any public or quasi public use under any statute. Transfer of title in respect thereof may be either a transfer resulting from the recording of a final order and condemnation or a voluntary transfer or conveyance to the condemning agent or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. The taking shall be deemed to have occurred on the date actual physical possession is taken by the condemnor.

29.1.2 "Total taking" means the taking of the fee title to all of the Leased Premises and the improvements thereon, which shall be considered to include any off-site improvements made by Lessee to serve the Leased Premises or the improvements.

29.1.3 "Substantial taking" means the taking of so much of the Leased Premises or improvements, or both, that the portion of the Leased Premises not so taken could not be so repaired or reconstructed, taking into consideration the amount of the award available for repair or reconstruction, as to constitute a facility or facilities capable of producing a proportionately fair and reasonable net annual income to Lessee after payment of all operating expenses, the rent (including Minimum Monthly Basic Rent and Additional Rent), as rent may be reduced as a result of the taking, and all other charges payable under this Lease, and after performance of all covenants and conditions required of Lessee by law and under this Lease.

29.1.4 "Partial taking" means any taking of the fee title or the improvements thereon that is not either a total or a substantial taking.

29.1.5 "Improvements" means the improvements constructed on the Leased Premises by Lessee, including all buildings, facilities, structures, parking areas, landscaping, fixtures, utility installations, excavations, tiedowns, surfacing, water banks or channels and grading.

29.1.6 "Notice of intended taking: means any notice or notification which a reasonable person would interpret as expressing a present intention of taking, as distinguished from a mere preliminary inquiry or proposal. It includes but is not limited to service of a condemnation summons and complaint on a part to this Lease. Such notice shall be considered to have been received when a party to this Lease receives from the condemning agency or entity a notice of intent to take, in writing, containing a description or map of the taking reasonably defining the extent of the taking.

29.1.7 "Award" means compensation paid for the taking, whether pursuant to judgment or by agreement or otherwise.

29.2 Notices to Other Party

29.2.1 Promptly upon receipt of a notice specified in subparagraph 29.2.2 (a "Condemnation Notice"), the party receiving a Condemnation Notice shall give the other party written notice of the receipt, contents and date of notice received.

29.2.2 The following shall constitute a Condemnation Notice:

(a) Notice of intended taking;

(b) Service of any legal process relating to condemnation of the fee interest of City in land which includes the Leased Premises, the Leased Premises and/or the improvements;

(c) Notice relating to or given in connection with any proceedings or negotiations relating or pertaining to such a condemnation; or

(d) Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lien of condemnation.

29.3 Representation of Interests

The City and Lessee shall each have the right to represent their respective interests in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of their respective claims. No agreement, settlement, sale or transfer to or with any condemning authority shall be made without the consent of the City and Lessee. The City and Lessee agree to execute and deliver to the other any instruments that may be required to effectuate or facilitate the provisions of this Lease relating to condemnation.

29.4 Total Taking

On a total taking, Lessee's obligation to pay rent hereunder shall terminate on the date of taking, but Lessee's interest in the leasehold estate and the Leased Premises shall continue until the taking is completed by deed, contract or final order of condemnation.

29.5 Substantial Taking

If the taking is substantial with the meaning of subparagraph 29.1.3, above, Lessee may, by written notice to the City given within thirty (30) days after Lessee receives written notice of an intended taking, elect to treat the taking as a substantial taking. If Lessee does not so notify the City, the taking shall be deemed a partial taking. If Lessee gives such notice and the City gives Lessee notice within thirty (30) days following Lessee's notice that it disputes Lessee's characterization of the taking, the dispute shall be promptly determined by arbitration in accordance with the arbitration provisions of Paragraph 31 below. If the City gives no such notice, the taking shall be considered a substantial taking. A substantial taking shall be treated as a total taking.

Lessee may continue to occupy the Leased Premises and improvements until the condemnor takes physical possession. However, at any time following notice of intent of total taking Lessee may elect to deliver possession of the Leased Premises to the City before the actual taking. The election shall be made by notice declaring the election and covenanting to pay all rents and to perform all other obligations of Lessee under this Lease to the date of taking. Lessee's right to apportionment of compensation from the award shall then accrue as of the date that Lessee goes out of possession.

29.6 Apportionment and Distribution of Award for Total Taking

On a total taking, all sums, including damages and interest, awarded for the fee or the leasehold or both shall be deposited promptly with a trustee ("Trustee") acceptable to the City and Lessee (which may be the Leasehold Mortgagee) and shall be distributed and disbursed in the following order of priority;

29.6.1 Payment of all real and personal property taxes constituting a lien on the Leased Premises or improvements;

29.6.2 If required by any Leasehold Mortgagee, a payment of the balance due under any note and mortgage or deed of trust encumbering the leasehold estate of Lessee;

29.6.3 To the City, a sum equal to the fair market value of the land taken. Determination of the fair market value of the land taken shall take into account the number of unexpired years of the term of the Lease remaining and the fact that the improvements revert to the City upon the expiration of the Lease such that the portion of all sums awarded which is allocated to the land, as opposed to the interest of Lessee in the improvements thereon, shall be less in the early years of the Lease term and greater in the later years. In the event the parties are unable to agree on the fair market value of the land, it shall be determined by arbitration in accordance with the provisions of Paragraph 31 below.

29.6.4 To the City, the value of the reversionary interest in the improvements; and

29.6.5 To Lessee, the balance of the award; provided that the Lessee shall in no event receive an amount which greater than the value of its leasehold interest as of the date of taking.

29.7 Partial Taking

29.7.1 Effect on Rent and Term. On a partial taking, this Lease shall remain in full force and effect with respect to the remaining Leased Premises, except that Minimum Monthly Basic Rent shall be reduced in the same ratio as the value of the portion of the Leased Premises taken, including the improvements thereon bears to the value of the total Leased Premises, including improvements then in existence.

29.7.2 Restoration of Improvements. Promptly after a partial taking, at Lessee's expense and in the manner provided for in Paragraphs 8 and 13 of this Lease, Lessee shall repair, alter, modify or reconstruct the improvements (hereinafter referred to as "restoring" or "restoration") so as to make them a practical improvement which is economically and feasibly usable by Lessee and which will provide to the City a reasonable return on the land. If the reasonably estimated cost of the work represents more than twenty five percent (25%) of the then fair market value of the improvements before the taking, Lessee may, in the manner and subject to the rights of the City provided with respect to a substantial taking, elect to treat the taking as substantial. If Lessee does not repair, alter, modify or reconstruct as above ("repair"), the cost of such repair shall be deducted for Lessee's share of the award and paid to any Leasehold Mortgagee demanding it to the extent of any indebtedness of Lessee to such Leasehold Mortgagee which is secured by a mortgage or deed of trust covering the Leased Premises, with all remaining amounts being paid to the City.

29.7.3 Apportionment and Distribution of Award for Partial Taking. On a partial taking, all sums, including damages and interest, awarded for the fee title or the leasehold or both, shall be promptly deposited with the Trustee and shall be distributed and disbursed in the following order of priority;

(a) to Lessee, a sum equal to the cost of restoring the improvements, plus any amount assessed, awarded, paid or incurred to remove or relocate subtenants, plus any amount awarded for detriment to business;

(b) to the extent reasonably demanded by an Approved Leasehold Mortgagee, a sum equal to any decrease in its security resulting from the taking;

(c) to the City, a sum equal to the value of the Leased Premises taken valued as provided in subparagraph 29.6.3 above;

(d) to the Lessee, the balance of the award; provided that, the Lessee shall in no event receive an amount which is greater than the value of its leasehold interest in the portion of the Leased Premises taken as of the date of the taking.

29.8 Taking of Less Than Fee Title

On the taking, other than a temporary taking, of less than a fee title interest in the Leased Premises or the improvements, or both, the question of whether the taking is total, substantial or partial, and the effects on the term, rent and apportionment of award shall be determined by arbitration in accordance with the provisions of Paragraph 31 below.

30. ENVIRONMENTAL COMPLIANCE

City hereby states that it does not know and has no reasonable cause to believe that any release of Hazardous Materials (as hereinafter defined in this Paragraph 30) has come to be located on or beneath the Leased Premises which would be required to be disclosed pursuant to California Health and Safety Code Section 25359.7(g) prior to leasing of the Leased Premises.

Without limiting the covenants of Lessee under this Lease, Lessee agrees that it shall not use the Leased Premises or operate its businesses therefrom in any manner which would constitute a violation of any Federal, state or local law, ordinance or regulation relating to industrial hygiene or to the environmental conditions on or under the Leased Premises, including, without limitation, soil and ground water conditions. In addition to making all reports to City, as Lessor of the Leased Premises, required under California Health and Safety Code § 25359.7(b), Lessee shall also give written notice to City of any report of any known release of any Hazardous Materials effecting the soil or ground water conditions on or under the Leased Premises, made by Lessee or any sublessee which Lessee receives or has knowledge of from any agency of government under any statute, law or ordinance (including, but not limited to, California Health and Safety Code §§ 25507, 25295 and 44322; California Water Code §§ 13271 and 13272; 42 U.S.C. §§ 9601-9603; 42 U.S.C. §§ 11001-11044; and 42 U.S.C. § 6991) and all regulations promulgated thereunder. In addition, Lessee covenants that it shall notify the City of any proceeding or inquiry by any governmental authority (including, without limitation, the California State Department of Health Services) with respect to the presence of Hazardous Materials (as hereinafter defined) effecting the soil or water conditions on or under the Leased Premises or the migration thereof to or from other property.

For purposes of this Lease, "Hazardous Materials" shall mean any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related

injurious materials, whether injurious by themselves or in combination with other materials, and shall include but not be limited to substances defined (or hereafter defined) as "Hazardous Substances," "Hazardous Materials," or "Toxic Substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.§ 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; and those substances defined as "Hazardous Wastes" in § 25117 of the California Health and Safety Code or as "Hazardous Substances" in § 25316 of the California Health and Safety Code; and in the regulations adopted and publications promulgated pursuant to said laws.

In addition to its other obligations under this Lease, and without limitation thereof, Lessee specifically agrees (i) to return the Leased Premises to the City upon the expiration or termination of this Lease free of any Hazardous Materials resulting from the use of the Leased Premises by Lessee; and (ii) to indemnify and hold the City and each of the persons indemnified under Paragraph 19 hereof harmless from and against all judgments, damages, fines, penalties, costs (including clean-up costs, whether or not such costs arise from actions taken pursuant to judicial or administrative order) and expenses (including costs of all environmental consultants, contractors and subcontractors engaged by the City to advise it of the proper action to be taken with respect to the presence of any Hazardous Materials on the Leased Premises and the laws and regulations applicable thereto) resulting or arising from the breach by Lessee of its covenants under this Paragraph 31.

31. ARBITRATION

If arbitration is required or demanded by any party hereto pursuant to a provision of this Lease, such arbitration shall be conducted in the following manner:

31.1 A party desiring to cause such arbitration to be conducted shall appoint such party's arbitrator and give written notice thereof (including the name of the arbitrator) to the other party, which, within twenty (20) business days delivery of such notice, shall in like manner appoint an arbitrator the identity of whom shall be specified in a written notice delivered to the other party. In the case of the failure of either party hereto to appoint an arbitrator when required to do so by this Lease, the other party shall have the right to apply to the Superior Court of Los Angeles County, California to appoint an arbitrator to represent the defaulting party.

31.2 The two arbitrators thus appointed (in either manner) shall select and appoint in writing a third arbitrator and give written notice thereof to the City and Lessee. If such arbitrators within ten (10) business days after the date of the appointment of the last arbitrator appointed shall fail to appoint the third arbitrator, then either party hereto shall have the right to make application to said Superior Court to appoint such third arbitrator.

31.3 All arbitrators appointed shall be experienced in the matter or matters to be arbitrated and shall be impartial, unrelated to and unaffiliated with either the City or the Lessee.

31.4 The three arbitrators appointed shall promptly fix a convenient time and place in the County of Los Angeles for hearing the matter to be arbitrated and shall give written notice thereof to each party hereto at least forty (40) business days prior to the date so fixed, and said arbitrator shall with reasonable diligence herein determine the matter in accordance with the provisions hereof and the statutes and judicial decisions of the State of California at the time applicable thereto, and shall execute and acknowledge their award thereon in writing and cause a copy thereof to be delivered to each of the parties hereto.

31.5 The award of a majority of said arbitrators shall determine the question arbitrated, and judgment may be rendered thereon by said Superior Court confirming said

award, or the same may be vacated, modified or corrected by said Court at the instance of either of the parties hereto in accordance with the then existing statutes of the State of California applicable to arbitrations, the provisions of which statutes shall apply hereto as fully as though incorporated herein.

31.6 If two of the three arbitrators first appointed as aforesaid shall fail to reach agreement with respect to determination of the matter(s) in question the same shall be decided by three new arbitrators who shall be appointed and shall proceed in the same manner as hereinabove set forth, and said process shall be repeated until a decision is reached by two of the three arbitrators.

31.7 Each of the parties hereto shall pay for the services of its appointed arbitrator and one-half (1/2) of the fee charged by the arbitrator selected by the two arbitrators appointed by the parties or the court, and one-half (1/2) of all other proper costs of arbitration, with the exception of attorneys' fees and witness fees which shall be borne solely by the party incurring such fees.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. EACH PARTY HERETO CONFIRMS THAT IT HAS READ AND UNDERSTOOD THE FOREGOING AND AGREES TO SUBMIT DISPUTES ARISING OUT OF MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.

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32. GENERAL PROVISIONS

32.1 Remedies Cumulative

No remedy or election provided by any provisions in this Lease shall be deemed exclusive unless so indicated, but shall whenever possible be cumulative with all other remedies in law or equity except as otherwise herein specifically provided.

32.2 Provisions

Each provision hereof shall be deemed both a covenant and condition and all of the conditions and covenants contained herein shall be covenants running with the land and shall be construed as such.

32.3 Time

Time is of the essence of this Lease and of each and every provision of this Lease wherein time is a factor.

32.4 Headings

The paragraph and subparagraph headings in this Lease are for convenience and reference only, and are not intended to and shall not define, govern, limit, modify or in any manner affect the scope, meaning, or intent of any provision in this Lease.

32.5 Successors-In-Interest

Except as otherwise herein expressly provided, each and all of the terms, covenants and conditions of this Lease shall inure to the benefit of and shall bind, as the case may be, not only the parties hereto but each and all of the heirs, executors, administrators, successors, assigns and legal representatives of the parties hereto.

32.6 Waivers

The waiver by either Lessee or the City of any breach of any of the covenants, agreements, obligations, conditions or provisions of this Lease shall not be construed to be a waiver of such covenant, agreement, obligation, condition, term or provision upon any subsequent breach of the same or of any other covenant, agreement, obligation, condition, term or provision herein contained. The acceptance of rent hereunder by the City shall not be a waiver of any preceding breach by Lessee of any provisions hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance of such rent.

32.7 Gender and Number

In this Lease, whenever he context so requires, the masculine gender includes the feminine and/or neuter, and the neuter gender includes the masculine and/or feminine, and the singular number includes the plural and the plural includes the singular.

32.8 Memorandum of Lease

Neither party will suffer or permit this Lease or a copy of thereof to be recorded; provided, however, at the request of either party (and at the expense of the requesting party), a memorandum of this Lease in recordable form will be prepared, executed by both parties, and recorded.

32.9 No Brokers

Each party covenants and agrees that no commission or fees are due and owing to any third person or entity by reason of the execution of this Lease or the payment of rent hereunder, and each party shall indemnify and hold the other party harmless from and against any demand, liability, claim or obligation for any such fees or commissions from any third person or entity claiming to have dealt with such indemnifying party.

32.10 Good Faith and Reasonableness

In the event any provision under this Lease shall require or anticipate that either party hereto make a judgment, give consent or approval, or exercise discretion, that party agrees to do so reasonably and in good faith, with due diligence, except in those

instances where a Lease provision specifically sets forth a different standard of approval, in which case the specific standard of that Lease provision shall govern.

32.11 Governing Law

This Lease is made in California and shall be construed pursuant to the laws of the State of California. Any suit hereon or hereunder shall be brought only in a state of Federal court sitting in the County of Los Angeles, State of California, and all parties hereto hereby agree that venue shall lie exclusively therein.

32.12 Security Measures

Lessee hereby acknowledges that the rental payable to the City hereunder does not include the cost of guard service or other security measures, and that the City shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Lessee, its employees and agents, invitees, customers and property from acts of third parties.

32.13 Holdover

Any holding over by Lessee after the expiration or any termination of this Lease shall not constitute a renewal or extension of the term of this Lease.

32.14 Relationship of Parties

Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent or of partnership or of joint venture or of any association between the City and Lessee or any other relationship other lessor and lessee.

32.15 Costs of Litigation

If any legal or equitable action is instituted to enforce any provisions hereof or for damages by reason of an alleged breach of any provisions of this Lease, the prevailing party shall be entitled to receive from the losing party all costs and expenses and such amount as the court may adjudge to be reasonable attorneys' fees for the costs incurred by the prevailing party in such action or proceeding.

32.16 Counterparts

This Lease may be executed in counterparts, each of which is an original, and all of which together constitute one and the same document.

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32.17 Merger of Negotiations

This Lease represents the full and complete understanding between the parties hereto with respect to the subject matter hereof and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreements or implied covenants shall be held to vary the provisions hereof. This Lease shall only be modified or amended by an agreement in writing approved by the City Council of the City of Torrance at a regularly or specially called meeting thereof, and executed on behalf of City and Lessee.

IN WITNESS THEREOF, the parties hereto have executed this Lease on the date and year first above written.

"CITY"

CITY OF TORRANCE, a municipal corporation

By: _____
Dan Walker, Mayor

"LESSEE"

BARBARA K. ROBINSON

By: _____
Barbara K. Robinson, an individual

"APPROVED SUBLESSEE"

ROBINSON HELICOPTER COMPANY, INC.

By: _____
Franklin D. Robinson, President

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

_____
John L. Fellows III, City Attorney

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

On this 29th day of January, 2003, before me, Susan Robinson, a Notary Public in and for said County and State, personally appeared Dan Walker and Sue Herbers, personally known to me to be the persons who executed this instrument as Mayor and City Clerk, respectively, of the City of Torrance, the municipal corporation therein named, and acknowledged to me that the City of Torrance executed the same.

WITNESS my hand and official seal.

SUSAN ROBINSON
Commission # 1233196
Notary Public - California
Los Angeles County
My Comm. Expires Aug 27, 2003

Notary Public in and for said County and State

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

On this 23rd day of January 2003, before me, Elizabeth J. Rougeau, a Notary Public in and for said County and State, personally appeared Barbara K. Robinson personally known to me to be the person who executed this instrument and acknowledged to me that she executed the same.

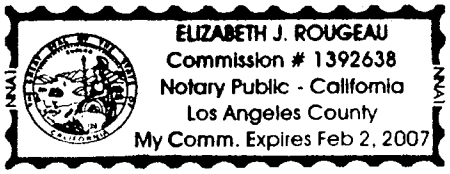
WITNESS my hand and official seal.

Elizabeth Rougeau
Notary Public in and for said County and State

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

On this 27th day of January 2003, before me, Elizabeth J. Rougeau, a Notary Public in and for said County and State, personally appeared Franklin D. Robinson personally known to me to be the person who executed the within instrument as the President of the Corporation that executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Elizabeth Rougeau
Notary Public in and for said County and State

EXHIBIT LIST

Exhibit No.	Description
1.	Legal Description and Location Map
1.2	Clear Area
8.1.2	Structures and Other Improvements
9.4	Easements
13.4	Landscaping Plan
15.1	Quit Claim Deed
16.5.1	Elevation Restrictions

EXHIBIT 1. (Page 1 of 3)

LEGAL DESCRIPTION

Portions of Parcels 1 and 16, and all of Parcels 17, 18, 19, 20, 21 and 22 are described as PARCELS A, B, C And D below and on the attached map.

PARCEL A

All that property in the City of Torrance, County of Los Angeles, State of California more particularly described as:

The easterly 100.50 feet of Parcel 16 of Official Map No. 2 as per map recorded in Book 5, Pages 44 through 51, inclusive, of Official Maps, Records of said County (being approximately 43,409 square feet); and

The westerly half of Parcel 17 of Official Map No. 2 as per map recorded in Book 5, Pages 44 through 51, inclusive, of Official Maps, records of said County (being approximately 24,863 square feet).

Total area of Parcel A being approximately 68,272 square feet.

PARCEL B

All that property in the City of Torrance, County of Los Angeles, State of California more particularly described as:

A twelve (12) foot strip of Parcel 1 of Official Map No. 2 as per map recorded in Book 5, Pages 44 through 51, inclusive, of Official Maps, Records of said County with said twelve (12) foot strip lying contiguous to Parcel 21 of said Official Map and being bounded on the south by the northerly line of Airport Drive and being bounded on the north by the easterly prolongation of the northerly line of said Parcel 21 (being approximately 6,052 square feet).

PARCEL C

All that property in the City of Torrance, County of Los Angeles, State of California more particularly described as:

Parcel 22 of Official Map No. 2 as per map recorded in Book 5, Pages 44 through 51, inclusive, of Official Maps, Records of said County (being approximately 14,168 square feet).

EXHIBIT 1. (Page 2 of 3)

PARCEL D

That property in the City of Torrance, County of Los Angeles, State of California more particularly described as:

The easterly half of Parcel 17 and Parcels 18, 19, 20, and 21 of Official Map No. 2 as per map recorded in Book 5, Pages 44 through 51, inclusive of Official Maps, records of said County (being approximately 275,734 square feet).

Parcel 23 is described as PARCEL E below and on the attached map.

PARCEL E

That property in the City of Torrance, County of Los Angeles, State of California more particularly described as:

Parcel 23 of Official Map No. 2 as per map recorded in Book 5, Pages 44 through 51 inclusive of Official Maps, records of said County (being approximately 573,685 square feet).

Parcel 31 is described as PARCEL F below and on the attached map.

PARCEL F

That property in the City of Torrance, County of Los Angeles, State of California more particularly described as:

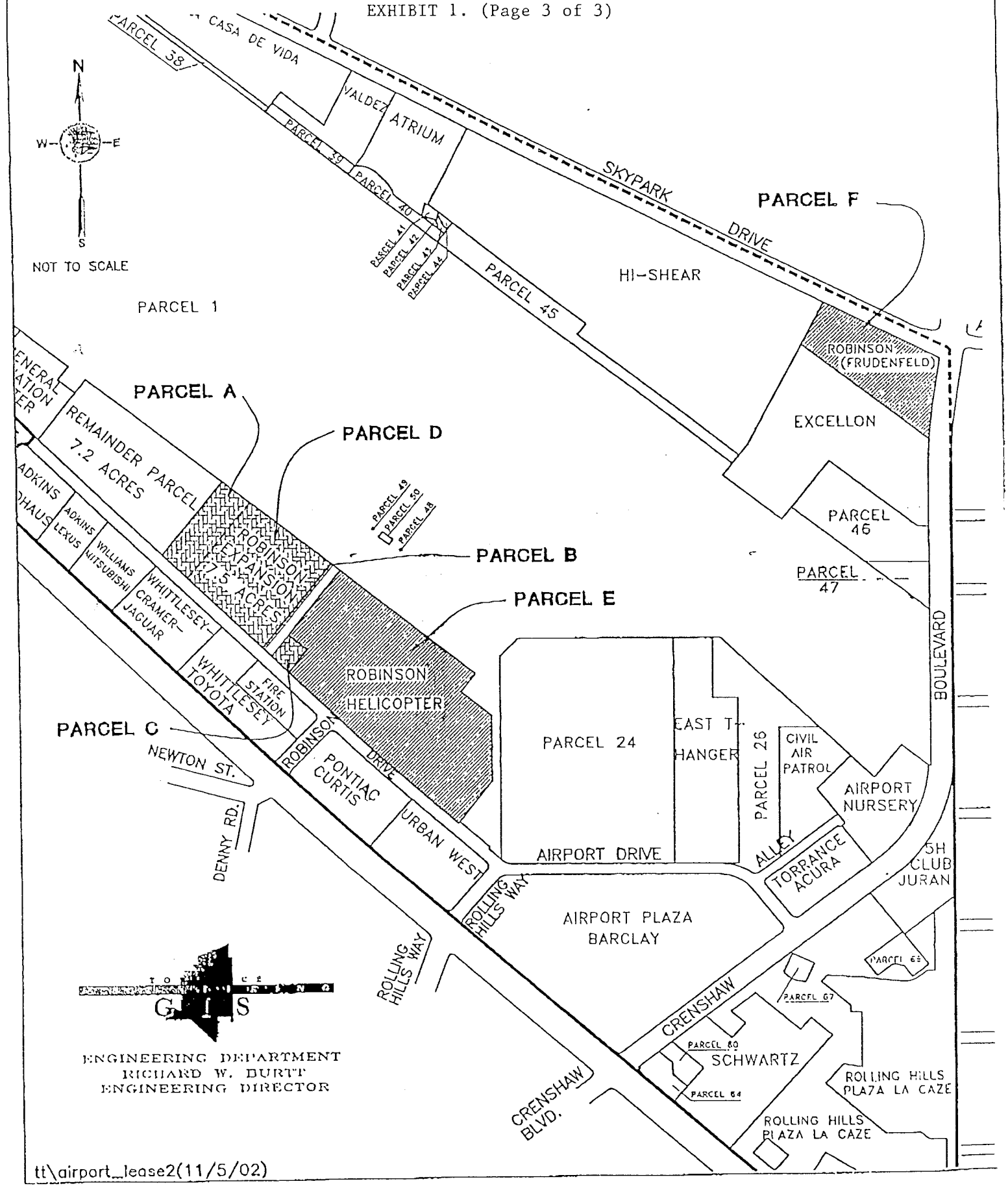
Parcel 31 of Official Map No. 2 as per map recorded in Book 5, Pages 44 through 51 inclusive of Official Maps, records of said County (being approximately 184,695 square feet).

(Total area of Parcels A, B, C, D, E, F being approximately 1,122,606 square feet).

BHB/cks786E
11/05/02

ROBINSON LEASE EXPANSION LOCATION MAP

EXHIBIT 1. (Page 3 of 3)



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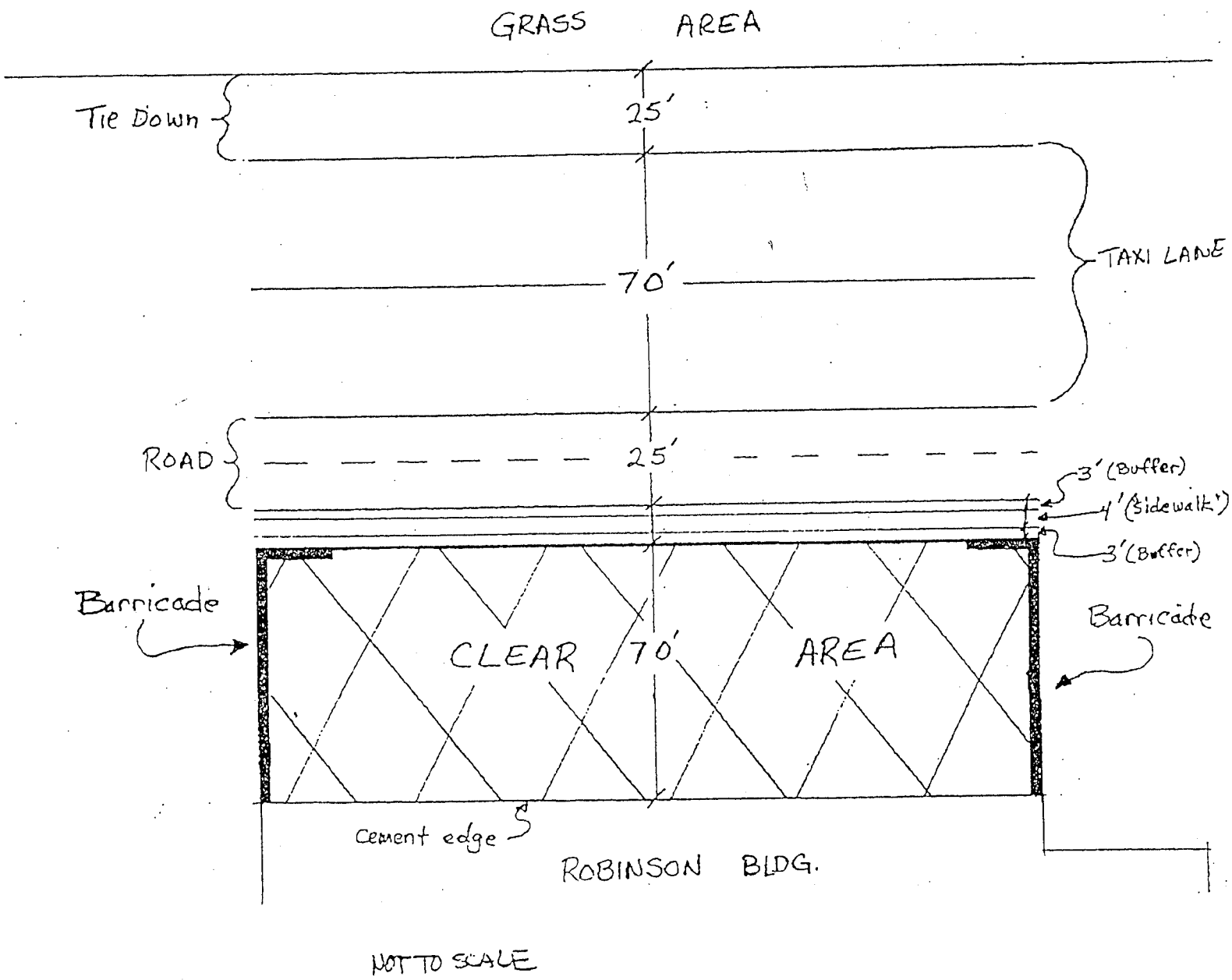


Exhibit 1.2

Identification No.723

(Page 1 of 2)

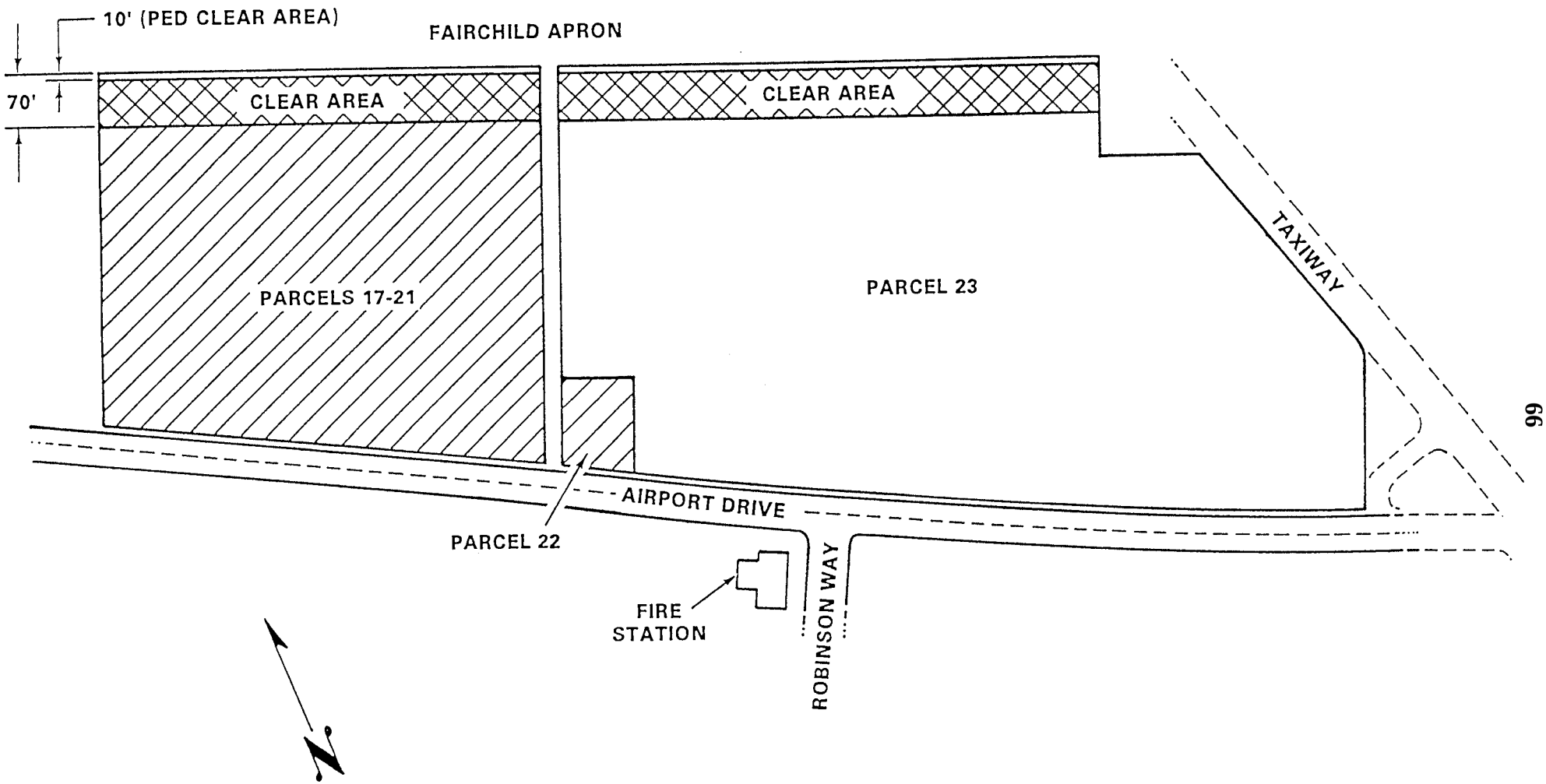


EXHIBIT 1.2

(Page 2 of 2)

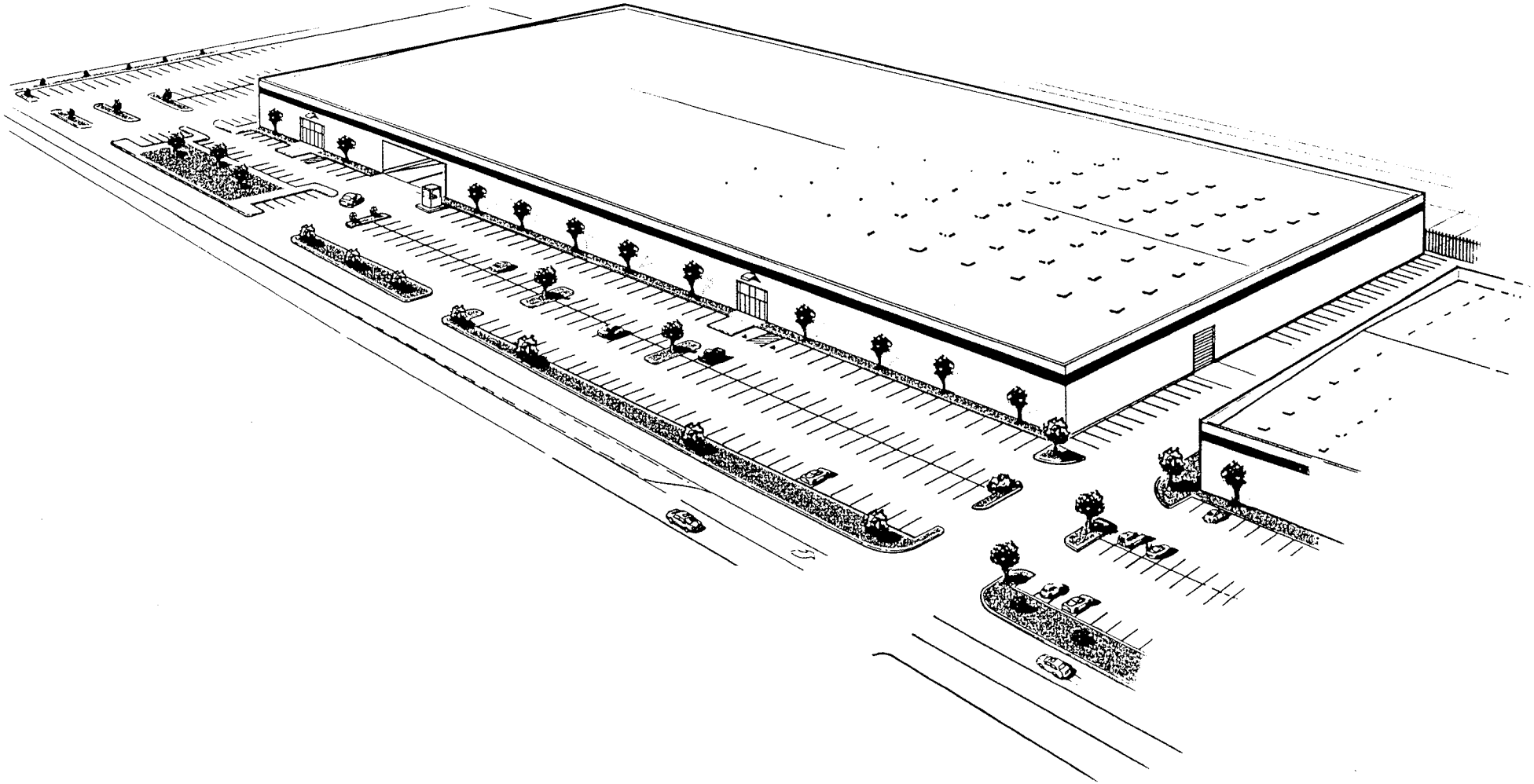


EXHIBIT 8.1.2

PARCELS 16-22

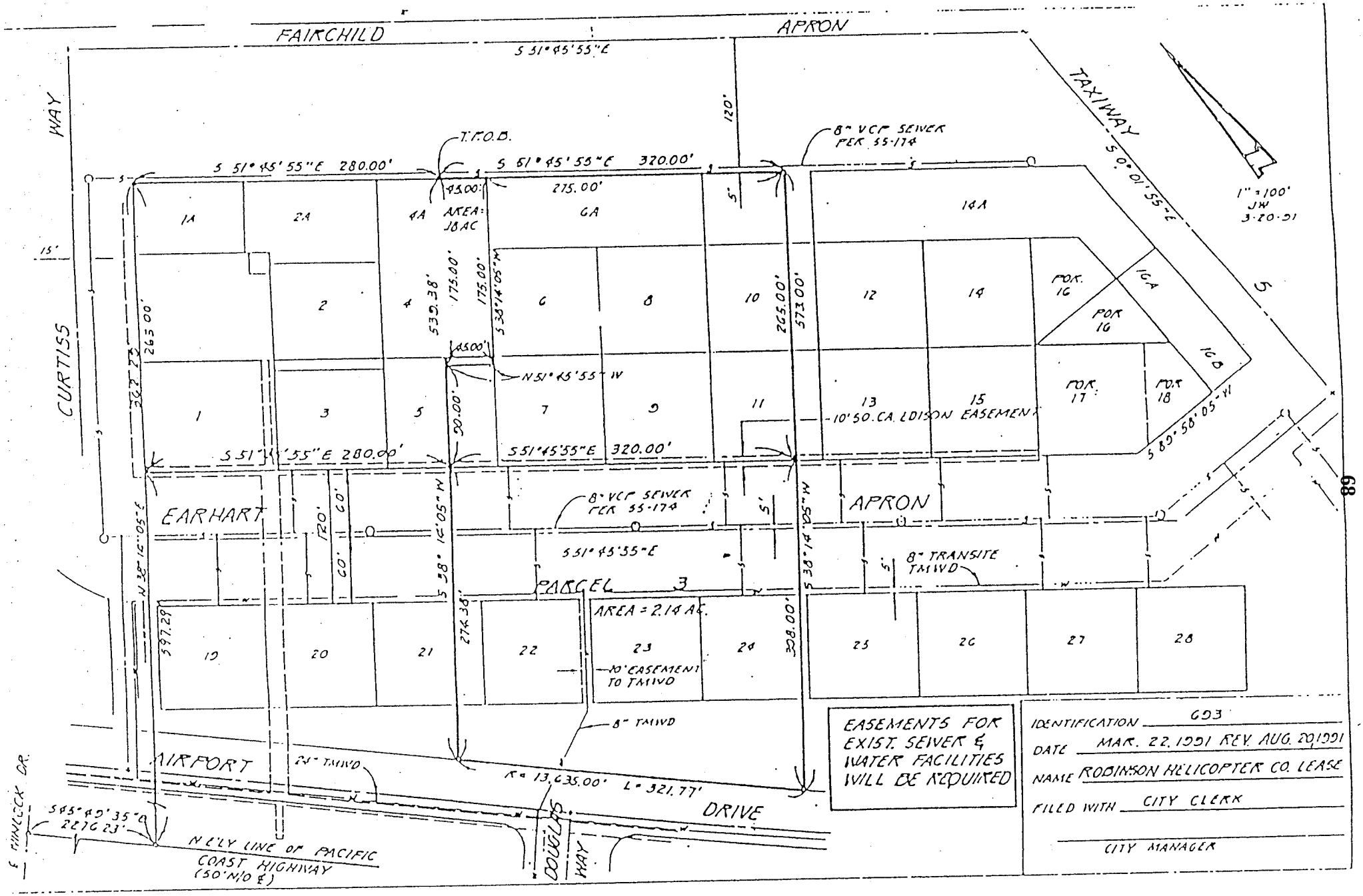

FAIRCHILD
APRON
S 51°45'55"E
WAY
CURTISS
TAXIWAY
S 0°01'55"E
1" = 100'
JW
3-20-91
T.P.O.B.
8" VCP SEWER PER SS-174
S 51°45'55"E 280.00'
S 51°45'55"E 320.00'
275.00'
AREA = 18 AC
1A
2A
4A
6A
14A
2
4
6
8
10
12
14
16A
16B
POR. 16
POR 16
POR. 17
POR 18
1
3
5
7
9
11
13
15
N 51°45'55" W
10' SO. CA. EDISON EASEMENT
S 89°58'05" W
EARHART
APRON
8" VCP SEWER PER SS-174
S 51°45'55"E
8" TRANSITE TMWD
PARCEL 3
AREA = 2.14 AC.
10' EASEMENT TO TMWD
8" TMWD
AIRPORT
24" TMWD
R = 13,635.00' L = 321.77'
DRIVE
DOUGLAS
WAY
N E'LY LINE OF PACIFIC COAST HIGHWAY (50' N/O ℄)
S 45°49'35"E 2276.23'
℄ HINLOCK DR.
EASEMENTS FOR EXIST. SEWER & WATER FACILITIES WILL BE REQUIRED
IDENTIFICATION 693
DATE MAR. 22, 1991 REV. AUG. 20, 1991
NAME ROBINSON HELICOPTER CO. LEASE
FILED WITH CITY CLERK
CITY MANAGER

EXHIBIT 9.4

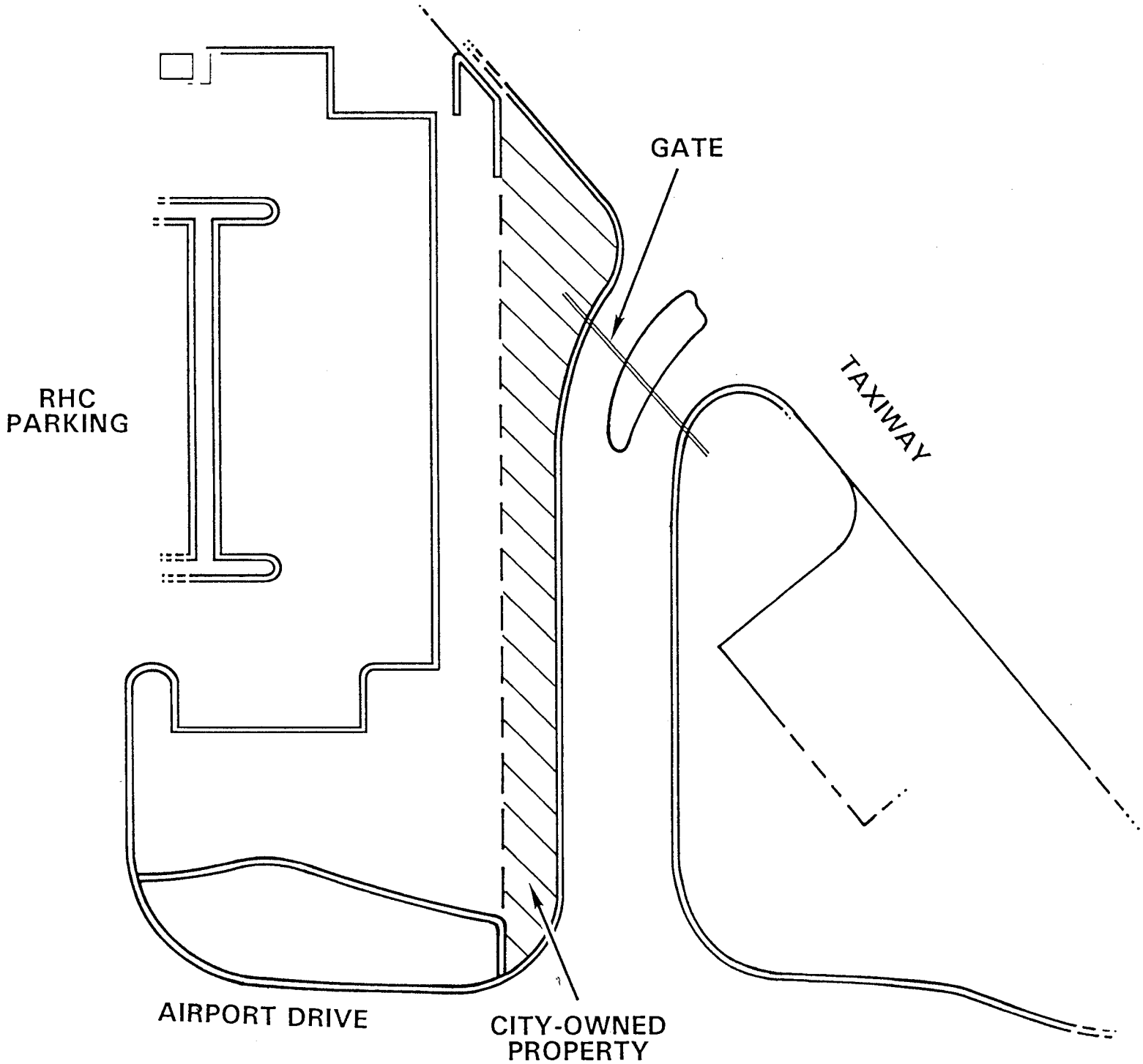

GATE
TAXIWAY
RHC
PARKING
AIRPORT DRIVE
CITY-OWNED
PROPERTY

EXHIBIT 13.4

Recorded May 13, 1948
BOOK 27145 Page 362

(1)

QUITCLAIM DEED

THIS INDENTURE, made this 5th day of March, 1948, between the United States of America, acting by and through the War Assets Administration, and pursuant to Reorganization Plan 1 of 1947 (12 F.R. 4534), and pursuant to the powers and authority contained in the provisions of the Surplus Property Act of 1944 (58 Stat. 765) as amended, and applicable rules, regulations and orders, GRANTOR and the City of Torrance, a municipal corporation under the laws of the State of California, acting by and through its City Council, GRANTEE,

WITNESSETH: That the said Grantor, for and in consideration of the assumption by the Grantee of all the obligations and its taking subject to certain reservations, restrictions, and conditions, and its covenant to abide by certain other reservations, restrictions, and conditions, all as set out hereinafter, has remised, released, and forever quitclaimed, and by these presents does remise, release, and forever quitclaim unto the said Grantee, its successors, and assigns, under and subject to the reservations, restrictions, and conditions, exceptions and rights hereinafter set out, all its right, title, and interest in the following described property situated in the County of Los Angeles, State of California, to wit:

> That portion of Lot 1 of Tract No. 9765, as per map recorded in Book 170, Pages 10, 11 and 12 of Maps, in the office of the County Recorder of Los Angeles County, in the City of Torrance, County of Los Angeles, State of California, and described as follows:
>
> Beginning at the northeasterly corner of said Lot 1; thence along the East line of said Lot 1, South 0° 03' 45" East 4302.77 feet to the center line of the Pacific Coast Highway, 100 feet wide, as described in the deed to the State of California recorded in Book 12743, Page 23 of Official Records of said county; thence along said center line as follows:
>
> South 89° 56' 15" West 26.04 feet to the beginning of curve concave northerly and having a radius of 1146.28 feet; thence westerly along the arc of said curve 821.34 feet; thence North 49° 00' 30" West 2390.48 feet; thence North 49° 00' 56" West 11.96 feet to the beginning of a curve concave northeasterly and having a radius of 14,000 feet; thence along the arc of said curve 777.84 feet; thence North 45° 49' 56" West 3481.23 feet to the beginning of a curve concave southwesterly and having a radius of 3000 feet; thence northwesterly along the arc of said curve 400.42 feet to the intersection of said center line with the West line of said Lot 1; thence along said West line North 0° 01' 26" West 1783.98 feet; thence South 51° 45' 55" East 6984.73 feet; thence North 38° 14' 05" East, 550 feet; thence North 51° 45' 55" West 6524.31 feet to a point on the northeasterly line of said Lot 1; said last mentioned point being distant along said northeasterly line South 62° 50' 50" East, 780.39 feet from the most northerly corner of said Lot 1; thence South 62° 50' 50" East along the said northeasterly line of Lot 1, a distance of 5921.76 feet to the northeasterly corner of said Lot 1, the point of beginning, containing 385.463 acres, more or less;

EXHIBIT 15.1

Excepting therefrom:

PARCEL 1-A

An easement for embankment slopes upon, over and across that portion of said Lot 1 of Tract No. 9765, described as follows:

Beginning at the most northerly corner of said Lot 1; thence South 62° 50' 50" East along the northeasterly line of said Lot 1, a distance of 780.39 feet; thence South 51° 45' 55" East 3334.31 to the TRUE POINT OF BEGINNING OF PARCEL 1-A;

Thence South 54° 37' 40" East a distance of 400.50 feet more or less; thence South 51° 45' 55" East 2300 feet; thence South 46° 03' 17" East 201 feet; thence North 51° 45' 55" West 2900 feet to the true point of beginning;

and excepting therefrom:

PARCEL 1-B

An easement for road purposes upon, over and across that portion of said Lot 1 of Tract 9765, included within a strip of land 40 feet wide, being 20 feet on each side of the following described center line:

Beginning at the most northerly corner of said Lot 1; thence South 62° 50' 50" East along the northeasterly line of said Lot 1, a distance of 780.39 feet; thence South 51° 45' 55" East 6534.31 feet; thence South 38° 14' 05" West 230 feet to the TRUE POINT OF BEGINNING OF PARCEL 1-B;

Thence South 51° 45' 55" East 159.79 feet; thence southwesterly 133.72 feet along the arc of a curve concave northeasterly and having a radius of 200 feet; thence North 89° 55' 35" East 50.37 feet, to a point on the westerly prolongation of the center line of 251st Street, shown as Almond Street on map recorded in Book 17, page 125 of Maps, in the office of the County Recorder of Los Angeles County, State of California, said point being South 0° 03' 45" East, 25 feet from the southwest corner of Lot 10 of Tract No. 592 as shown on said map recorded in Book 17, page 125 of Maps;

and excepting therefrom:

PARCEL 1-C

An easement for drainage facilities upon, over and across that portion of said Lot 1 of tract No. 9765, included within a strip of land 52 feet wide, being 26 feet on each side of the following described center line:

Beginning at a point on the northeasterly line of said Lot 1, distant thereon, South 62° 50' 50" East 3978.62 feet from the most northerly corner of said Lot; thence South 0° 50' 55" East, 782.14 feet; thence South 15° 09' 05" West 848.57 feet;

Thence southwesterly along a curve concave northwesterly, tangent to last described line and having a radius of 520.60 feet; through an angle of 49° 30' and an arc distance of 449.77 feet; thence tangent South 64° 39' 05" West, 605 feet to a point in an existing drainage channel:

AND ALSO, an easement for drainage facilities upon, over and across that portion of said Lot 1, included within a strip of land 32 feet wide, being 16 feet on each side of the following described center line:

Beginning at the Southerly terminus of that certain course herein described as having a length of 848.57 feet: thence southeasterly along a curve concave northeasterly, tangent to said course having a length of 848.57 feet and having a radius of 550 feet, through an angle of 41° 00', an arc length of 393.57 feet: thence tangent South 25° 50' 55" East, a distance of 574.06 feet; thence southerly along a curve concave Westerly, tangent to last described course and having a radius of 500 feet, through an angle of 25° 39', an arc distance of 223.84 feet; thence tangent South 0° 11' 55" East, a distance of 200 feet to a point in an existing drainage channel.

TOGETHER WITH those certain chattel enumerated in Exhibit "B" attached hereto and made a part hereof; and TOGETHER WITH all buildings, structures, and improvements located thereon, except those thirty-four (34) structures hereinafter enumerated, and described in a certain inventory attached hereto and made a part hereof, marked Exhibit "A", and located on that portion of the demised premises more particularly described in said Exhibit "A", being a part of the same property acquired by the United States of America under proceedings in condemnation had in Case No. 2527-PH, Civil, of record in the District Court of the United States, Southern District of California, Central Division.

The above described premises are transferred subject to the following encumbrances: All existing easements for roads, highways, public utilities, railways, and pipe lines; leasehold interest executed by the Grantor as Lessor and by A. P. Wright as Lessee, designated as Lease No. W-04-193-Eng.-4974, dated April 17, 1945; and the right of the United States of America to occupy use, and maintain in place, together with reasonable means of ingress and egress without payment to the Grantee, its successors, or assigns, all the buildings and structures enumerated in Exhibit "A", and located on the demised premises.

EXCEPTING, HOWEVER, from this conveyance all right, title, and interest in and to all property in the nature of equipment, furnishings, and other personal property which can be removed from the land without material injury to the land or structures located thereon other than those chattels enumerated in Exhibit "B"; and reserving to the Grantor the right of removal from the premises of the personal property excepted hereby within a reasonable period of time after the date hereof, which shall not be construed to mean any period less than one (1) year after the date of this instrument.

AND FURTHER EXCEPTING, from this conveyance and reserving to the GRANTOR, in accordance with Executive Order 9908 approved December 5, 1947 (12 F.R. 8223), all uranium, thorium, and all other materials determined pursuant to section 5 (b) (1) of the Atomic Energy Act of 1946 (60 Stat. 761) to be peculiarly essential to the production of fissionable material, contained, in whatever concentration, in deposits in the lands covered by this instrument, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine, and remove the same, making just compensation for any damage or injury occasioned thereby. However, such land may be used, and any rights otherwise acquired by this disposition may be exercised, as if no reservation of such materials had been made; except that, when such use results in the extraction of any such material from the land in quantities which may not be transferred or delivered without a license under the Atomic Energy Act of 1946, as it now exists or may hereafter be amended, such material shall be the property of the United States Atomic Energy Commission, and the Commission may require delivery of such material to it by any possessor thereof after such material has been separated as such from the ores in which it was contained. If the Commission requires the delivery of such material to it, it shall pay to the person mining or extracting the same, or to such other person as the Commission determines to be entitled thereto, such sums, including profits as the Commission deems fair and reasonable for the discovery, mining, development, production, extraction and other services performed with respect to such material prior to such delivery, but such payment shall not include any amount on account of the value of such material before removal from its place of deposit in nature. If the Commission does not require delivery of such material to it, the reservation hereby made shall be of no further force or effect.

AND FURTHER EXCEPTING from this conveyance and reserving to the Grantor all minerals, other than those specifically mentioned in the last paragraph above, and all petroleum in the above described land, together with the exclusive right at any and all times to enter upon the lands and prospect for, mine for, and remove such minerals or petroleum, with all necessary and convenient means of working and transporting the materials and supplies; and reserving unto the Grantor the exclusive right at any time to drill from adjacent premises into and through the sub-surface of the land hereby transferred, in order to recover, remove, and transport therefrom any minerals or petroleum herein reserved. By accepting this instrument, or any rights hereunder, the said Grantee hereby releases the Grantor from any and all liability for all claims and losses or damage arising out of the exceptions and reservations above.

Said property transferred hereby was duly declared surplus and was assigned to the War Assets Administration for disposal, acting pursuant to the provisions of the above-mentioned Act, as amended, Executive Order 9689, and applicable rules, regulations, and orders.

By the acceptance of this deed or any rights hereunder, the said Grantee, for itself, its successors, and assigns agrees that transfer of the property transferred by this instrument, is accepted subject to the following restrictions set forth in subparagraphs (1) and (2) of this paragraph, which shall run with

the land, imposed pursuant to the authority of Article 4, Section 3, Clause 2 of the Constitution of the United States of America, the Surplus Property Act of 1944, as amended, Reorganization Plan 1 of 1947 (12 F.R. 4534), and applicable rules, regulations, and orders:

(1) That all of the property transferred hereby, hereafter in this instrument called the "airport", shall be used for public airport purposes, and only for such purposes, on reasonable terms and without unjust discrimination and without grant or exercise of any exclusive right for use of the airport within the meaning of Section 303 of the Civil Aeronautics Act of 1938.

(2) That the entire landing area, as hereinafter defined, and all structures, improvements, facilities, and equipment of the airport shall be maintained at all times in good and serviceable condition to assure its efficient operation; provided, however, that such maintenance shall be required as to structures, improvements, facilities, and equipment only during the remainder of their estimated life, as determined by the Civil Aeronautics Administration or its successor Government agency. In the event materials are required to rehabilitate or repair certain of the aforementioned structures, improvements, facilities, or equipment they may be procured by demolition of other structures, improvements, facilities, or equipment transferred hereby and located on the above-described premises, which have outlived their use as airport property in the opinion of the Civil Aeronautics Administration or its successor Government agency.

By the acceptance of this deed or any rights hereunder, the said Grantee for itself, its successors, and assigns, also assumes the obligations of, covenants to abide by, and agrees to, and this transfer is made subject to, the following reservations and restrictions set forth in subparagraphs (1) to (6) of this paragraph, which shall run with the land, imposed pursuant to the authority of Article 4, Section 3, Clause 2 of the Constitution of the United States of America, the Surplus Property Act of 1944, as amended, Reorganization Plan 1 of 1947 (12 F.R. 4534), and applicable rules, regulations and orders:

(1) That insofar as is within its power and reasonably possible, the Grantee and all subsequent transferees shall prevent any use of land either within or outside the boundaries of the airport, including the construction, erection, alteration, or growth of any structure or other object thereon, which use would be a hazard to the landing, taking-off, or maneuvering of aircraft at the airport, or otherwise limit its usefulness as an airport.

(2) That the building areas and non-aviation facilities, as such terms are hereinafter defined, of or on the airport shall be used, altered, modified, or improved only in a manner which does not interfere with the efficient operation of the landing area and of the airport facilities, as hereinafter defined.

(3) That itinerant aircraft owned by the United States of America (hereinafter sometimes referred to as the "Government") or operated by any of its employees or agents on Government business shall at all times have the right to use the airport in common with others; Provided, however, that such use may be limited as may be determined at any time by the Civil Aeronautics Administration or its successor Government agency to be necessary to prevent interference with use by other authorized aircraft, so long as such limitation does not restrict Government use to less than twenty-five (25) per centum of capacity of the landing area of the

airport. Government use of the airport by virtue of the provisions of this subparagraph shall be without charge of any nature other than payment for damage caused by such itinerant aircraft.

(4) That during the existence of any emergency declared by the President of the United States of America or the Congress thereof, the Government shall have the right without charge, except as indicated below, to the full, unrestricted possession, control, and use of the landing area, building areas, and airport facilities, as such terms are hereinafter defined, or any part thereof, including any additions or improvements thereto made subsequent to the declaration of any part of the airport as surplus; Provided, however, that the Government shall be responsible during the period of such use for the entire cost of maintaining all such areas, facilities, and improvements, or the portions used, and shall pay a fair rental for the use of any installations or structures which have been added thereto without Federal aid.

(5) That no exclusive right for the use of any landing area or air navigation facilities, included in or on the airport shall be granted or exercised,

(6) That the property transferred hereby may be successively transferred only with the approval of the Civil Aeronautics Administration or its successor Government agency, and with the proviso that any such subsequent transferee assumes all the obligations imposed upon the Grantee by the provisions of this instrument.

As used in this Quitclaim Deed, the following terms shall have the following meanings:

(a) "Landing Area" means any land, or combination of water and land, together with improvements thereon and necessary operational equipment used in connection therewith, which is used for landing, take-offs, and parking of aircraft. The term includes but is not limited to, runways, strips, taxiways, and parking aprons.

(b) "Building Area" means any Land other than a landing area, used or necessary for or in connection with the operation or maintenance of an airport.

(c) "Non-aviation facilities" means any building, structures, improvements and equipment located in a building area and used in connection with, but not required for the efficient operation and maintenance of the landing area or the airport facilities.

(d) "Airport facilities" means any buildings, structures, improvements and operational equipment other than non-aviation facilities, which are used and necessary for or in connection with the operation and maintenance of an airport.

By acceptance of this instrument or any rights hereunder, the Grantee further agrees with the Grantor as follows:

(1) That upon a breach of any of the aforesaid reservations or restrictions by the Grantee or any subsequent transferee, whether caused by the legal inability of said Grantee or subsequent transferee to perform any of the obligations herein set out, or otherwise, the title, right of possession, and all other rights transferred to the Grantee, or any portion thereof, shall at the option of the Grantor revert to and become the property of the United States of America upon demand made in writing by the War

Assets Administration or its successor Government agency at least sixty (60) days prior to the date fixed for the revesting of such title, right of possession, and other rights transferred, or any portion thereof; Provided, that, as to installations or structures which have been added to the premises without Federal aid, the United States of America, shall have the option to acquire title to or use of the same at the then fair market value of the rights therein to be acquired by the United States of America.

(2) That if the construction as covenants of any of the foregoing reservations and restrictions recited herein as covenants, or the application of the same as covenants in any particular instance is held invalid, the particular reservations or restrictions in question shall be construed instead merely as conditions upon the breach of which the Grantor may exercise its option to cause the title, right of possession and all other rights transferred to the Grantee, or any portion thereof, to revert to the United States of America, and the application of such reservations or restrictions as covenants in any other instance and the construction of the remainder of such reservations and restrictions as covenants shall not be affected thereby.

TO HAVE AND TO HOLD the said premises, with appurtenances, except those rights excepted and reserved above, and under and subject to the aforesaid reservations, restrictions, and conditions, unto the said Grantee, its successors, and assigns forever.

IN WITNESS WHEREOF, the Grantor has caused these presents to be executed as of the day and year first above written.

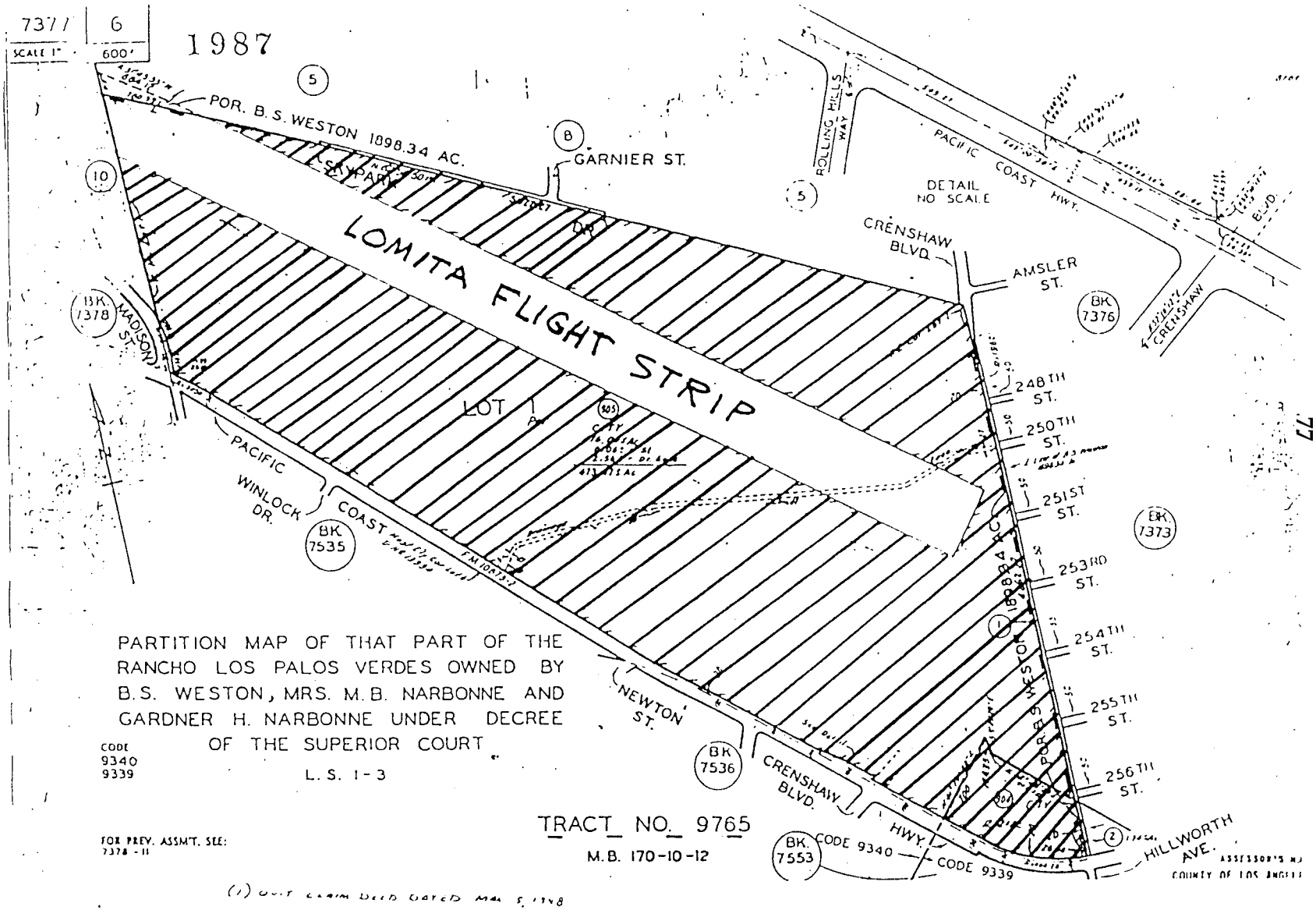
THE UNITED STATES OF AMERICA
Acting by and through
WAR ASSETS ADMINISTRATION

By s/ ROBERT P. ALFORD
DEPUTY REGIONAL DIRECTOR
For Real Property Disposal
Los Angeles Regional Office
War Assets Administration

WITNESSES:

s/ Devera L. Scholnek

s/ Doris Goodman



MAP OF LAND CONVEYED
EXHIBIT B TO CITY BY 1948 DEED

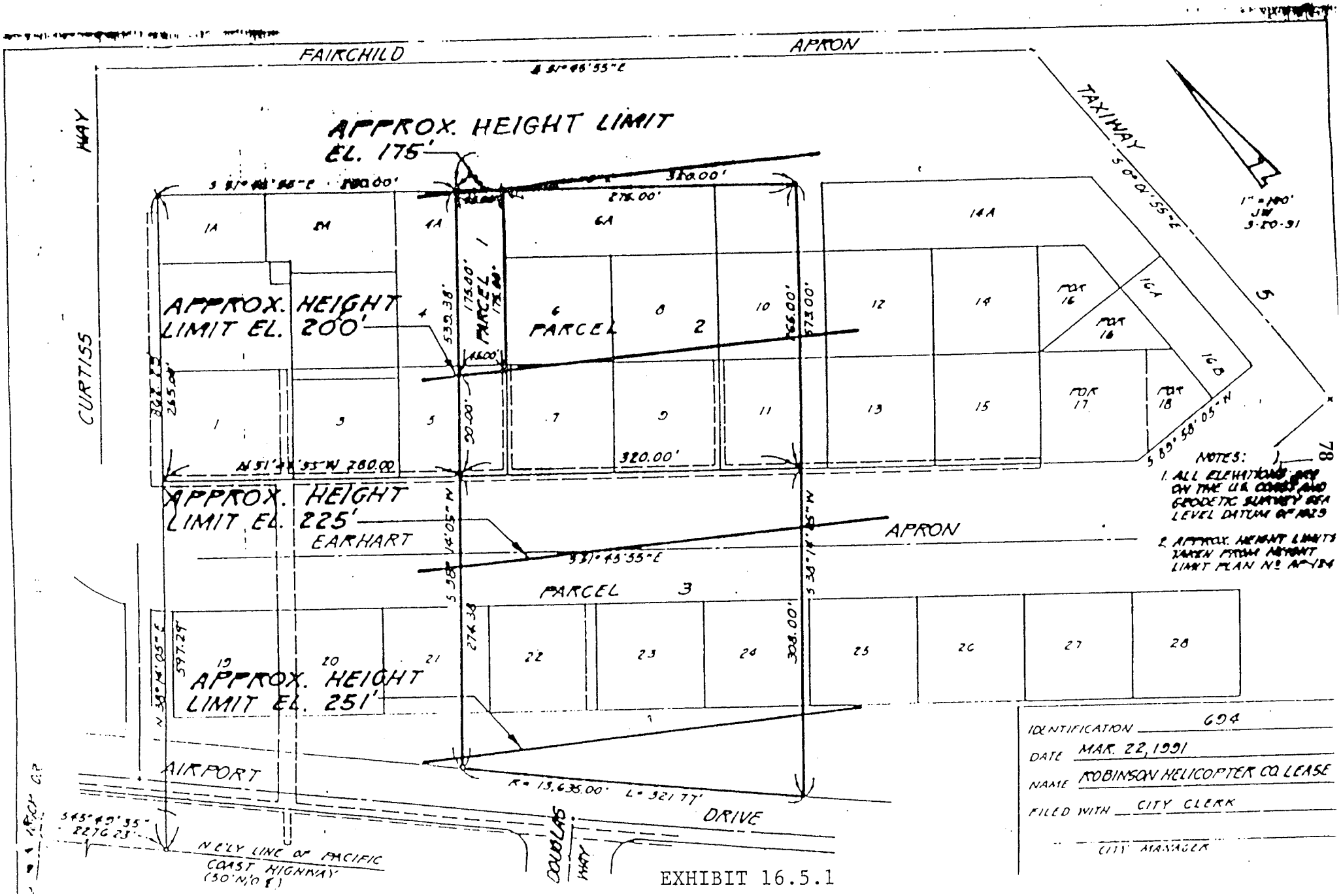


EXHIBIT 16.5.1

FIRST
AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE is made and entered into this 13th day of July 2004, by and between the **CITY OF TORRANCE**, a Municipal corporation, referred to as the "**City**," and **ROBINSON HELICOPTER COMPANY, INC.**, a California corporation, referred to as "**Robinson**."

RECITALS

WHEREAS, City and Robinson entered into a Ground Lease dated January 28, 2003, for the purpose of leasing approximately 25.8 acres of land at the Torrance Municipal Airport referred to as the "**Lease**."

WHEREAS, the City has determined that the real property described herein is not required for other City purposes and that it is in the public interest that this First Amendment to Lease be entered into between the City and Robinson.

NOW, THEREFORE, the parties hereto agree to amend the said Lease as follows:

1) Additional Premises.

For and in consideration of payment by Robinson of the rents, and the faithful performance by Robinson of the covenants and conditions herein contained, the City does hereby lease to Robinson the property in the City of Torrance, County of Los Angeles, State of California more particularly described in Exhibit 1 attached hereto and made a part hereof, consisting of 14,455 square feet.

2) Basic Rent.

Subject to the adjustment provided for in Paragraph 3.3 of the Lease, during the term of the Lease, the Minimum Monthly Basic Rent for the Additional Premises shall be a sum equal to per month, which sum has been computed by multiplying the total number of square feet comprising the Additional Premises by . Robinson's payment obligation and right to possession shall commence immediately.

3) Other Terms and Conditions.

All other terms and conditions of the Lease including the Duration and Option Term provided in Paragraphs 2.1 and 2.2 of the Lease apply to the Additional Premises.

C2003-029

DUPLICATE ORIGINAL

In all other respects, the said Lease is reaffirmed and ratified, and remains in full force and effect.

This First Amendment to Lease is executed as of the first date written above.

CITY OF TORRANCE
A Municipal Corporation

By: _____
Dan Walker, Mayor

ROBINSON HELICOPTER COMPANY, INC.
A California Corporation

By: _____
Franklin D. Robinson, President

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS, III
City Attorney

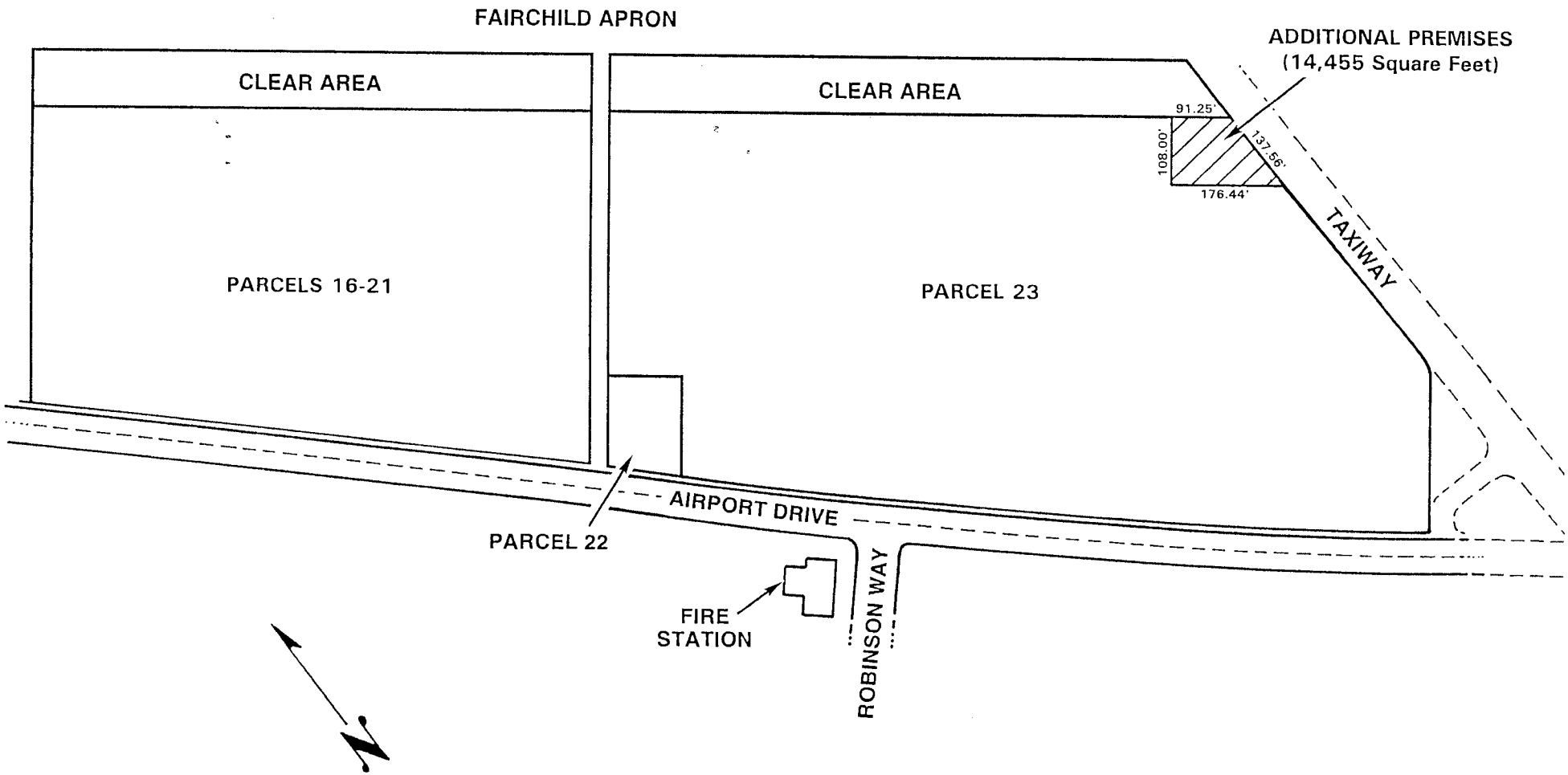
By: _____
Ron Pohl
Assistant City Attorney

Legal Description
For
First Amendment to
Robinson Helicopter Company Lease

That portion of Parcel 1, Official Map No. 2 in the City of Torrance, County of Los Angeles, State of California, as recorded in Book 5, pages 44 through 51, inclusive, in the office of the County Recorder of said County, described as follows:

Said portion is bounded on the northeast by the southeasterly prolongation of the northeasterly line of Parcel 23 of said Official Map No. 2 and is bounded on the east by the northerly prolongation of the easterly line of said Parcel 23 and is bounded on the northwest and southwest by said Parcel 23.

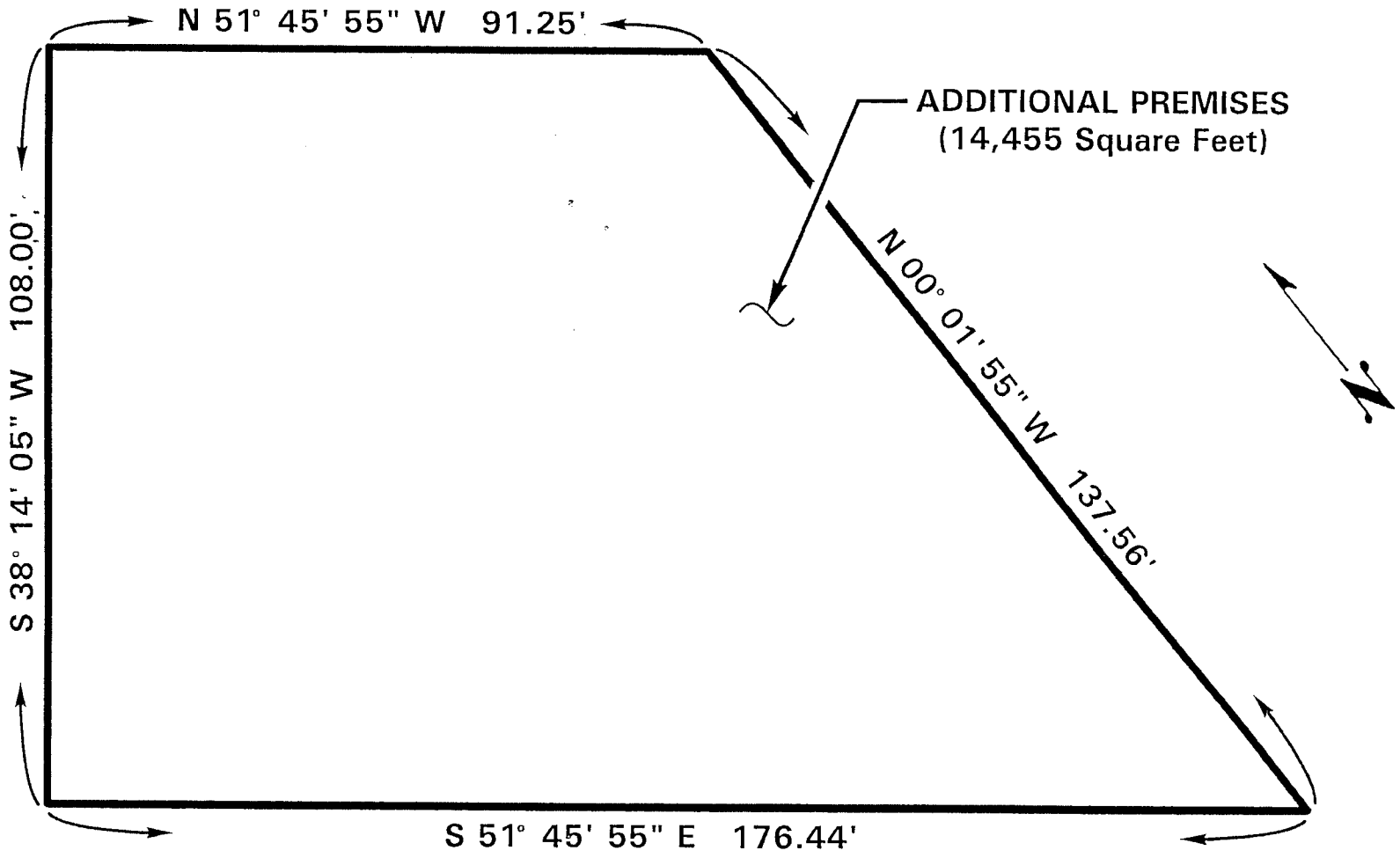
Said portion contains approximately 14,455 square feet.



FIRST AMENDMENT
TO LEASE

EXHIBIT 1

(Page 2 of 3)



FIRST AMENDMENT
TO LEASE

EXHIBIT 1

(Page 3 of 3)

SECOND
AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE is made and entered into this 8th day of May 2007, by and between the **CITY OF TORRANCE**, a Municipal corporation, referred to as the "**City**," and **ROBINSON HELICOPTER COMPANY, INC.**, a California corporation, referred to as "**Robinson**."

RECITALS

WHEREAS, City and Robinson entered into a Ground Lease dated January 28, 2003, for the purpose of leasing approximately 25.8 acres of land at the Torrance Municipal Airport referred to as the "**Lease**."

NOW, THEREFORE, the parties hereto agree to amend the said Lease to add Parcel 23 to Permitted Use paragraph 6.1.7 of the Lease. Paragraph 6.1.7 is hereby amended to read as follows:

> "6.1.7 With respect to portions of Parcels 1 and 16 and all of Parcels 17, 18, 19, 20, 21, 22 and 23, upon notice to City, storage of jet or turbine fuel for manufacturing and testing of helicopters manufactured or operated by Robinson Helicopter Company ("RHC") when the need arises for RHC to use an alternate fuel."

In all other respects, the said Lease is reaffirmed and ratified, and remains in full force and effect.

This Second Amendment to Lease is executed as of the first date written above.

CITY OF TORRANCE
A Municipal Corporation

By: _____
Frank Scotto, Mayor

ROBINSON HELICOPTER COMPANY, INC.
A California Corporation

By: _____
Frank D. Robinson, President

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS, III
City Attorney

By: _____
Ron Pohl
Assistant City Attorney

C2003-029

COPY

THIRD
AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE is made and entered into this 20th day of May 2008, by and between the **CITY OF TORRANCE**, a Municipal corporation, referred to as the "**City**," and **ROBINSON HELICOPTER COMPANY, INC.**, a California corporation, referred to as "**Robinson**."

RECITALS

WHEREAS, City and Robinson entered into a Ground Lease dated January 28, 2003, for the purpose of leasing approximately 25.8 acres of land at the Torrance Municipal Airport referred to as the "**Lease**."

WHEREAS, the City has determined that the real property described herein is not required for other City purposes and that it is in the public interest that this Third Amendment to Lease be entered into between the City and Robinson.

NOW, THEREFORE, the parties hereto agree to amend the said Lease as follows:

1) Conditions Precedent.

The effectiveness of this Third Amendment is expressly conditioned upon (i) the City and Torrance Flite Park having amended the Torrance Flite Park Lease to delete the area known as East Parcel, and further described as additional premises in 2) below, as Leased premises in accordance with agreement between Torrance Flite Park and City; (ii) the City and Robinson having approved and accepted this Third Amendment; and (iii) escrow having closed on the separate agreement between Robinson and Torrance Flite Park pertaining to the East Parcel.

2) Additional Premises.

For and in consideration of payment by Robinson of the rents, and the faithful performance by Robinson of the covenants and conditions herein contained, the City does hereby lease to Robinson the property in the City of Torrance, County of Los Angeles, State of California more particularly described in Exhibit 1 attached hereto and made a part hereof, consisting of 260,175 square feet.

3) Basic Rent.

Subject to the adjustment provided for in Paragraph 3.3 of the Lease, during the term of the Lease, the Minimum Monthly Basic Rent for the Additional Premises shall be a sum equal to $7,805.25 per month, which sum has been computed by multiplying the total number of square feet comprising the Additional Premises by

COPY

Three Cents ($.030). Robinson's payment obligation and right to possession under this Third Amendment shall commence August 1, 2008.

4) Use.

The Permitted and Prohibited Uses provided in Paragraphs 6.1 and 6.2.1 of the Lease for the easterly adjacent Parcels 17-22 apply to the Additional Premises.

5) Parking, Traffic Mitigation and Undergrounding of Utilities.

To relieve the current parking and traffic congestion Robinson will address parking for the entire leasehold premises (Parcels 12-23) when the additional premises (Parcels 12-16) are developed and Robinson will also stagger shifts to relieve the peak hour traffic. Additionally, all utilities servicing the additional premises will be undergrounded at the sole cost and expense of Lessee. Each will be at the review and approval of the Community Development Director or designee.

6) Easement.

Robinson acknowledges and accepts the Easement Deed (Exhibit 2) originally granted by Torrance Flite Park, LLC a California Limited Liability Company for Ingress, Egress and Utility purposes and incorporates that easement into this Lease Amendment.

7) Other Terms and Conditions.

All other terms and conditions of the Lease including the Duration and Option Term provided in Paragraphs 2.1 and 2.2 of the Lease apply to the Additional Premises.

In all other respects, the said Lease is reaffirmed and ratified, and remains in full force and effect.

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This Third Amendment to Lease is executed as of the first date written above.

CITY OF TORRANCE
A Municipal Corporation

By: _____
Frank Scotto, Mayor

ROBINSON HELICOPTER COMPANY, INC.
A California Corporation

By: _____
Franklin D. Robinson, President

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS, III
City Attorney

By: _____
Ron Pohl
Assistant City Attorney

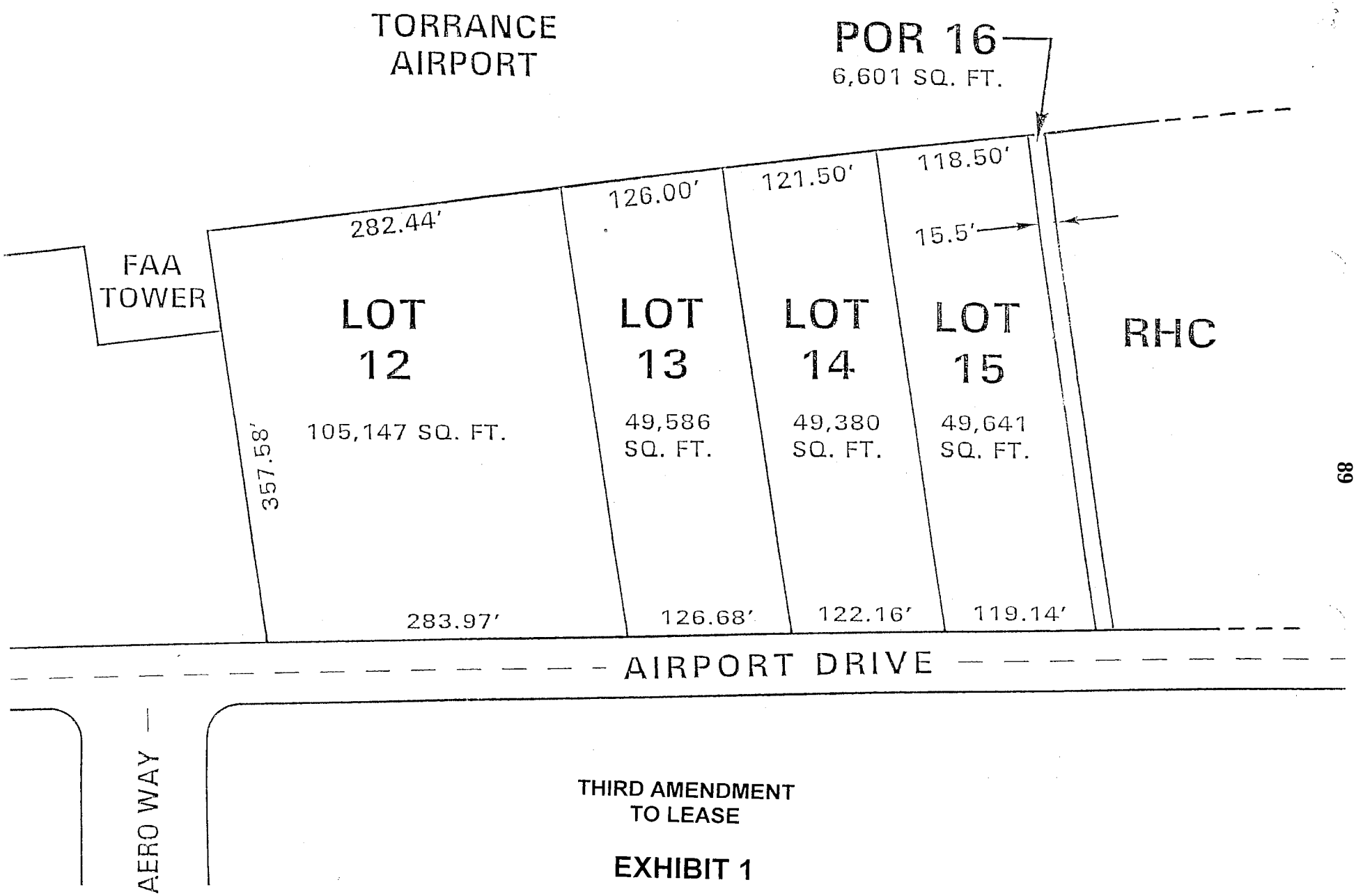
Legal Description
For
Third Amendment to
Robinson Helicopter Company Lease

That property in the City of Torrance, County of Los Angeles, State of California more particularly described as: Parcels 12, 13, 14, 15 and 16 except therefrom the easterly 100.50 feet of said parcel 16, of Official Map Number 2 as per map recorded in Book 5, pages 44 through 51 inclusive, of Official Maps, records of Said County, of that certain land consisting of approximately 260,175 square feet.

Third Amendment to Lease

EXHIBIT 1

(Page 1 of 2)



THIRD AMENDMENT TO LEASE

EXHIBIT 1

(Page 2 of 2)

EXHIBIT 2

CITY OF
TORRANCE

Sue Herbers
City Clerk

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY that an easement deed dated February 26, 2008 from TORRANCE FLITE PARK, LLC, a California Corporation, is hereby accepted by the order of Resolution No. 3417 adopted by the City Council of the City of Torrance on February 18, 1958, and duly recorded on the 26th day of February, 1958, in Book 56502, Page 139, Official Records, in the office of the County Recorder of Los Angeles County, and that the Grantee consents to the recordation thereof by its duly authorized officer.

By: Sue Herbers
SUE HERBERS, CITY CLERK
CITY OF TORRANCE

DATED: April 3, 2008
(Section 27281 of Government Code, as amended)

PURPOSE: Ingress, Egress and Utility

COPY

3031 Torrance Blvd. Torrance CA 90503 sherbers@TorrNet.com Tel 310.618.2870 Fax 310.618.2931

Recording Requested by:
Sue Herbers, City Clerk

When Recorded Mail to:
CITY OF TORRANCE
3031 Torrance Boulevard
Torrance, CA 90503

EASEMENT DEED

In consideration of the sum of One Dollar ($1.00), and other valuable consideration, receipt of which is hereby acknowledged,

TORRANCE FLITE PARK, LLC, A CALIFORNIA

LIMITED LIABILITY COMPANY (LESSEE)

do(es) hereby grant to the CITY OF TORRANCE, a municipal corporation, of Los Angeles County, State of California, an easement for INGRESS, EGRESS AND UTILITY purposes and incidents thereto, in the following described real property in the City of Torrance, County of Los Angeles, State of California, and more particularly described as follows:

That portion of Parcel 12 of Official Map No. 2 in the City of Torrance, County of Los Angeles, State of California as shown on map filed in Book 5, Pages 44 thru 51 of Official Maps, in the Office of the County Recorder of said County, more particularly described as follows:

Beginning at the North corner of said Parcel 12; thence Southwesterly along the Northwesterly line of said Parcel 12 South 38° 38' 49" West 131.07 feet; thence South 51° 21' 11" East 9.00 feet; thence North 38° 38' 49" East 27.59 feet; thence South 52° 15' 22" East 24.58 feet; thence North 38° 38' 49" East 16.00 feet; thence North 52° 15' 22" West 24.58 feet; thence North 38° 38' 49" East 87.48 feet; thence North 51° 21' 11" West 9.00 feet to the point of beginning.

Dated this 26th day of February 2008.

(All signatures must be notarized)

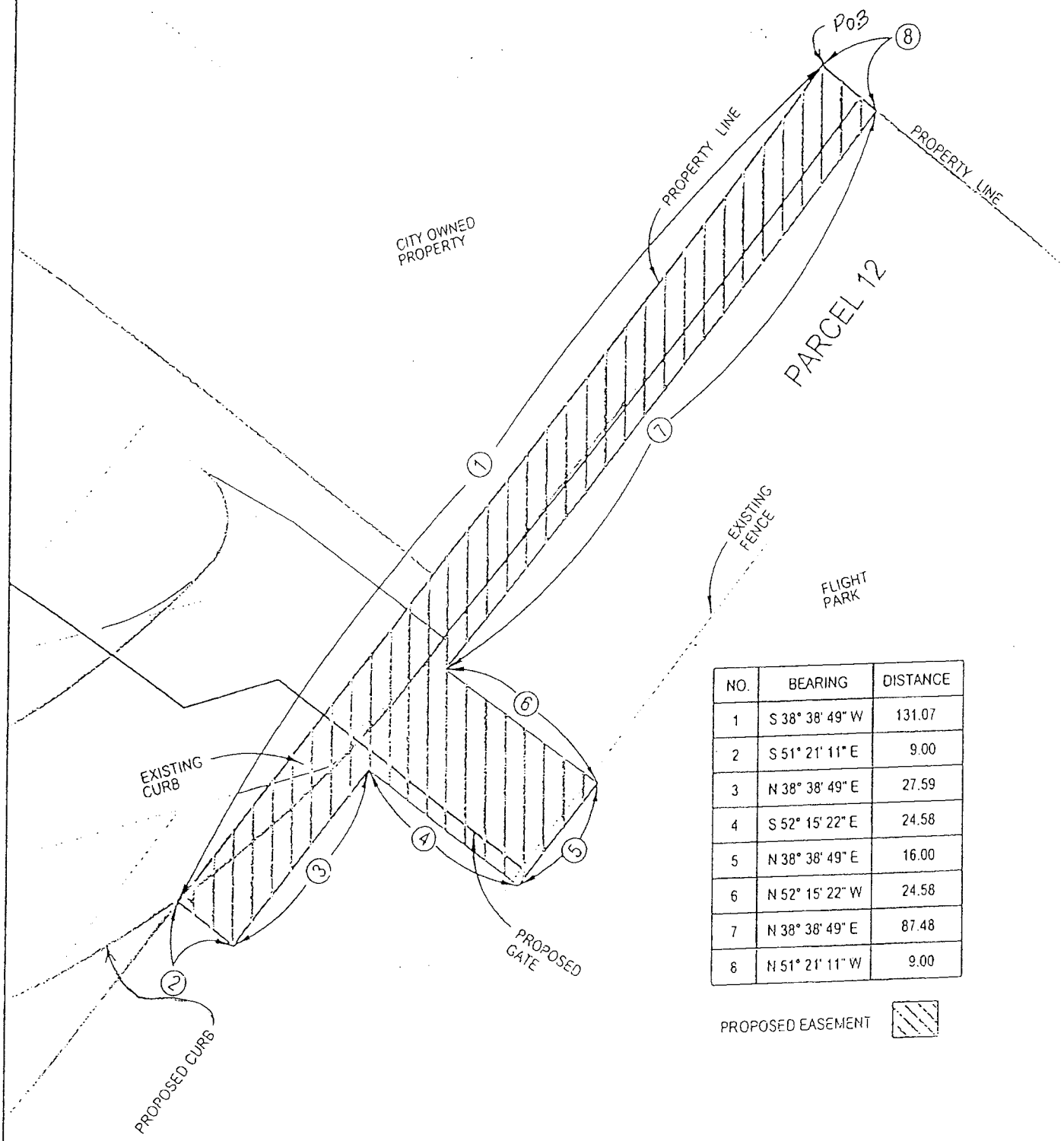
Sign: [signature]
Print: HASSAN IZAD

Sign: [signature]
Print: RALPH J. MARTIN

Owner's Address: 3481 AIRPORT DRIVE #200
TORRANCE, CA 90505

TS/cks2059

FLIGHT PARK INGRESS/EGRESS EASEMENT



NO.	BEARING	DISTANCE
1	S 38° 38' 49" W	131.07
2	S 51° 21' 11" E	9.00
3	N 38° 38' 49" E	27.59
4	S 52° 15' 22" E	24.58
5	N 38° 38' 49" E	16.00
6	N 52° 15' 22" W	24.58
7	N 38° 38' 49" E	87.48
8	N 51° 21' 11" W	9.00

PROPOSED EASEMENT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of LOS ANGELES

On FEBRUARY 26, 2008 (Date) before me, A. L. MANALILI, NOTARY PUBLIC (Here Insert Name and Title of the Officer),
personally appeared HASSAN IZAD AND RALPH V. MARTIN (Name(s) of Signer(s)),

who 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.

A. L. MANALILI
Commission # 1473523
Notary Public - California
Los Angeles County
My Comm. Expires Mar 2, 2008

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Signature of Notary Public)

Place Notary Seal Above

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: EASEMENT DEED, TORRANCE FLITE PARK

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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