Council Meeting of
June 7, 2011

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

Members of the Council:

SUBJECT: Approve First Amendment to Lease with Southern California Historical Aviation Foundation (Western Museum of Flight)

RECOMMENDATION

Recommendation of the City Manager that City Council approve a First Amendment to Lease (C2010-234) with the SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION, a California nonprofit public benefit corporation, for the development of the Western Museum of Flight on vacant and unimproved property located at the east end of Torrance Municipal Airport, Zamperini Field.

Funding
There is no funding required.

BACKGROUND/ ANALYSIS

On November 23, 2011, Your Honorable Body approved a Lease by and between the Southern California Historical Aviation Foundation for the development of the Western Museum of Flight (WMOF) on the east end of Torrance Municipal Airport (Attachment C). The Lease represents a phased development of an approximate three acre parcel that would ultimately become the home of the WMOF.

The Lease calls for the first phase to be completed seven (7) months from the execution of the Lease. The Lease was executed on November 23, 2010 making June 23, 2011 the date required by the Lease to finish the first phase of the project. The Lessee has contacted the City requesting a shift in the timeline to allow for the securing of additional funds. The Amendment before Your Honorable Body, if approved, adjusts the timeline to give an additional three months to complete the first phase of the project. The adjustment sets the

completion date for the first phase at September 23, 2011. There are no other changes to the parameters of the Lease contained in the First Amendment.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By: _____
Brian K. Sunshine
Assistant to the City Manager

CONCUR:

_____
LeRoy J. Jackson
City Manager

Attachments:
A) First Amendment to Lease
B) Lease (Limited Distribution)
C) Council Item dated November 23, 2010 (Limited Distribution)

Attachment A

FIRST AMENDMENT TO L E A S E

This First Amendment to Lease is made and entered into as of this 7th day of June, 2011, by and between the **City of Torrance**, a municipal corporation, ("CITY"), and **Southern California Historical Aviation Foundation**, a California non-profit public benefit corporation, ("Lessee").

RECITALS

A. On or about November 23, 2010, the CITY and Lessee entered into a lease of approximately three acres of Zamperini Field (the "Leased Premises") for use as an aeronautical themed museum with displays of aircraft of historical significance (the "Lease").

B. The Lease was executed on November 23, 2010.

C. Section 7.B.2 of the Lease allowed 7 months following execution of the Lease for construction of Phase 1 improvements.

D. CITY and Lessee wish to amend the Lease to allow Lessee an additional three months to complete the construction of Phase 1 improvements identified in the Lease.

COVENANTS

1. Section 7.B.2 of the Lease is amended to read in full as follows:

"2. Construction Commencement and Construction Completion. Subject to Paragraph 7C(2)(c), Lessee will commence and complete construction of the Required Improvements within the time limits set forth below:

Phase	**Construction Commencement**	**Construction Completion**
Phase 1	Submission of Phase 1 plans and specifications within 2 months following execution of Lease	**10** months following execution of Lease
Phase 2	Submission of Phase 2 plans and construction estimate within 12 months following Phase 1 completion	36 months following completion of Phase 1
Phase 3	Develop and submit construction cost estimate within 36 months following Phase 2 completion	
	Complete fund raising for Phase 3	

	within 24 months of submission of Phase 3 construction cost estimate	
	Final plans to be submitted within 6 months of completion of fund raising	
		12 months from approval of final plans for Phase 3

"

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

CITY OF TORRANCE,
a municipal corporation

By

_____
Frank Scotto, Mayor

ATTEST:

_____
Sue Herbers, CMC
City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
CITY ATTORNEY

By: _____

SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION,
a California nonprofit public benefit corporation

By: _____
Cynthia Macha-Skjonsby, President

By: _____
Fred Peitzman, Treasurer

Attachment B

LEASE

by and between

CITY OF TORRANCE,
a California municipal corporation

and

SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION,
a California nonprofit public benefit corporation

C2010-234

DISCLAIMER: The submission of this Lease for examination or the negotiation of the transactions described herein does not constitute an offer by City, and this Lease does not constitute a binding contract unless and until executed by City and Lessee.

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Exhibit A Quitclaim Deed
Exhibit B Legal Description & Site Map
Exhibit C Concept Plan
Exhibit D Phasing Diagram

LEASE

THIS LEASE ("Lease") is made and entered into as of November 23, 2010 ("Effective Date"), by and between the CITY OF TORRANCE, a California municipal corporation ("City"), and the SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION, a California nonprofit public benefit corporation ("Lessee").

RECITALS:

A. City is the owner of Zamperini Field Torrance Municipal Airport (the "Airport") and operates the same for the promotion, accommodation, and development of air commerce and transportation. The Airport is located in the City of Torrance, County of Los Angeles, State of California, and its boundaries are more particularly described in that certain 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 (the "Quitclaim Deed"), a copy of which is attached as Exhibit "A." The City is authorized to enter into this Lease pursuant to Exhibit A and the subsequent Quitclaim Deed dated March 22, 1956, recorded in Book 52630 Page 135, Los Angeles County Recorder's Office, by which the United States of America released, with certain exceptions, the Airport from the conditions, reservations and restrictions of the Quitclaim Deed.

B. City desires to lease to Lessee and Lessee desires to lease from City that portion of the Airport consisting of approximately 3 acres of land area less the area presently occupied by the Civil Air Patrol hangar (the "Leased Premises"). The area occupied by the Civil Air Patrol hangar (the "CAP hangar") was previously under lease from the City. That lease has expired. The CAP Hangar is excluded from the site subject to this Lease and will continue to be occupied by the Civil Air Patrol subject to a license from the City. The Leased Premises are more particularly described as Lease Parcel 1 in the legal description attached as Exhibit "B" and depicted as Lease Parcel 1 on the site map incorporated in that Exhibit. Lessee's proposed project is depicted in the Concept Plan attached as Exhibit "C."

C. The Leased Premises are being leased pursuant to the authority contained in Section 37380 of the California Government Code and the powers conferred on the City by the provisions of Article 11 of the Constitution of the State of California.

COVENANTS

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL COVENANTS CONTAINED IN THIS LEASE, CITY AND LESSEE AGREE AS FOLLOWS:

1. DEFINITIONS

The following terms when used in this Lease have the meanings set forth below:

The term "Airport" means the Zamperini Field Torrance Municipal Airport located within the City of Torrance, County of Los Angeles, State of California.

The term "Commencement Date" means the Delivery Date.

The term "Delivery Date" means the date on which possession of the Leased Premises is delivered to Lessee pursuant to Paragraph 4 of this Lease.

The term "Effective Date" means the date on which both Lessee and City have executed this Lease, which date will be inserted into the preamble to this Lease.

The term "FAA" means the Federal Aviation Administration.

The term "Leased Premises" means that certain real property consisting of approximately 3 acres of land area located within the Airport, more particularly described as Lease Parcel 1 in the legal description attached as Exhibit "B" and depicted on the site map incorporated into that Ehxibit..

The term "Notice of Possession" means the written notice delivered by City to Lessee tendering possession of the Leased Premises, as more fully explained in Paragraph 4 of this Lease.

The term "Required Improvements" collectively refers to the "Phase 1 Required Improvements," the Phase 2 Required Improvements, and the Phase 3 Required Improvements.

The term "Structures" means all existing vertical and other improvements, including but not limited to, buildings, fences, floor slabs and paving.

2. LEASE OF LEASED PREMISES

A. Leased Premises. For and in consideration of the covenants and conditions contained in this Lease, effective upon the Delivery Date, City leases to Lessee and Lessee leases from City the Leased Premises.

B. Condition of Leased Premises. The Leased Premises are leased to Lessee and Lessee accepts the Leased Premises in "AS-IS" and "WHERE-IS" condition, without any representations or warranties by City or City's agents, and 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 hereby. Subject to the following, Lessee acknowledges that it has conducted such reviews and inspections as it has deemed necessary to satisfy itself 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 presence of Hazardous Materials (as defined in Paragraph 6.E, 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 its business. As of the Effective Date, Lessee has not conducted its inspections of the physical condition of the Leased Premises. Within sixty days of the Effective Date, Lessee will notify City in writing of its approval or disapproval of its inspections of the physical condition of the Leased Premises. Lessee's inspections will be conducted only upon 72 hours prior notice to City. City has the right, but not the obligation, to accompany Lessee during any inspection. Lessee will in a timely manner repair any and all damage to the Leased Premises caused by its inspections. Lessee will not unreasonably withhold its approval of the physical condition of the Leased Premises. Lessee's disapproval of the physical condition of the Leased Premises will constitute Lessee's election to terminate this Lease. In the event Lessee fails to notify City in writing of its approval or disapproval within the sixty day period described above, Lessee

will be deemed to have approved the results of its investigations and accepted the Leased Premises in "AS-IS" and "WHERE-AS" condition pursuant to this Paragraph.

3. **TERM AND RENT**

A. Term. The term of this Lease commences on the Commencement Date and continues until November 22, 2060. Upon request by either party, the parties will execute and deliver to one another an addendum to this Lease setting forth the Commencement Date and expiration date.

B. Rent. The rent for the Lease Premises will be One Dollar per year, without adjustment, payable on the Effective Date and each anniversary of the Effective Date during the term of the Lease.

C. Termination. Upon the reasonable disapproval of the physical condition of the Leased Premises, either party has the right to terminate this Lease by giving written notice of termination to the other party. Upon such termination of this Lease and provided that such termination is not caused by the breach or default by any party, neither party will have any further obligation to complete the transactions contemplated by this Lease. Reasonable disapproval of the physical condition of the Leased Premises will not be deemed a breach or default of Lessee. In the event this Lease is terminated pursuant to this Paragraph, Lessee will surrender the Leased Premises to City pursuant to the provisions set forth in Paragraph 9 of this Lease. If, on the date of termination, Lessee has commenced, but not completed, construction and installation of the Required Improvements, City has the right, within sixty days after the date of termination, to require Lessee to demolish the uncompleted improvements, and clear them from the Leased Premises.

4. **POSSESSION; DELIVERY DATE**

No later than the date that is seven days after the earlier to occur of (i) sixty days following the Effective Date, or (ii) receipt of Lessee's written approval of its inspections of the physical condition of the Leased Premises, City will deliver to Lessee written notice in the manner set forth in Paragraph 22 tendering possession of the Leased Premises to Lessee (the "Notice of Possession"). The date on which the Notice of Possession is deemed effective pursuant to Paragraph 22 will be deemed the "Delivery Date" and possession will be delivered to Lessee on that date.

5. **TAXES, ASSESSMENTS, UTILITY CHARGES, AND ADDITIONAL RENT**

A. Net Lease. It is the intention of City and Lessee that all costs, expenses and obligations of every kind relating to the Leased Premises or the use, operation or occupancy thereof which may arise or become due during the term of this Lease will be paid by Lessee and that City will be indemnified by Lessee against those costs, expenses, and obligations.

B. Payment of Taxes. Commencing on the Delivery Date, Lessee will pay, prior to delinquency, all taxes levied against the Leased Premises, Lessee's interest or Lessee's property, including but not limited to any real estate or possessory interest taxes assessed against the Leased Premises, or against any Improvements erected or constructed by the Lessee on the Leased Premises, or which become a lien against the Leased Premises or Lessee's interest or its property or against any Improvements erected or constructed by the Lessee on the Leased Premises during the

term of this Lease. Lessee, upon written request, will promptly provide proof of its payment of the taxes.

C. Payment of Assessments. Commencing on the Delivery Date, Lessee will pay before delinquent any assessments against the Leased Premises or against any improvements erected or constructed by the Lessee on the Leased Premises made for maintenance purposes, such as lighting. In the event that the assessing agency will permit payment of such assessments on an installment basis, Lessee may elect to make the assessment payments on such basis. Lessee's obligations under this Subparagraph 5(C) will be limited to those assessments payable during the term of this Lease and any extension of it.

D. Ad Valorem Taxes. If, during the term, federal or state taxes are imposed, assessed or levied on the fee interest of City in the Leased Premises, or on or with respect to any real or personal property constituting a portion of the fee interest of City in the Leased Premises, or on the rents derived by City from the Leased Premises in lieu of or in addition to real or personal property taxes, and the new tax would most fairly be characterized as in the nature of an ad valorem or use tax, as opposed to an income or franchise tax on City's income, Lessee will pay all those taxes, assessments, levies or charges imposed upon City within thirty days of demand by City. City's demand will include its calculations of the taxes.

E. Utilities. Lessee will pay or cause to be paid, as and when the same may become due and payables, all charges for water, gas, heat, electricity, power, sewer, telephone services, trash removal, and all other services and utilities used in, upon or about the Leased Premises.

6. USE OF LEASED PREMISES

A. Permitted Use.

The general use of the Leased premises will be for an aeronautical themed museum with displays of aircraft of historical significance. The areas as described in Phase 2 and Phase 3 will be open to the general public and admittance will not require a membership of any kind and/or a set fee for visitation. All charges for visitation will be voluntary. Lessee is permitted to offer memberships and to hold fundraisers and special events for which admission or other fees may be charged.

1) During Phase 1 Lessee will use and occupy the approximately 15,000 square feet area as depicted in Exhibit D of the Leased Premises solely for the construction and operation of a display parking area for 3-4 historically significant aircraft. This area will not be open to the general public and will serve as a display area for aircraft of historical significance only.

2) Phase 2 (Intermediate Museum Facility). During Phase 2 Lessee will use and occupy the Leased Premises as described in Phase 1 and an additional area of approximately 36,300 square feet, as depicted in Exhibit D, to accommodate a more permanent location for the Western Museum of Flight facilities, a structure of approximately 11,000 square feet. The Museum building will be supported by ramp space, suitable auto parking space, additional security fencing, and pedestrian circulation and control facilities, all of which are subject to the review and approval of City, following submission of plans.

3) Phase 3 (Permanent Museum). During Phase 3 Lessee will use and occupy the Leased Premises solely for an aeronautical themed museum open to the general public. Phase 3, as depicted in Exhibit D, will be located immediately north of, and will include and incorporate the building

developed as part of Phase II. This third Phase of development of the Museum component will occupy an approximately 22,700 square foot site bound by the City hangar taxiway, the current Civil Air Patrol (CAP) hangar site location and the angular property line separating it from the City's Fire Department training activity area and the Nike site.

The structure developed in Phase 2 will be incorporated into the final development of Phase 3.

Any use not specifically listed in this Paragraph requires the prior written consent of the City Council, which may be granted or withheld in the City Council's sole and absolute discretion.

B. Use Restrictions. Notwithstanding any other provision of this Lease to the contrary and without limiting the restriction on Lessee's use of the Leased Premises set forth in Paragraph 6A above, in no event may Lessee use the Leased Premises, or any portion thereof, for: (a) any aircraft , as determined by City in its sole and absolute discretion, to violate the nighttime curfew on aircraft takeoffs; (b) salvage yard activities of any type except for the restoration of aircraft for display as museum exhibits; or (c) the storage or service of jet aircraft except those aircraft of historical significance on display as museum exhibits and (d) the sale or storage of jet or turbine fuel

C. Covenant to Operate. Lessee covenants and agrees to continuously operate or cause to be continuously operated uses in compliance with Paragraph 6.A.1 and 6.A.2 and 6.A.3 throughout the term of this Lease.

D. Compliance With Law. Lessee will comply, at its sole cost and expense, with all applicable statutes, ordinances, rules, laws or regulations of any governmental agency (including, without limitation, those of the City of Torrance) with respect to the use, operation, and occupancy of the Leased Premises. Lessee will make any alteration or improvement necessary or required to comply with any applicable law with respect to Lessee's use, operation and occupancy of the Leased Premises. Lessee will not conduct or permit to be conducted on the Leased Premises any public or private nuisance or commit or permit to be committed any waste upon the Leased Premises. Lessee will be solely responsible for monitoring the conduct and ensuring the safety of its tenants, employees, agents, and invitees on the Leased Premises.

E. Compliance with Environmental Laws. Lessee will not engage in any activity on or about the Leased Premises that violates any "Environmental Law" (as defined below), and will promptly, at Lessee's sole cost and expense, take all investigatory and/or remedial action required or ordered by any governmental agency or Environmental Law for clean-up and removal of any contamination involving any "Hazardous Material" (as defined below) created or caused directly or indirectly by Lessee. The term "Environmental Law" means any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environmental conditions on, under or about the Leased Premises, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Sections 9601 et seq.; (ii) the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Sections 6901 et seq.; (iii) California Health and Safety Code Sections 25100 et seq.; (iv) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq.; (v) the Federal Water Pollution Control Act, 33 U.S.C. Sections 1317 et seq.; (vi) California Water Code Section 1300 et seq.; and (vii) California Civil Code Section 3479 et seq., as such laws are amended and the regulations and administrative codes applicable thereto. The term "Hazardous Material" includes, without limitation, any material or substance that is (i) defined or listed as a "hazardous waste", "extremely hazardous waste", "restrictive hazardous waste" or "hazardous substance" or considered a waste, condition of pollution or nuisance under the

Environmental Laws; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos; and/or (iv) substances known by the State of California to cause cancer and/or reproductive toxicity. It is the intent of the parties to construe the terms "Hazardous Materials" and "Environmental Laws" in their broadest sense. Lessee will provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq. City makes no representations as to the existence or nonexistence of any Hazardous Materials on, in, or about the Leased Premises. Each party will immediately notify the other of its receipt of any notice, citation or other communication relating to the presence, storage, use or release of any Hazardous Material (in excess of levels permitted by law) in, under, on or about the Leased Premises.

F. Compliance with the Torrance Municipal Airport Code and Noise Abatement Programs or Ordinance. 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 Paragraph 6F, Lessee will inform its employees, customers and invitees of all noise abatement programs, ordinances, rules, procedures and any related regulations. Lessee will, at the City's request, provide written documentation of its compliance with the requirements of this Paragraph 6F.

Lessee will 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) providing 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.

G. FAA Provisions.

1. Lessee, in the operations to be conducted pursuant to the provisions of this Lease and otherwise in the use of the Airport, will not discriminate against any person or class of persons by reason of race, color, sex, creed or national origin as in any manner prohibited by Part 15 of the Federal Aviation regulations or any amendments to it.

2. Lessee will furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users. It will charge fair, equal and not unjustly discriminatory prices for each unit or service; provided, however, that the Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers in accordance with the other provisions of this Lease with regard to discounts and rebates.

3. Noncompliance with these provisions will constitute a material breach of this Lease. In the event of noncompliance, City will have the right to terminate without liability (in accordance with FAA rules and subject to California and federal notice and due process requirements), or, at the election of the City or the United States, both will have the right to judicially enforce the foregoing provisions.

Lessee agrees to insert the anti-discrimination provisions enumerated above into any agreement by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

Lessee will comply with the notification and review requirements covered in Part 77 of the Federal Aviation regulations in the event any future structure or building is planned or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

City reserves a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises together with the right to create in that airspace such noise as is or will become inherent in the operation of aircraft operating on the Airport.

Lessee, by accepting this Lease, expressly agrees for itself, its successors and assigns that it will not use the Leased Premises in any manner that might interfere with the landing and taking off of aircraft from on or off the Airport or otherwise create a hazard. In such an event, City reserves the right to enter upon the Leased Premises and cause the abatement of the interference or hazard at the expense of Lessee.

This Agreement is subject to whatever right the United States government now has or in the future may have or acquire affecting the control, operation, regulation or commandeering of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

Lessee will operate the Leased Premises for the use and benefit of the public, make available all Lessee's airport facilities to the public, without discrimination on the grounds of sex, race, color or national origin and to refrain from imposing or levying excessive, discriminatory or otherwise unreasonable charges or fees for any use of its facilities or services. Nothing contained in this Lease may be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

H. No Interference With Air Navigation. Lessee agrees that (i) it will not erect or permit the erection or growth of any building, structure, tree or other object on the Leased Premises above any maximum standards as set by City or the FAA; (ii) it will not use the Leased Premises or permit the Leased Premises to be used in any manner that might interfere with the landing or taking off of aircraft from the Airport, or which otherwise constitutes an air navigation obstruction, or interference; and (iii) it will not light or operate, or cause to be lighted or operated, any equipment that (as may be determined by the FAA 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.

I. City Reservations.

The City reserves the following rights from the leasehold estate created hereby:

(a) the right to take any lawful action necessary to prevent the erection or growth of any building, structure, tree or other object into the air space above those elevations set forth in subparagraph 6H above, and to remove from that air space, or mark and light as obstructions to air navigation, any and all Improvements, trees or other objects that may at any time project or extend above that elevation, together with the right of ingress to, agrees from, and passage over the said Leased Premises for such purposes;

(b) the right upon reasonable notice to Lessee 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) the right, for the use and benefit of the public, of flight for the passage of aircraft in the air space above the surface of the Leased Premises, together with the right to cause in that air space 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 the air space or landing at, or taking off from, or operating at, or on the Airport.

"Aircraft" as used in this Paragraph includes aircraft now or hereafter developed that utilize the air or such air space whether similar or dissimilar to existing aircraft.

"Interference" as used in this Paragraph 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 that 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.

In the event that the City lawfully exercises any of its rights pursuant to the provisions of this Paragraph 6I, the City will not be liable to the Lessee for any damage suffered as a result thereof and the Lessee will reimburse the City for all reasonable and necessary expenses incurred by the City therefor, provided, however, that the City will be liable for any damage caused by the City's exercise of its rights pursuant to this Paragraph 6, where that exercise has been unreasonable and without care.

This Lease is made upon the express condition and in consideration of the City's leasing the Leased Premises, and Lessee covenants that Lessee 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), and its officers, agents, invitees or employees, sublessees, assignees, transferees, licenses, 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 6, including, but not limited to, loss, damage or injury from the following:

(a) 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;

(b) 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, 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.

7. ALTERATIONS AND IMPROVEMENTS

A. City Improvements. Lessee will at its sole cost and expense subject to the imposition of normal real property taxes but not any special assessments, no later than the date that is six months prior to commencement of Phase 2 deliver to the Leased Premises water service, storm drain and sewer service from the property line to service the Leased Premises. The installation and construction of water service and other facilities outside of the boundaries of the Leased Premises will be at the expense of Lessee. The installation, construction, repair and maintenance of all service assemblies, plumbing and other facilities from the water meters to and within the individual buildings will be at the expense of Lessee.

B. Lessee Improvements.

1. Construction Obligation. Lessee will construct on the Leased Premises the Required Improvements, within the completion period set forth below. Failure by Lessee to construct any of the Required Improvements within the appropriate completion period will result in the termination of this Lease.

2. Construction Commencement and Construction Completion. Subject to Paragraph 7C(2)(c), Lessee will commence and complete construction of the Required Improvements within the time limits set forth below:

Phase	**Construction Commencement**	**Construction Completion**
Phase 1	Submission of Phase 1 plans and specifications within 2 months following execution of Lease	7 months following execution of Lease
Phase 2	Submission of Phase 2 plans and construction estimate within 12 months following Phase 1 completion	36 months following completion of Phase 1
Phase 3	Develop and submit construction cost estimate within 36 months following Phase 2 completion	
	Complete fund raising for Phase 3 within 24 months of submission of Phase 3 construction cost estimate	
	Final plans to be submitted within 6 months of completion of fund raising	
		12 months from approval of final plans for Phase 3

3. Phase 1 Required Improvements. The Phase 1 Required Improvements will be constructed in the area east of the easternmost taxiway. The area is bounded by a line 15 feet from the east edge of the easternmost taxiway running from the current fence on the street behind the Acura dealer NW for 150 feet; it then makes a right angle heading NE for 200 feet again intersecting the same fence. The area is approximately 15,000+ square feet. The Phase 1 Improvements will consist of the following:

a. Site grading for proper base and drainage;

b. Installation of rock base;

c. Final grading and application of asphalt;

d. Installation of security fencing.

e. Installation of sign facing Airport Drive at the intersection with the roadway behind the Acura dealer. Dimensions, location and content of the sign subject to the City's determination and approval.

4. Phase 2 Required Improvements. The Phase 2 Required Improvements will be constructed in an area of approximately 36,300 square feet and located immediately NE of Phase 1. The Phase 2 Required Improvements will consist of the following:

a. A Butler-type manufactured building of about 11,000 square feet;

b. Associated ramp space, automobile parking, additional security fencing (including ingress and egress points), and pedestrian circulation and control facilities. The Phase 2 plans will ensure that the Phase 2 portion of the Leased Premises will be securely fenced from the remainder of the airport and that all access to the Leased Premises will be from an access point external to the airport.

5. Phase 3 Required Improvements. The Phase 3 Required Improvements will be constructed in an area of approximately 27,000 square feet, located immediately north of, and including part of the Phase 2 project areas. The Phase 3 Required Improvements will consist of the following:

a. A permanent museum facility of approximately 15,000 square feet;

b. Appropriate static aircraft display areas;

c. Outdoor picnic/observation areas for museum visitors; and

d. Pedestrian circulation routes.

C. General Construction Requirements. The Required Improvements and any other improvements to be constructed by Lessee on the Leased Premises (collectively, the "Improvements") must be installed and constructed in accordance with the following provisions:

1. Site Preparation.

(a) Soils investigation. Prior to acceptance of the Leased Premises, Lessee will engage the services of a State of California certified civil engineer who is experienced and knowledgeable in the practice of soils engineering, and who is reasonably acceptable to the City Manager (or a designee chosen by the City Manager in his or her sole discretion). The engineer will conduct a soils investigation of the site in accordance with a formal proposal and will render a written report of the engineer's findings and recommendations to the City and Lessee. Lessee will bear the entire cost of soils investigation analysis.

(b) Risk of Lessee. Lessee will construct Improvements on the Leased Premises in compliance with all guidelines and recommendations contained in the written report prepared pursuant to subparagraph (a) above; Lessee will proceed at its own risk as to the condition of the soil.

(c) Preparation for Development. Any and all work or activities necessary to prepare the Leased Premises for development will be the responsibility, and be done at the cost of Lessee, subject to Paragraph 7A.

(d) Grading. Lessee will grade the Leased Premises at its own expense in accordance with a grading plan to be prepared by the Lessee at its own expense and approved by the Community Development Director of the City. Lessee will obtain a grading permit and will grade the Leased Premises in accordance with the provisions of the Torrance Municipal Code and any other applicable laws.

2. Construction.

(a) Site Plans. All construction and reconstruction will be in accordance with site plans, elevation drawings and architect's sketches required to be on file with the Community Development Director of the City, or such plans, drawings and sketches as amended by Lessee, with the written reasonable approval of the City Manager.

(b) Building Permits and Leased Premises Map. Before constructing or reconstructing any Improvements, Lessee will obtain a building permit(s) from the Community Development.

(c) Force Majeure. The time within which Lessee is obligated to construct, repair or rebuild the Required Improvements, or cure any default on the part of Lessee hereunder will be extended for a period of time equal in duration to, and performance in the meantime will 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 inaction or regulation of any governmental agency, law, ordinance, referendum, shortage of materials or labor, or other similar things beyond the reasonable control of Lessee (collectively, "force majeure"). Adverse market conditions or the inability to obtain financing or tenant commitments will not constitute an event of force majeure.

(d) FAA Filing. Prior to the commencement of construction or reconstruction, Lessee must file Form 7460-1 and receive approval thereof from the FAA.

(e) Interference with Aircraft. Lessee may not light or operate, or cause or permit to be lighted or operated, any equipment that would interfere with the navigation, landing or takeoff of aircraft on the runways and in the aeronautical areas of the Airport.

(f) Performance Guaranty. On or before the date of commencement of any reconstruction or construction of any improvement, Lessee will provide such documentation and/or perform such acts in accordance with the terms as may be agreed upon between Lessee and the City for the purpose of guarantying the performance of any work undertaken by Lessee.

(g) Property of Lessee. Any Improvements constructed, reconstructed or placed on the Leased Premises will be deemed the property of Lessee for the term of this Lease, and will become the property of the City upon the expiration or earlier termination of this Lease as provided in Paragraph 9. Lessee is responsible for all maintenance of all Improvements constructed by Lessee in accordance with the provisions of this Lease.

(h) No Subdivision or Parcelization of Leased Premises. Neither the Leased Premises nor the leasehold interest of Lessee or any of Lessee's successors in interest may 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, which may be withheld in its sole discretion.

(i) Utility Installations.

(i) Fire Hydrants. City will maintain and repair all fire hydrants and associated facilities within the Leased Premises, provided that Lessee grants to City a suitable easement, or easements across and upon the Leased Premises for such maintenance and repair.

(ii) Gas, Electric, Telephone Services. The City does not warrant or affirm that gas, electric, telephone or other public utility services, except water and sewer, are or will be available to Lessee. Lessee, at its own risk and without cost or expense to the City, will be responsible for installation and maintenance on and to the Leased Premises of all other public utility services.

(j) Value and Utility. Subject to applicable building codes and ordinances, all changes and alterations must be of such a character that when completed, the value and utility of the Improvement changed or altered by such changes or alterations will not be less than the value and utility thereof immediately before any such change or alteration.

(k) Workmanlike Manner. All work done in connection with any changes or alterations following the commencement thereof will be performed in a good and workmanlike manner and with due diligence.

D. Liens. Lessee will pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Leased Premises, which claims are or may be secured by any mechanic's, laborer's, materialmen's or other similar liens against the Leased Premises or any interest therein. If Lessee in good faith contests the validity of any lien, claim or demand, then Lessee must, at its sole expense defend itself and City against the same and pay and satisfy any adverse judgment that may be rendered thereon prior to the enforcement thereof against City or the Leased Premises; provided that if City so requires, Lessee will furnish to City a surety bond in the amount

required by applicable statute to remove the lien from record. Lessee agrees to indemnify and defend and hold City harmless from and against any lien or claim of lien filed against the Leased Premises. Nothing herein contained will 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 Leased Premises or the Improvements. City or its representatives will have the right to go upon and inspect the Leased Premises at all reasonable times upon two business days' written notice to Lessee (except in case of emergency) and have the right without prior notice to Lessee to post and maintain notices of nonresponsibility pursuant to Section 3094 of the California Civil Code or such other notice as City may deem to be proper for the protection of the interests of City. Before any Improvements, or repairs or additions thereto that might result in a lien on the Leased Premises, are constructed or reconstructed upon the Leased Premises, Lessee must serve written notice upon the City, in the manner provided for in Paragraph 22, in sufficient time, and in any event, at least twenty days prior to commencing any work, of Lessee's intention to perform such work for the purpose of enable 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 that may be permitted by law. Any contest by Lessee of any liens must be made by Lessee in good faith and with due diligence and Lessee will fully pay and immediately discharge the amount at any final judgment rendered against the City or Lessee in any litigation involving the enforcement of liens or their validity.

8. MAINTENANCE AND REPAIRS

A. Lessee's Duty to Maintain. Lessee, at its sole cost and expense, will maintain or cause to be maintained the Leased Premises including all structures, Improvements, fixtures, equipment, and personal property located on the Leased Premises in good order, condition, quality, and repair, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies having jurisdiction. In the event Lessee fails to maintain the Leased Premises, City will have the right but not the obligation to enter upon the Leased Premises to correct or cure the problem and any cost to City, plus a fifteen percent administrative charge, will be billed to Lessee and paid by Lessee within thirty days following receipt of the invoice.

B. Periodic Painting/Cleaning. City has the right, in its reasonable discretion, to require Lessee, not more frequently than once every eight years, at Lessee's cost and expense, to promptly paint or clean or otherwise preserve and beautify the surfaces of the exterior of all Improvements on the Leased Premises. The treatment applied must restore the appearance of and act to preserve the Improvements. In the event a dispute arises between the parties as to their rights or obligations under this Subparagraph 8B, City and Lessee agree to refer the dispute to judicial reference in accordance with the provisions of Paragraph 20.

9. SURRENDER

A. Structures. At the expiration of the term of this Lease or upon the earlier termination hereof, this Lease will terminate without further notice and Lessee will surrender the Leased Premises to the City and all Improvements thereon, including but not by way of limitation, the Required Improvements and any alterations or additions thereto, will remain for the benefit of the City. Any holding over by Lessee after expiration will not constitute a renewal or extension or give Lessee any rights in or to the Leased Premises. In the event of a holdover by Lessee, Lessee will pay to City $5000 for each month or partial month of holdover.

B. Removal. No Improvements may be removed from the Leased Premises or voluntarily destroyed or damaged during the term of this Lease without the prior written consent of the City Manager, or his/her designee, which may be granted or withheld in the City Manager's sole and absolute discretion.

C. Movable Structures. Machines, trade fixtures and similar installations that are installed in any improvement on the Leased Premises will not be deemed to be part of the realty, and interior, nonstructural partitions, although part of the realty, may be relocated from time to time as necessary to accommodate Lessee's needs, even though such installations and partitions are attached to the floors, walls or roofs of any building or structure or to outside pavements, so long as such installations and partitions can be removed or relocated without structural damage to any improvement on the Leased Premises; provided, however, that if the removal or relocation of any such installation or partition causes nonstructural damage to any part of the improvement, then Lessee will repair such damage and restore said improvement 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 (other than nail) or unpainted or otherwise unfinished walls will be left by Lessee in any improvement at the expiration or sooner termination of the term of this Lease.

D. Personal Property. Any and all personal property of every kind and nature whatsoever, not attached to or installed in any improvement which Lessee or its sublessees place in upon or about the Leased Premises during the term of this Lease may be removed prior to the expiration of the term and will, as between the City and Lessee, remain the personal property of Lessee or its sublessees, as the case may be, provided that any personal property left on the Leased Premises upon surrender to the City will be presumed to be abandoned by Lessee and City may dispose of that property in any manner at Lessee's cost. Lessee waives any claim or right to that property or any proceeds derived from its sale.

E. Lighting, Etc. Notwithstanding anything to the contrary contained in this Lease, any and all lighting, elevator, escalator, plumbing, air cooling, air conditioning, heating (including water heating) and ventilating equipment will 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 improvement in which it is installed, it will not be removed from such improvement except for repairs, alterations and replacement with newer functionally equivalent equipment, without the consent of the City Manager, (or a designee chosen by the City Manager in his or her sole discretion), and all such equipment will remain as a part of the realty at the expiration or sooner termination of the term of this Lease. Notwithstanding anything to the contrary contained within this Subparagraph 9E, Lessee may remove, or allow to be removed, subtenant lighting and subtenant signs to the extent that the removal may be accomplished by the simple unfastening of screws and bolts and provided that the removal does not in any way cause damage to the Leased Premises.

10. INDEMNITY.

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 10 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 and, at City's request, defend City against, any and all liabilities and claims for damages, losses, costs and expenses (including reasonable attorneys' fees) 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 (except City's sole negligence or willful conduct), which occurs on or about, or is in any way connected with, the Leased Premises or any buildings or other Improvements constructed thereon during the term of this Lease, or results or arises from the activities conducted by Lessee on the Leased Premises.

Without limiting the generality of the foregoing, Lessee agrees that City will 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 offices, agents, employees, invitees, customers, or any other person in or about the leased Premises, nor will 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 that damage or injury is caused by any cause whatsoever (except City's sole negligence or willful conduct), and whether the same damage or injury results from conditions arising upon the Leased Premises or from City's activities upon other portions of the Airport.

City will 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.

It is the intention of City and Lessee that City be released from and indemnified, held harmless and (at City's option) defended against any and all injuries (including death) to persons and damage to property described in this Paragraph 10, to the fullest extent permitted by law. If at any time during the term of this Lease, the right of City to be so released, indemnified, held harmless or (at its option) defended is enlarged or reduced by reason of the application of any law or legal standard, City's rights under this Paragraph 10 will be ipso facto enlarged or reduced to conform to those requirements, such that City is at all times during the term released from and indemnified, held harmless from and (at its option) defended against those matters, to the fullest extent permitted under then applicable law.

Nothing in this Paragraph 10 will excuse City of its responsibility for City's sole negligence or willful misconduct.

11. INSURANCE

A. Liability. Lessee will procure and maintain a policy or policies of comprehensive public liability and property damage insurance in a good and solvent insurance company or companies for the benefit of Lessee, City and other parties with an insurable interest that may be designated by City or Lessee and under and by the terms of which City and such other designated parties are protected from and insured against any and all loss, damage or liability of whatsoever nature arising out of or in connection with the use of or operations on or from the Leased Premises during the term hereof. The limits of liability on any policy of public liability insurance may not be less than Two Million Dollars combined single limit, per occurrence, from the Effective Date through completion of Phase 2. Upon the completion of Phase 2, the limits of liability on any policy of public liability insuranced may not be less than Five Million Dollars combined single limit, per occurrence. The policy will be written as a primary policy and not contributory with or in excess of any policy which City and other insureds may carry and will cover and insure Landlord and the other parties designated by City as additional insureds. Any policy must provide that any loss will be payable to City and any other named insureds designated by City or Lessee, notwithstanding any act or negligence of Lessee that may otherwise result in a forfeiture of the insurance. The insurance must be written on an occurrence basis. In the event that Lessee maintains any public liability and/or property damage insurance with respect to the Leased Premises in excess of the above-

required insurance, Lessee will cause City to be named as an additional insured on such other insurance.

B. Improvements. Lessee will procure and maintain throughout the Lease term insurance upon the Required Improvements, including the value of all additions, alterations, replacements and repairs, by whomever made, as well as the machinery, equipment and their systems forming a part thereof, against loss or damage by any hazard insured under a so-called All Risk policy, in an amount equal to not less than one hundred percent of the full replacement cost thereof (excluding cost of excavations, foundations, footings, underground pipes, conduits, flues and drains) without diminution of such cost for depreciation or obsolescence. During the course of construction of the Required Improvements, the insurance will be in the form of a Builder's Risk Completed Value Insurance Policy. Every policy evidencing such insurance must name Lessee, City, and any other person with an insurable interest designated by City or Lessee as additional insureds. The policy must include a one year rental loss endorsement in favor of City. The foregoing policy will contain an agreed-amount clause waiving coinsurance and Lessee will annually update the amount of insurance coverage and arrange to continue the agreed-amount clause. The foregoing policy must also contain, to the extent applicable, endorsements providing coverage for demolition costs, increased costs of construction, and contingent liability from operation of building laws. At City's option, Lessee's insurance will include earthquake insurance, provided that coverage is obtainable at commercially reasonable rates.

C. Fire Insurance. Lessee will procure and maintain a policy or policies of standard fire and extended coverage insurance covering Lessee's trade fixtures, furnishings and equipment in an amount equal to not less than ninety percent of the full insurable value thereof and to procure an appropriate clause in, or an endorsement on, any such policy of fire and extended coverage insurance, pursuant to which the insurance company or companies waive subrogation or consent to a waiver of right of recovery against City, if such a policy is available at commercially reasonable rates.

D. Workers' Compensation. During the course of any construction, repair and/or alteration to the Leased Premises, Lessee will maintain or cause to be maintained workmen's compensation insurance as may be required by law, covering all persons employed in connection with such work.

E. Carrier Rating. All policies enumerated in this Paragraph 11 must be issued by an insurer admitted to do business in California, which qualifies as a member of the California Insurance Guaranty bond, and which is rated in Best's Insurance Guide with a financial rating of Class VIA+ or better, or as may be accepted in writing by the City Manager.

F. Evidence of Insurance. Lessee will deliver to City policies evidencing the insurance procured by Lessee under the terms hereof, or to deliver in lieu thereof certificates of coverage from the insurance company or companies writing said policy or policies of insurance, which certificates will, among other things, designate the company writing the same, the number, amount and provisions thereof.

G. Cancellation. All insurance policies must contain a provision that the policies may not be cancelled or terminated without thirty days' prior written notice from the insurance company to City and the other named insureds and the certificate or policy required by subparagraph F above must so provide. Lessee agrees that on or before ten days prior to expiration of any insurance policy, Lessee will deliver to City and any other named insureds designated by City written notification in the form of a receipt or other similar document from the applicable insurance

company that said policy or policies have been renewed or deliver certificates of coverage from another good and solvent insurance company for such coverage.

H. Lessee's Failure to Provide. If Lessee fails to timely procure any policy required to be maintained by Lessee hereunder, or renewal thereof, or to evidence the procurement or renewal thereof by delivery of the certificates or renewal notifications required by this Paragraph 11, City may (but it is not required to), after having given not less than five days' prior written notice to Lessee, procure such insurance and charge the cost thereof to Lessee as additional rental payable in full on the next rent payment date. Lessee will not do or permit to be done anything which will invalidate the insurance policies to be maintained by Lessee hereunder.

I. Periodic Increases. City has the right from time to time to increase the amounts of insurance required to be maintained by Lessee.

12. CASUALTY DAMAGES

In the event the whole or any part of the Required Improvements are damaged or destroyed by fire or other casualty, damage or action of the elements, at any time during the term of this Lease, Lessee will with all due diligence, at Lessee's sole cost and expense, repair, restore and rebuild the Required Improvements on the same plan and design as existed immediately prior to the damage or destruction (subject to such changes as may be required by any local governmental authorities as a condition to obtaining building permits to rebuild), and to the same condition that existed immediately prior to such damage, provided, however, that if the Required Improvements are destroyed or damaged during the last three years of the term of this Lease, and provided further that the extent of such damage or destruction is one-third or more of the replacement value of the Required Improvements immediately prior to the occurrence of such damage or destruction, then Lessee may cancel this Lease by giving written notice of its election to do so to City within one hundred twenty days after such damage or destruction, in which event Lessee need not restore or rebuild the Required Improvements, but will if required by City, demolish and remove the damaged Required Improvements and level and clear the site and leave such areas broom clean, and release to City any interest of Lessee in and to the insurance proceeds from the insurance to be provided by Lessee pursuant to Paragraph 11B above, less reasonable costs, if any, incurred by Lessee to remove the damaged Required Improvements and level and clear such areas. In the event of any restoration or reconstruction pursuant to this Paragraph, the insurance proceeds available in consequence of such damage, if any, will be made reasonably available to Lessee by City for that purpose. Prior to any such restoration and reconstruction, drawings and specifications will be submitted to City and any other necessary parties for their approval. City agrees that its approval of drawings and specifications will not unreasonably be withheld. All work performed by Lessee will be constructed in a good and workmanlike manner according to and in conformance with the laws, rules and regulations of all governmental bodies and agencies and the requirements of Paragraph 7 and applicable to the original construction of the Required Improvements. The rental and other charges payable will not abate or be reduced by reason of any casualty damage.

13. ASSIGNMENT AND SUBLETTING

A. General.

1. Prohibition. Lessee may not assign, sell, encumber (except as permitted by this Lease), pledge or otherwise transfer all or any part of Lessee's leasehold estate hereunder or permit the Leased Premises or any portion thereof to be occupied by anyone other than Lessee or

Lessee's employees or sublet the Leased Premises or any portion thereof, without City's prior written consent in each instance, which may be withheld in City's sole and absolute discretion.

2. Permitted Subleases. There are no permitted subleases.

14. LEASEHOLD MORTGAGES

A. No Right to Hypothecate. Lessee may not hypothecate, mortgage, pledge or alienate Lessee's leasehold estate and rights hereunder as security for payment of any indebtedness of Lessee.

`15. DEFAULT AND REMEDIES

A. Defaults. The occurrence of any one or more of the following events will constitute a material default and breach of this Lease by Lessee: (i) the failure by Lessee to make any payment of any sums payable by Lessee under this Lease, within five days of the date required to be made by Lessee hereunder; (ii) the vacating or abandonment of the Leased Premises by Lessee; and (iii) the failure by Lessee to observe or perform any other obligation hereunder, which will not be remedied to the satisfaction of City within thirty days after written notice from City specifying such failure to perform (or, if such failure cannot reasonably be remedied by Lessee within thirty days, if Lessee will not have commenced appropriate action to effect such remedy within said thirty -day period and thereafter prosecuted such action to completion with all due diligence); however, Lessee will not be in default (and its time for performance will be extended accordingly) for any reasonable delay the cause of which is the City's unreasonable failure to timely perform any of its obligations under this Lease; (iv) the making by Lessee of any general arrangement or assignment for the benefit of creditors; (v) Lessee becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty days); (vi) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Leased Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty days, or (vii) the attachment, execution or other 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 is not discharged within thirty days. In the event of any such default or breach of Lessee, then City may at any time thereafter, without limiting City in the exercise of any right or remedy which City may have by reason of such default or breach: (i) immediately terminate this Lease and Lessee's right to possession of the Leased Premises; (ii) continue this Lease in effect without terminating Lessee's right to possession even though Lessee has breached this Lease and abandoned the Leased Premises and enforce all of City's rights and remedies under this Lease; provided, however, that City may at any time thereafter elect to terminate this Lease for such previous breach by notifying Lessee in writing that Lessee's right to possession of the Leased Premises has been terminated; and (iii) pursue any other remedy now or hereafter available to City under applicable law.

B. Receipt of Charges Not Waiver of Default. The receipt by the City of any 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, will not be deemed to be a waiver of any provisions of this Lease. No acceptance by the City of a lesser sum than the charges then due will be deemed to be other than on account of the earliest installment of the charges then due, nor will any endorsement or statement on any check or any letter accompanying any check or payment of 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.

C. Failure to Enforce Covenant Not Invalidation. No failure on the part of the City to enforce any covenant or provision of this Lease, nor any waiver of any right hereunder by the City will discharge or invalidate the 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.

D. Receipt of Post-Termination Rent Not Reinstatement. The receipt by the City of any sum of money or any other consideration paid by Lessee after the termination in any manner of the term, or after notice by City of such termination, will 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.

16. RIGHT OF ACCESS

City and City's officers, employees and agents have the right to enter upon the Leased Premises thereon during normal business hours upon two business days' written notice to Lessee (excepted in case of emergency) for the purpose of inspecting the same and without prior notice to Lessee to post notices of non-responsibility or any other notices the City may reasonably deem necessary or desirable.

17. QUIET ENJOYMENT

Subject to all rights reserved by City under this Lease and to the title exceptions existing as of the Effective Date, 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, will lawfully and quietly hold, occupy and enjoy the Leased Premises during the term of this Lease, without hindrance from City or those lawfully claiming an interest in or to the Leased Premises through or under City.

18. CONDEMNATION

A. Condemnation. In the event proceedings be taken pursuant to an exercise of the power of eminent domain by any lawful authority to condemn or otherwise acquire any portion of the Leased Premises, and as a result of such taking, such portion of the Leased Premises will no longer be suitable for the operation of the type of uses specified in Paragraph 6, Lessee will have the option, by written notice to City at any time prior to the date that such portion of the Leased Premises is taken by the condemning authority, to terminate this Lease, effective as of the date of possession by the condemning authority. Lessee will not grant a right of entry to any condemnor without the written consent of City .

B. Partial Termination. Should Lessee not elect to so terminate this Lease, or should any such taking not be sufficient to allow such option to terminate, this Lease will terminate as to the portion of the Leased Premises taken upon the date which possession of said portion is taken, but this Lease will continue in force and effect as to the remainder of the Leased Premises and Lessee, at its own cost and expense, will promptly restore the remaining portions of the Improvements, to a condition existing just prior to such taking.

C. Award. In the event that an award is made for an entire or partial taking or for damage to the Leased Premises or any interest therein in any action in direct or inverse

condemnation or in the event of a taking under the power of eminent domain, the parties agree that their respective rights to the award or compensation paid will be as follows:

(h) City is entitled to that portion of the award received for the taking of the real property within the Leased Premises, exclusive of all Required Improvements and other Improvements placed on the Leased Premises by or under Lessee.

(i) Lessee is entitled to that portion of the award received for the taking of Required Improvements and other Improvements placed on the Leased Premises by or under Lessee; provided, however, that with respect to any taking or award occurring after the one hundred twentieth full calendar month of the term of this Lease, any award received for the taking of or damages to Required Improvements or other Improvements placed on the Premises by or under Lessee will be prorated between City and Lessee based on the ratio between the number of years and partial years remaining in the Lease term to fifty years. For example, in the event the date of taking occurs with five years left in the Lease term, Lessee would be entitled to one-tenth of the award for the taking of or damages to the Required Improvements or other Improvements.

(j) Any severance damages and interest payable on the total award will be divided between City and Lessee in the same ratio as are the awards granted to them pursuant to the other provisions of this subparagraph.

(k) Lessee is not entitled to any portion of the award on the basis that Lessee's interest in this Lease has a bonus value (i.e. that the fair rental value of the Leased Premises for all or any portion of the remainder of the term exceeds the rental reserved under this Lease for such period).

19. FAIR MARKET VALUE

A. Fair Market Value Defined. "Fair Market Value" means:

When applied to the land of the Leased Premises or any portion thereof, the fair market value of such land, exclusive of the Improvements thereon, based upon the uses of the Leased Premises permitted under this Lease, as the same may from time to time be amended;

When applied to the Improvements located on the Leased Premises, or any portion thereof, the fair market value of such Improvements, exclusive of the land of the Leased Premises, based upon the uses of such Improvements permitted under this Lease, as the same may from time to time be amended;

When applied to the entire Leased Premises, or any portion thereof, and all Improvements located thereon, the fair market value of such land and Improvements in the aggregate based upon the uses of the Leased Premises permitted under this Lease, as the same may from time to time be amended;

When applied to the Lessee's leasehold interest under this Lease together with Lessee's interest in all Improvements located on the Leased Premises, the fair market value of such leasehold estate and improvements in the aggregate based upon the uses of the Leased Premises and such Improvements permitted under this Lease, as the same may from time to time be amended; and

When applied to the City's interest under this Lease together with the City's interest in the land of the Leased Premises and all Improvements located on the Leased Premises, the fair

market value of such interests in the aggregate based upon the uses of the Leased Premises permitted under this Lease, as the same may from time to time be amended.

B. Failure to Agree. If the parties cannot agree on the Fair Market value of the Leased Premises within thirty days of the date that such Fair Market Value determination becomes necessary under any of the provisions of this Lease, then the Fair Market Value will be determined by appraisal in accordance with subparagraph C of this Paragraph 19.

C. Appraisal.

If appraisal is required to fix the Fair Market Value, the appraisal will be conducted in the following manner: within five days following the expiration of the thirty-day period during which the parties have been unable to reach agreement on the Fair Market Value, the City will appoint an appraiser and give written notice thereof to Lessee and within five days after the service of that notice, Lessee will in like manner appoint an appraiser and give written notice to the City, or in case of the failure of either party so to do, the appraiser appointed by the other party will alone conduct the appraisal, and that determination of Fair Market Value will be binding and final, and the remaining provisions of this Paragraph 19C will be disregarded. If two appraisers are appointed then they will select and appoint in writing a third appraiser and give written notice to the City and Lessee, or if within five days after the appointment of the second appraiser, the two appraisers fail to appoint a third, then either party will, at its own expense, have the right to make application to the Superior Court of Los Angeles County, California to appoint a third appraiser. All appraisals must be completed within thirty days following the selection of the last appraiser to be designated. All appraisers must be experienced in real estate valuation matters and be both impartial and unrelated to either the City or the Lessee.

The arithmetic average of the two determinations of fair market value of the three appraisers so appointed (in either manner) which are closest in value will be deemed to be the Fair Market Value and the third determination thereof will be disregarded.

Each or the parties hereto will pay for the services of its appointee and one-half of the fee charged by the third appraiser and of all other proper costs, with the exception of attorneys' fees, which will be borne solely by the party incurring those fees.

20. JUDICIAL REFERENCE

In the event that a dispute arises between the parties in instances under this Lease which call for judicial reference, the City and Lessee agree to refer the dispute to judicial reference in accordance with the provisions of Section 638 et seq., of the California Code of Civil Procedure. The parties will agree upon a single referee who will then try all issues whether of fact or law, and report findings and a judgment. If the parties are unable to agree upon a referee, either party may seek to have one appointed, pursuant to California Code of Civil Procedure Section 640. The cost of such proceeding will initially be borne equally by the parties. However, the prevailing party in such proceeding, or in any litigation between the parties, will be entitled, in addition to all other costs reasonably incurred, to recover its reasonable attorneys' fees and its contribution for the cost of the reference as an item of damage or recoverable costs.

21. AUTHORITY

A. City Representations. City warrants that it has full right, legal capacity and authority to enter into and perform its obligations under this Lease and except as otherwise set forth in this

Lease, no approval or consent not heretofore obtained is necessary in connection with its execution on behalf of City or the performance of City's obligations hereunder.

B. Lessee Representations. Lessee warrants that it has full right, legal capacity and authority to enter into and perform its obligations under this Lease and except as otherwise set forth in this Lease, no approval or consent not heretofore obtained is necessary in connection with its execution on behalf of Lessee or the performance of Lessee's obligations hereunder.

22. NOTICES

A. Notices to City. The address for all Notices (as defined below) given by Lessee to City is:

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503
Attn: City Clerk
Fax: (310) 618-2931

and

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503
Attn: City Manager
Fax: (310) 618-5891

B. Notices to Lessee. The address for all Notices hereunder given by City to Lessee is:

Western Museum of Flight
3315 Airport Drive Red Baron #3
Torrance, CA 90505
Attn: Cynthia Macha-Skjonsby
Fax: (310) 325-9556

C. Effectiveness. Any and all notices, demands or other communications ("Notices") required or desired to be given hereunder by either party must be in writing and may be validly given or made by any of the following methods: (i) by personal delivery; (ii) by facsimile transmission if also concurrently deposited for delivery by United States mail in the manner described in clause (iii); (iii) by deposit in the United States mail, certified or registered, postage prepaid; or (iv) by delivery by a same day or overnight courier (e.g., Federal Express). For Notices served personally or by courier, service will be conclusively deemed made at the time of personal service or refusal to accept service. Notice served by facsimile transmission will conclusively be deemed to have been made as of the earlier of (a) the first business day following the date of transmission to the facsimile number, if any, shown above, so long as the sender has reasonable confirmation of the receipt by the receiving facsimile machine of the facsimile transmission; or (b) the date of receipt or refusal of the concurrently mailed copy of the Notice. If Notice is given by mail, it will be deemed delivered upon actual delivery or refusal to accept delivery, addressed to the party to whom such Notice is to be given at the address set forth above. Either party may change its address or facsimile number for the purpose of receiving Notices by a written notice given in the

manner above to the other party. Notwithstanding the prescribed methods of delivery set forth above, actual receipt of written notice by the parties will constitute notice given in accordance with this provision on the date received or refused.

23. GENERAL PROVISIONS

A. Remedies Cumulative. No remedy or election provided in any provision of this Lease will be deemed exclusive unless so indicated, but will whenever possible be cumulative with all other remedies in law or equity except as otherwise herein specifically provided.

B. Amendments and Modifications. This Lease may not be amended or modified in any way, and no purported amendment or modification will 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 his or her designee or the Mayor for the City; and (ii) executed by Lessee.

C. Litigation Expenses. If either party commences an action against the other party out of or in connection with this Lease, the prevailing party will be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party.

D. Time. Time is of the essence of this Lease.

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

F. Successors in Interest. Except as otherwise provided, each and every or term, covenant and condition of this Lease inures to the benefit of and binds, as the case may be, not only the parties but each and every of the heirs, executors, administrators, successors, assigns and legal representatives of the parties.

G. Waivers. The waiver by either Lessee or the City of any of the covenants, agreements, obligations, conditions, terms or provisions of this Lease will 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 . All waivers must be in writing and signed by the appropriate authorities of the party to be charged.

H. Gender and Number. In this Lease, whenever the 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.

I. Memorandum of Lease. Neither party will suffer or permit all or any part or a copy of this Lease to be recorded; provided, however, that City has the right, at City's expense, including the expense of any documentary transfer tax, to record or cause to be recorded a memorandum of this Lease executed by both parties. Upon the expiration or earlier termination of this Lease, Lessee will execute, acknowledge, and deliver to City within ten days after City's request, a quitclaim deed or other document(s) required by a reputable title company to remove any cloud from City's title to the Leased Premises that might arise as a result of the memorandum.

J. No Brokers. In connection with this Lease, Lessee and City each for itself warrants and represents that it has had no dealings with any person who is or might be entitled to a commission, finder's fee or other like payment in connection with the transactions contemplated by

this Lease and does hereby indemnify and agree to hold the other harmless from and against any and all loss, liability and expense that the other may incur should such warranty and representation prove incorrect.

K. Good Faith and Reasonableness. In the event any provision under this Lease requires or anticipates that either party make a judgment, give consent or approval, or exercise discretion, that party agrees to do so reasonably and in good faith, with due diligence, communicated to the other party in writing and without the imposition of conditions, 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 will govern.

L. Governing Law; Venue. This Lease is made under and will be construed pursuant to the laws of the State of California. Any suit hereon or hereunder may be brought only in a state or federal court sitting in the County of Los Angeles, State of California, and all parties agree that venue lies therein.

M. Execution in Counterpart. This Lease may be executed in several counterparts, and all so executed will constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

J. Approvals By City Government Functions. No consent, approval or satisfaction of the City provided for hereunder, and no waiver by the City of any provisions hereof, will be effective unless given in writing specifically referring to this Lease and executed by the City Manager or his or her designee or the Mayor for the City; no consent, approval, satisfaction or waiver under or with respect to this Lease will 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 will 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 will 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, businesses and activities located on or conducted thereon.

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IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

CITY OF TORRANCE,
a California municipal corporation

By: _____
Frank Scotto, Mayor

ATTEST:

By: _____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____
Patrick Q. Sullivan,
Assistant City Attorney

SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION, a California nonprofit public benefit corporation

By: _____ President
Cynthia Macha-Skjonsby, President

By: _____ TREASURER
Fred Peitzman, Treasurer

EXHIBIT "A"

QUITCLAIM DEED AND RELEASE

Recorded May 13, 1948
BOOK 27145 Pages 362-368 Incl.

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 6534.21 feet to a point on the northeasterly line of said Lot 1, said last mentioned

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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 5921.75 feet to the northeasterly corner of said Lot 1, the point of beginning, containing 385.463 acres, more or less;

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 Recorde 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:

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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-WH, 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

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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 material 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 includ 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 conven-

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ient 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 demoliton 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

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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.

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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 o 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 c 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 su reservations or restrictions as covenants in any other instance a

Recorded May 13, 1948
BOOK 27135 Pages 362-368 Incl.

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

EXHIBIT "B"

LEGAL DESCRIPTION FOR LEASE PARCELS

THE LAND REFERRED TO HEREIN IS SITUATED IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

LEASE PARCEL 1

BEING A PORTION OF PARCEL 27 OF OFFICIAL MAP NO. 2 RECORDED IN BOOK 5 PAGES 44 THROUGH 51 INCLUSIVE OF MAPS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID PARCEL 27; THENCE ALONG THE WEST LINE OF SAID PARCEL 27 NORTH 00°24'33" EAST A DISTANCE OF 441.91 FEET TO A POINT HEREINAFTER REFERRED TO AS **POINT "A"**; THENCE LEAVING SAID WEST LINE SOUTH 89°38'04" EAST A DISTANCE OF 95.84 FEET; THENCE NORTH 00°24'33" EAST A DISTANCE OF 31.03 FEET; THENCE SOUTH 50°12'32" EAST A DISTANCE OF 158.49 FEET; THENCE ALONG A LINE LYING 0.63 FEET NORTHWESTERLY AND PARALLEL TO THAT CERTAIN SOUTHEASTERLY LINE OF SAID PARCEL 27 SHOWN AS "NORTH 44°22'02" EAST 218.09 FEET" ON SAID OFFICIAL MAP NO. 2; THENCE SOUTHEASTERLY ALONG THE NORHWESTERLY PROLONGATION OF THAT CERTAIN EASTERLY LINE OF SAID PARCEL 27 SHOWN AS "NORTH 37°24'29" WEST 149.19 FEET" ON SAID OFFICIAL MAP NO. 2 SOUTH 37°24'29" EAST A DISTANCE OF 10.40 FEET TO A POINT ON SAID EASTERLY LINE; THENCE DEPARTING SAID LINE SOUTH 36°59'27" EAST A DISTANCE OF 129.56 FEET; THENCE SOUTH 48°29'15" WEST A DISTANCE OF 137.87 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID PARCEL 27; THENCE ALONG SAID SOUTHERLY LINE SOUTH 52°35'31" WEST A DISTANCE OF 189.51 FEET TO **THE POINT OF BEGINNING**.

CONTAINING AN AREA OF 73,567.79 SQUARE FEET MORE OR LESS.

LEASE PARCEL 2

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THENCE SOUTH 02°20'46" EAST A DISTANCE OF 10.94 FEET; THENCE SOUTH 00°24'33" WEST A DISTANCE OF 31.03 FEET; THENCE NORTH 89°38'04" WEST A DISTANCE OF 95.84 FEET TO **THE POINT OF BEGINNING**.

CONTAINING AN AREA OF 4,018.57 SQUARE FEET MORE OR LESS.

EXHIBIT "B": ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.

PREPARED UNDER THE SUPERVISION OF:

JAN A. ADAMS, R.C.E. 21687
EXPIRES 9-30-11

REGISTERED PROFESSIONAL ENGINEER
JAN A. ADAMS
No. 21687
Exp. 09/30/11
CIVIL
STATE OF CALIFORNIA

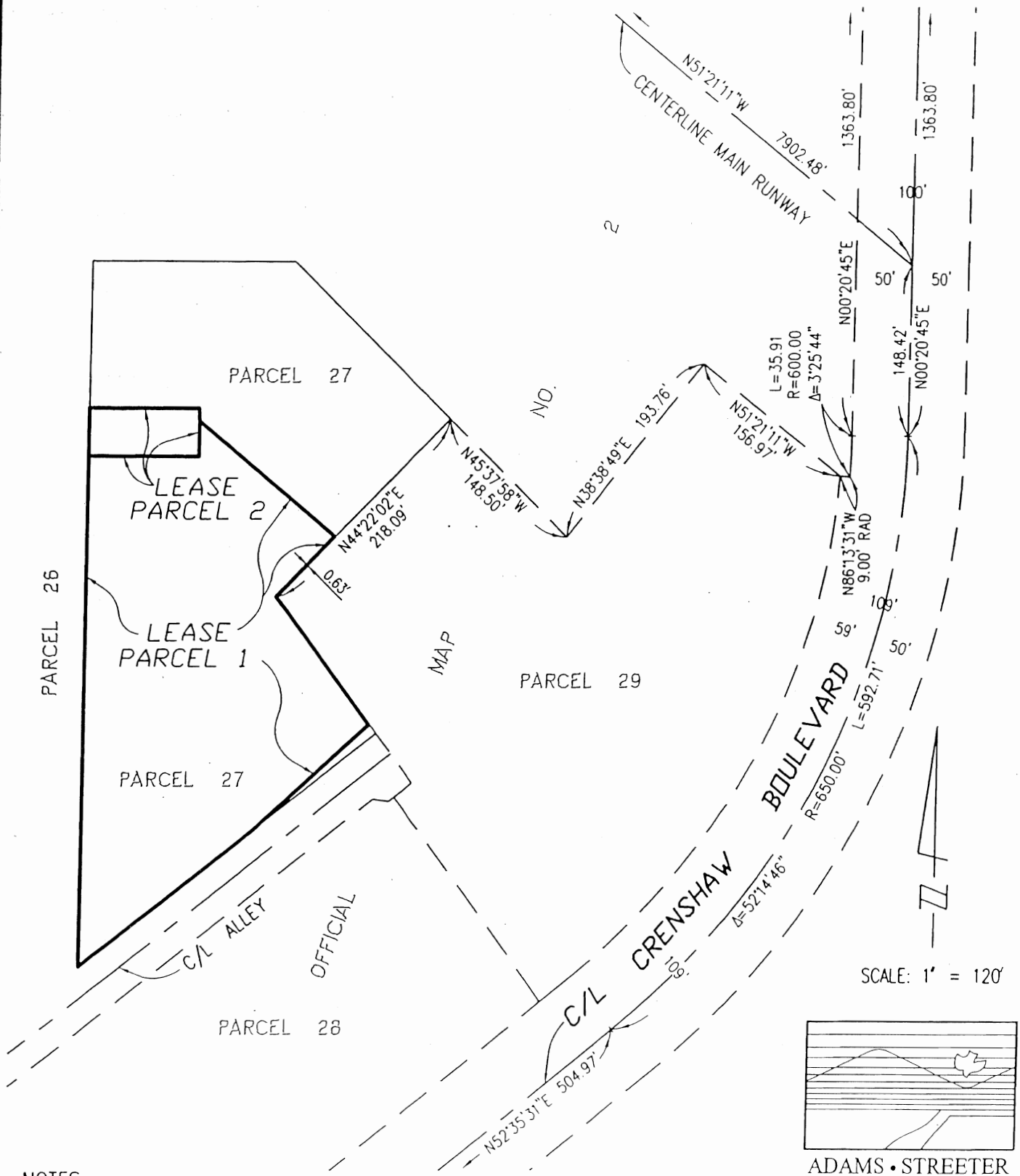
EXHIBIT "B"

SKETCH TO ACCOMPANY LEASE PARCELS

FOR PORTIONS OF PARCEL 27

OFFICIAL MAP NO. 2

IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



NOTES:

SEE SHEET 2 FOR LEASE PARCELS DATA

ADAMS • STREETER
CIVIL ENGINEERS, INC.

JN 10-1795

9/29/2010

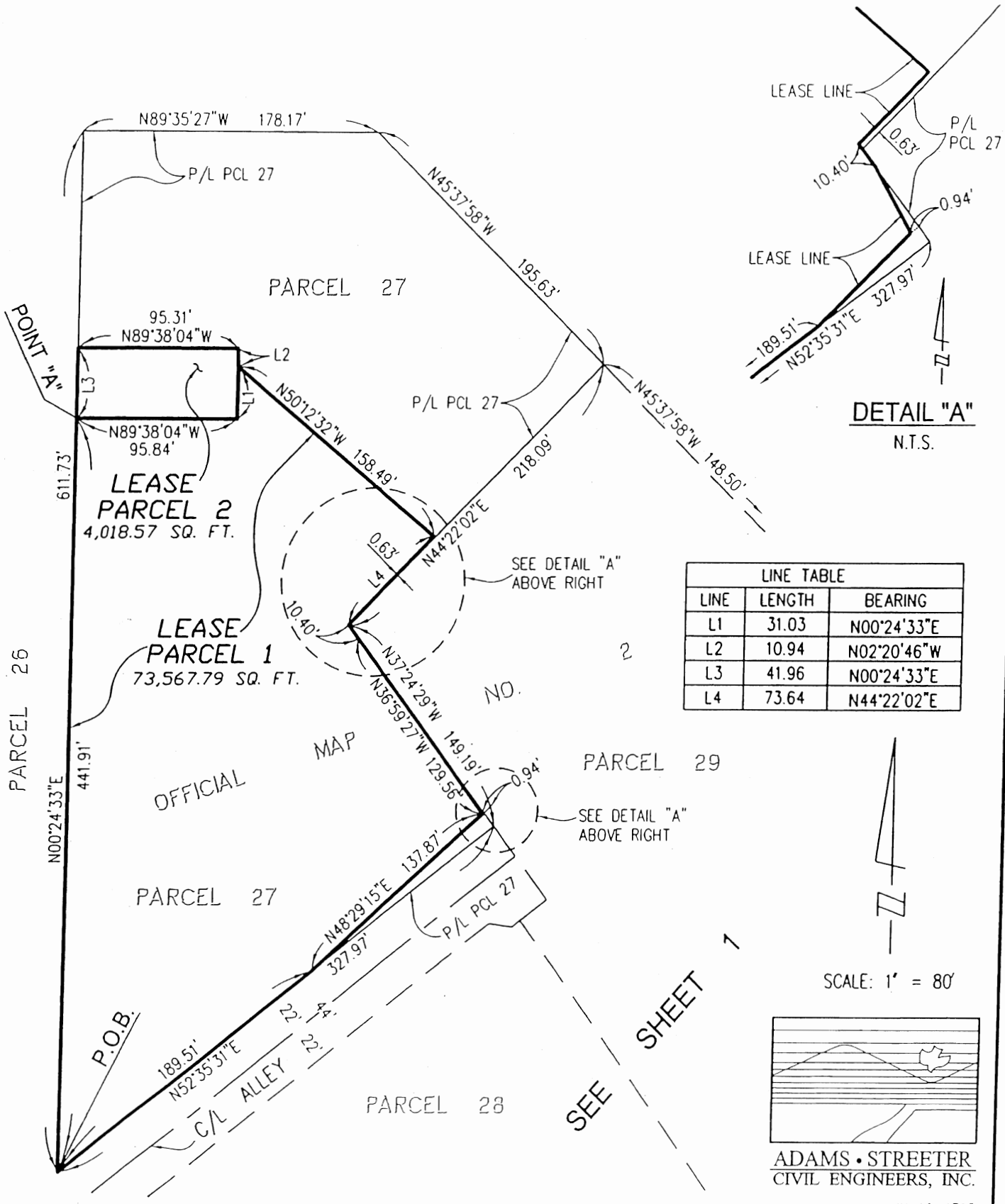
EXHIBIT "B"

SKETCH TO ACCOMPANY LEASE PARCELS

FOR PORTIONS OF PARCEL 27

OFFICIAL MAP NO. 2

IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



LINE TABLE		
LINE	LENGTH	BEARING
L1	31.03	N00°24'33"E
L2	10.94	N02°20'46"W
L3	41.96	N00°24'33"E
L4	73.64	N44°22'02"E

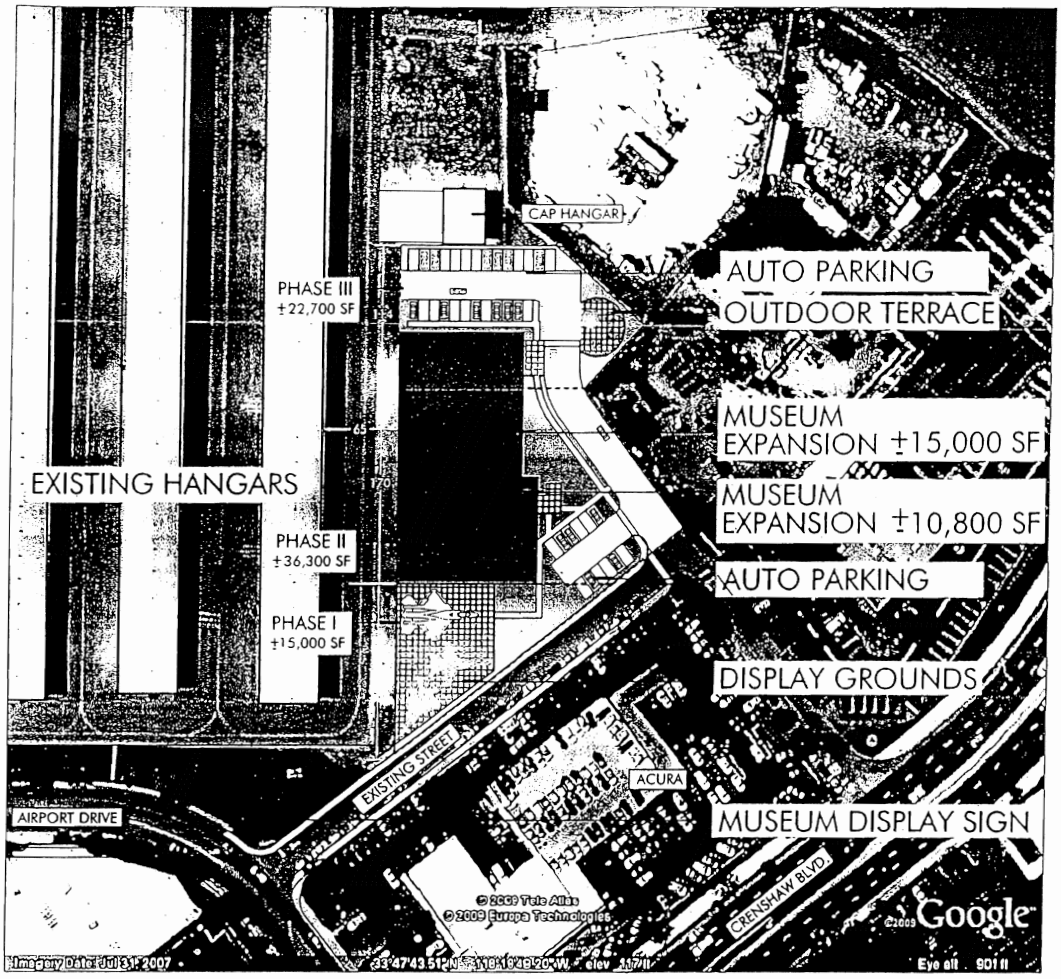
ADAMS • STREETER
CIVIL ENGINEERS, INC.

JN 10-1795

9/29/2010

EXHIBIT "C"

CONCEPT PLAN



CONCEPT SKETCH

WESTERN MUSEUM of FLIGHT EXPANSION

TORRANCE, CALIFORNIA

RNM DESIGN
ARCHITECTURE
PLANNING
LANDSCAPE
GRAPHICS
RNMDESIGN.COM

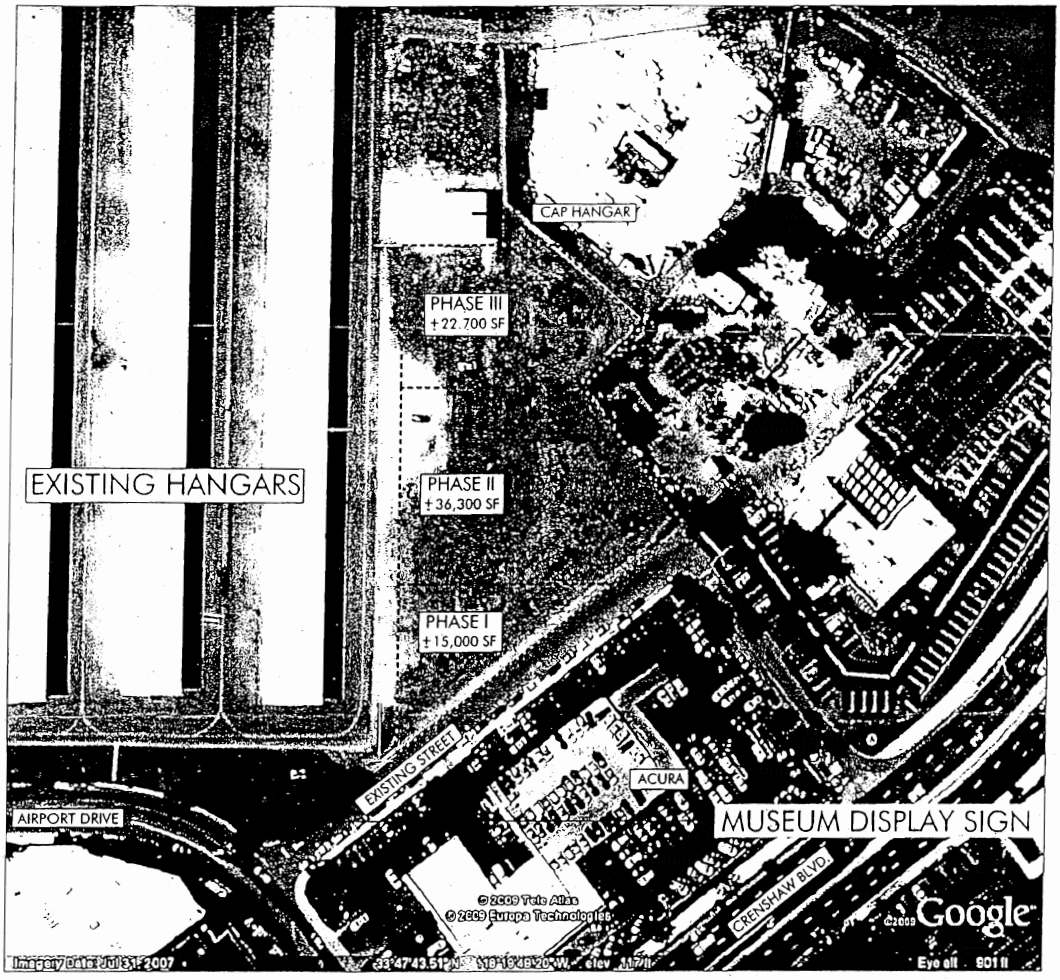
2 CORPORATE PARK
SUITE 100
IRVINE
CALIFORNIA
92606 USA
T 949.752.1800
F 949.833.9603

0 50' 100' 200'

NOVEMBER 25, 2009

EXHIBIT "D"

PHASING DIAGRAM



CONCEPT PHASING

WESTERN MUSEUM of FLIGHT EXPANSION

TORRANCE, CALIFORNIA

RNM DESIGN
ARCHITECTURE
PLANNING
LANDSCAPE
GRAPHICS
RNMDESIGN.COM

2 CORPORATE PARK
SUITE 100
IRVINE
CALIFORNIA
92606 USA
T 949.752.1800
F 949.833.9603

0 50' 100' 200'

N

NOVEMBER 25, 2009

Attachment C

1

Council meeting of
November 23, 2010

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

Members of the Council:

SUBJECT: Approve Resolution of surplus property and Approve Lease of Airport Property to Western Flight Museum project

RECOMMENDATION

Recommendation of the City Manager that City Council adopt a RESOLUTION determining certain city-owned property not required for city purposes and that leasing the property is in the public interest and approve a Lease of City-owned property to the SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION, a California nonprofit public benefit corporation for the development of the Western Museum of Flight on vacant and unimproved property located at the east end of Torrance Municipal Airport, Zamperini Field.

Funding

There is no funding required.

BACKGROUND

The Western Museum of Flight (WMOF) has been operating out of private hangars at Torrance Municipal Airport/Zamperini Field. They have expressed a desire to expand their operation onto underutilized airport property to create a museum, display and education areas.

The current site was under Lease to the Civil Air Patrol (CAP). The Lease has expired and staff is working with the CAP to create a license/Lease area for the hangar that was constructed by the CAP thereby freeing up land for additional development.

ANALYSIS

The subject site is approximately 3 acres less the area occupied by the Civil Air Patrol hangar. The Civil Air Patrol area utilized for their hangar is excluded from the proposed Leasehold and would occupy their location based on a License Agreement. The remainder of the site is included in the proposed Lease that would be exercised in phases based on performance. The proposed term of the Lease is for 50 years to allow for the timing of the phases and the utilization of the improvements once all phases are complete.

The concept went before the Airport Commission on January 14, 2010 and received unanimous approval (Attachment C). The concept was developed into a Lease which is being transmitted to Your Honorable Body this evening.

The following are the phases as proposed by the Western Museum of Flight and incorporated into the Lease:

PHASE I

The WMOF anticipates a first operational phase consisting of space to accommodate display parking for 3 to 4 aircraft. These proposed static display aircraft are intended to:

1. Advertise the existence of the Western Museum of Flight
2. Identify the Museum's prospective future home
3. Provide for an adjunct to the Museum's current activity at Flite Park
4. Make the aircraft visible to the general public
5. Provide a visible partnership with the City of Torrance to meet the standards of potential donors.

DESCRIPTION

The area is east of the easternmost taxiway. It is bounded by a line 15 feet from the east edge of the easternmost taxiway running from the current fence on the street behind the Acura dealer NW for 150 feet; it then makes a right angle heading NE for 200 feet again intersecting the same fence. The area is approximately 15,000+ square feet.

TAXIWAY EXTENSION

The easternmost taxiway has a centerline that is actually off center to the east. As part of Phase I the taxiway will be widened 15 feet to allow easy maneuvering of aircraft.

SECURITY

Appropriate security fencing will be provided to:

1. Assure the protection of moving aircraft on the taxiway
2. Protect the static display aircraft from vandalism
3. Limit pedestrian activity

Security fencing exists along the street and new fencing of approximately 350 feet would be built with two removable panels or gates for rotating display aircraft.

SITE PREPARATION

To make the site suitable for aircraft parking and comply with city standards, the following process will be used:

1. Site grading for proper base and drainage
2. Spread materials and compact
3. Install 9 inches of rock base
4. Fine grade and add a 3 to 4 inch layer of asphalt, rolled and compacted
5. Seal finish grade
6. Install security fencing

FINANCING

Costs are estimated by the WMOF at between $33,000 and $41,000. Board members are participating in the funding and one Board member will guarantee the difference between what is raised and the balance up to the full amount.

TIME LINE

Project to be completed and occupied within seven months of final city approval.

SIGNAGE

WMOF would also install a sign facing Airport Drive at its intersection with the roadway behind the Acura dealer. Exact dimensions, location and content of the sign are to be determined and approved by the City. The purpose is to announce the future home of the Western Museum of Flight and connect the aircraft to the Museum. It would also provide information on the location of the current facility.

Additionally the Museum may install, subject to approval, signs describing the aircraft on display. These may be portable signs that could be changed when new aircraft are rotated in.

PARKING

This phase does not anticipate providing any public parking. The general public will not have access to the aircraft but we would like the public to be able to stop and view them. To accomplish this it has been requested that the City change the parking restrictions on the westernmost curb line of the street behind the Acura dealer from "No Parking" to time limited parking. This would be reviewed by City staff to determine safety and viability of the request.

PHASE II OPTION

The WMOF is seeking a 36-month time period from the completion of Phase I to develop the property described in Phase II (below). Submission of Phase 2 plans and construction estimate is to be submitted within 12 months following Phase 1 completion. If WMOF fails to raise sufficient funds to complete Phase II or misses specific performance deadlines, the option could not be exercised unless an extension is requested and granted by the City Council.

PHASE II

The Western Museum of Flight (WMOF) anticipates a second construction Phase and Operational Plan. It would be immediately northeast of Phase I, consisting of 36,300 square feet.

The location would be used to accommodate a more permanent location for the Western Museum of Flight facilities of approximately 11,000 square feet. This represents about 50% more floor space than WMOF currently occupies at Flite Park. The Museum building would be supported by ramp space, suitable auto parking space, additional security fencing, and pedestrian circulation and control facilities.

An important reason for the additional space is the expansion and improvement of the organization's educational mandates.

FINANCING

It is estimated by the WMOF that the total cost for Phase II is estimated at $900,000 to $1 million. It is entirely possible to complete the construction of the building shell for $500,000 to $550,000. The additional funds are moving expenses, interior design and construction, engineering, displays, and site preparation. Fundraising for this Phase is an ongoing effort led by the Board of Directors of WMOF.

PARKING
Phase II will include on-site parking that will allow all construction vehicles inside the fencing. It would be converted to public parking when building construction is complete. For security purposes, ingress and egress points will have to be from the easternmost area of the airport with vehicular movement only allowed within the WMOF Lease area.

TAXIWAY WIDENING
The 15-foot widening of the easternmost taxiway will be continued from Phase 1 to the northern limit of Phase II.

SITE PREPARATION
As this is to be an aesthetically pleasing facility, landscaping, outdoor seating areas, and public parking will be installed. All site preparations will meet City standards. More detailed plans will be provided with the formal application for Phase II. Soil sampling can be done in conjunction with Phase I. Infrastructure Engineering, Architectural/Structural Design, and Cost Estimating is an ongoing process.

PHASE III

The WMOF anticipates a Third Phase of development, focused on a 15,000 square foot permanent public display and educational facility.

The primary function of the Western Museum of Flight is as an educational organization. The "California Wings" section is the educational arm with state of the art, hands on, family learning experiences. Historic aerospace and aviation exhibits are props for the learning environment.

LOCATION
Phase III would be located immediately north of, and including part of the Phase II project area. This Third Phase Museum component would occupy an approximately 22,700 square foot site bound by the City hangar taxiway, the current Civil Air Patrol (CAP) hangar site location and the angular property line separating it from the City's Fire Department training activity area and the Nike site.

The 22,700 square feet is a bit deceiving because additional space was built into Phase II to accommodate construction. That additional space would eventually become part of Phase III.

DESCRIPTION
The possible building footprint is shown on the accompanying concept sketch. There would be:

1. Appropriate static aircraft display areas
2. Auto parking facilities
3. Pedestrian circulation routes
4. An outdoor picnic/observation area for Museum visitors oriented toward the aircraft arrival area for Torrance Airport runways 29 left and 29 right, and is considerably distant from the Airport's Runway Protection Zone (RPZ).
5. An approximately 15,000 square foot Museum/Educational Center reflecting the culture and quality expected for the City of Torrance.

SECURITY

This Plan anticipates appropriate security fencing and display aircraft access gates, as well as designated pedestrian circulation routes and control points. The safety of Museum guests and volunteers is paramount.

TIMELINE

The Lease requires the development and submission of construction cost estimates within 36 months following Phase II completion. Once submitted, fund raising for Phase III must be completed within 24 months of submission of Phase III construction cost estimate with final plans to be submitted within 6 months of completion of fund raising. Construction is to take place 12 months from approval of final plans for Phase III.

The proposal before the City Council this evening is for a phased development with funding already secured for Phase I. The proposal is for zero rent to the City for the use of the property in exchange for construction and operation of the Museum. Although the development of the Lease before you anticipates a completed development, the City is protected in utilization of the property as this is a performance based Lease whereby the Lease will terminate if timing and development criteria are not met.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By: _____
BRIAN K. SUNSHINE
Assistant to the City Manager
and Chair, Land Management Team

CONCUR:

_____
LeROY J. JACKSON
City Manager

Attachments:

A. RESOLUTION
B. LEASE
C. Airport Commission Minutes January 14, 2010
D. Airport Commission Item January 14, 2010

6

Attachment A

RESOLUTION NO. 2010-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE DETERMINING CERTAIN CITY-OWNED PROPERTY NOT REQUIRED FOR CITY PURPOSES AND THAT LEASING THE PROPERTY IS IN THE PUBLIC INTEREST.

WHEREAS, the City of Torrance (City) is the owner in fee of approximately 3 acres of real property (PROPERTY) described in Exhibit "A" as Lease Parcel 1 and depicted in Exhibit "B" as Lease Parcel 1; and

WHEREAS, the PROPERTY had been leased until March 31, 2009 for the for use by the Wing Civil Air Patrol (CAP); and

WHEREAS, the lease of the PROPERTY by City has and will continue to benefit the City and citizens of Torrance by developing a museum to showcase and preserve the history of aviation in the South Bay area;

WHEREAS, the City has negotiated a lease (LEASE) of the PROPERTY with SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION, a California nonprofit public benefit corporation operating as the WESTERN MUSEUM OF FLIGHT. (LEASEE).

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TORRANCE HEREBY FIND AND DETERMINE AS FOLLOWS:

1. The PROPERTY is not required for City purposes.

2. It is in the public interest that the LEASE between City and SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION operating as the WESTERN MUSEUM OF FLIGHT, be executed by the City and delivered to the LESSEE.

3. The Mayor is authorized to execute the LEASE on behalf of the City and the City Clerk shall attest to the Mayor's signature and deliver the LEASE to the LEASEE.

INTRODUCED, APPROVED AND ADOPTED this _____ day of _____ 2010.

_____
Frank Scotto,
Mayor of the City of Torrance

ATTEST:

_____
Sue Herbers,
City Clerk of the City of Torrance

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By _____
Patrick Q. Sullivan
Assistant City Attorney

EXHIBIT "A"
LEGAL DESCRIPTION FOR LEASE PARCELS

THE LAND REFERRED TO HEREIN IS SITUATED IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

LEASE PARCEL 1

BEING A PORTION OF PARCEL 27 OF OFFICIAL MAP NO. 2 RECORDED IN BOOK 5 PAGES 44 THROUGH 51 INCLUSIVE OF MAPS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID PARCEL 27; THENCE ALONG THE WEST LINE OF SAID PARCEL 27 NORTH 00°24'33" EAST A DISTANCE OF 441.91 FEET TO A POINT HEREINAFTER REFERRED TO AS **POINT "A"**; THENCE LEAVING SAID WEST LINE SOUTH 89°38'04" EAST A DISTANCE OF 95.84 FEET; THENCE NORTH 00°24'33" EAST A DISTANCE OF 31.03 FEET; THENCE SOUTH 50°12'32" EAST A DISTANCE OF 158.49 FEET; THENCE ALONG A LINE LYING 0.63 FEET NORTHWESTERLY AND PARALLEL TO THAT CERTAIN SOUTHEASTERLY LINE OF SAID PARCEL 27 SHOWN AS "NORTH 44°22'02" EAST 218.09 FEET" ON SAID OFFICIAL MAP NO. 2; THENCE SOUTHEASTERLY ALONG THE NORHWESTERLY PROLONGATION OF THAT CERTAIN EASTERLY LINE OF SAID PARCEL 27 SHOWN AS "NORTH 37°24'29" WEST 149.19 FEET" ON SAID OFFICIAL MAP NO. 2 SOUTH 37°24'29" EAST A DISTANCE OF 10.40 FEET TO A POINT ON SAID EASTERLY LINE; THENCE DEPARTING SAID LINE SOUTH 36°59'27" EAST A DISTANCE OF 129.56 FEET; THENCE SOUTH 48°29'15" WEST A DISTANCE OF 137.87 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID PARCEL 27; THENCE ALONG SAID SOUTHERLY LINE SOUTH 52°35'31" WEST A DISTANCE OF 189.51 FEET TO **THE POINT OF BEGINNING**.

CONTAINING AN AREA OF 73,567.79 SQUARE FEET MORE OR LESS.

LEASE PARCEL 2

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CONTAINING AN AREA OF 4,018.57 SQUARE FEET MORE OR LESS.

EXHIBIT "B": ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.

PREPARED UNDER THE SUPERVISION OF:

JAN A. ADAMS, R.C.E. 21687
EXPIRES 9-30-11

REGISTERED PROFESSIONAL ENGINEER
JAN A. ADAMS
No. 21687
Exp. 09/30/11
CIVIL
STATE OF CALIFORNIA

11

SHEET 1 OF 2

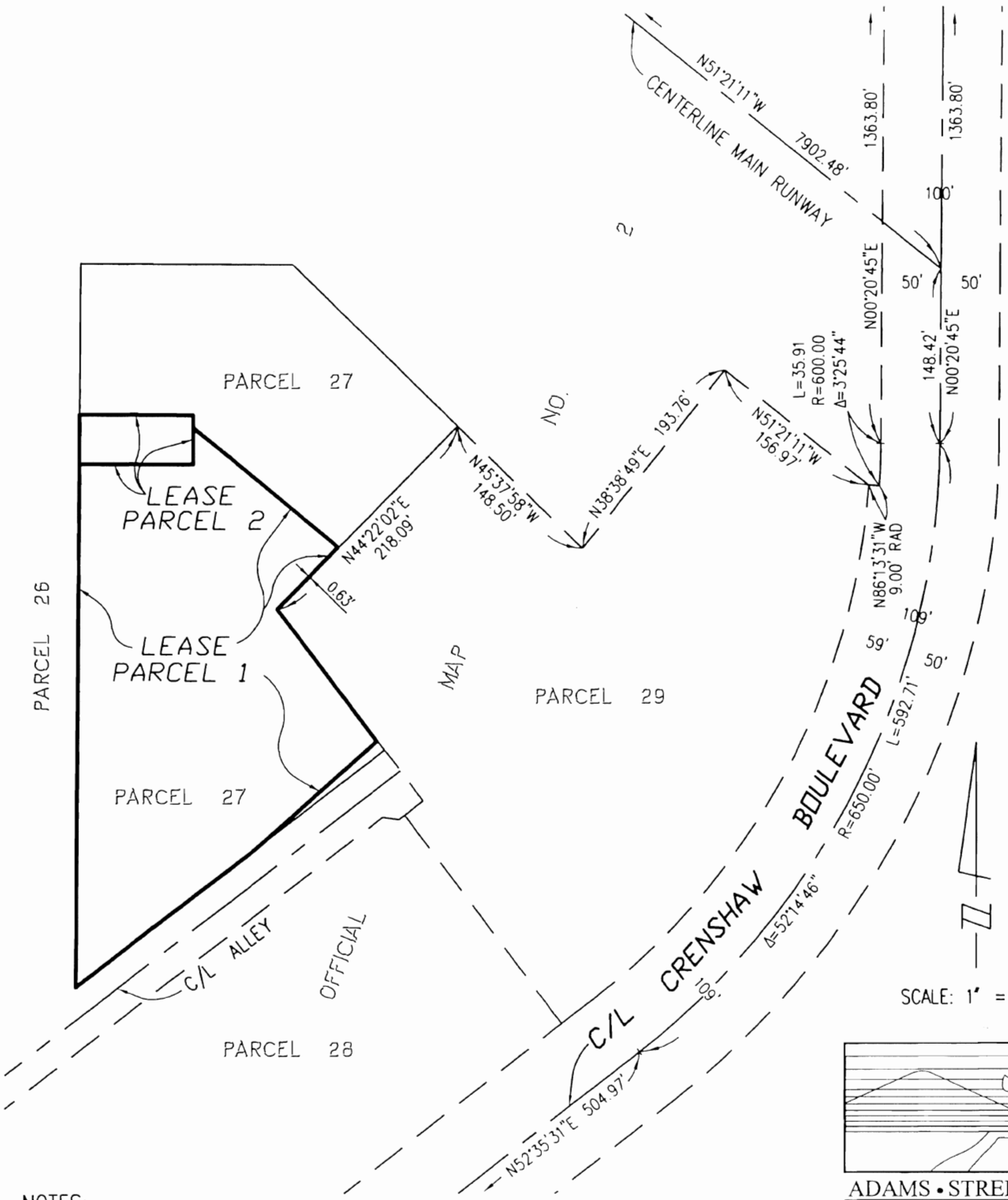
EXHIBIT "B"

SKETCH TO ACCOMPANY LEASE PARCELS

FOR PORTIONS OF PARCEL 27

OFFICIAL MAP NO. 2

IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



NOTES:

SEE SHEET 2 FOR LEASE PARCELS DATA

ADAMS • STREETER
CIVIL ENGINEERS, INC.

JN 10-1795

9/29/2010

SHEET 2 OF 2

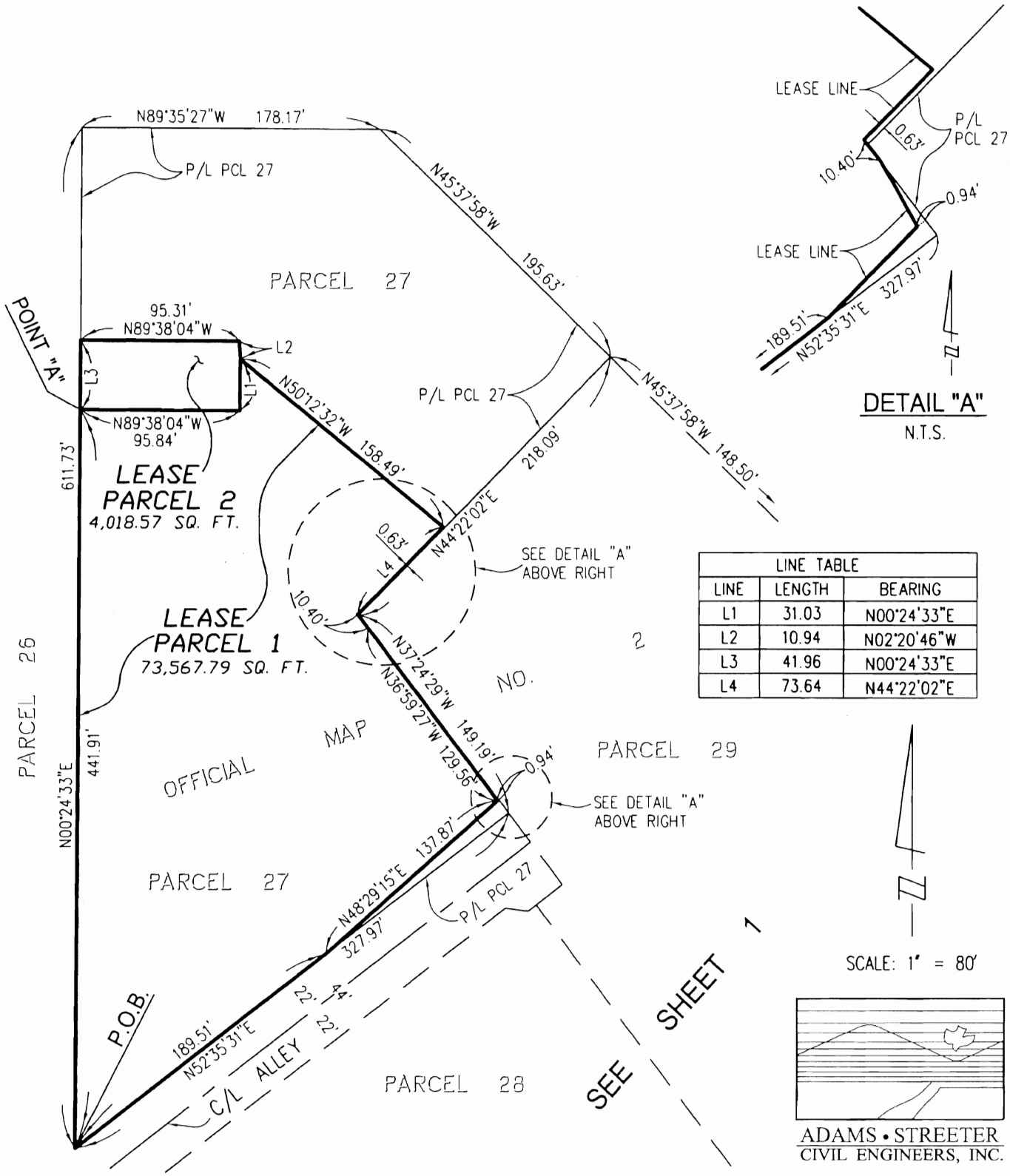
EXHIBIT "B"

SKETCH TO ACCOMPANY LEASE PARCELS

FOR PORTIONS OF PARCEL 27

OFFICIAL MAP NO. 2

IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



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L4	73.64	N44°22'02"E

ADAMS • STREETER
CIVIL ENGINEERS, INC.

JN 10-1795

9/29/2010

Attachment B

LEASE

by and between

CITY OF TORRANCE,
a California municipal corporation

and

SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION,
a California nonprofit public benefit corporation

DISCLAIMER: The submission of this Lease for examination or the negotiation of the transactions described herein does not constitute an offer by City, and this Lease does not constitute a binding contract unless and until executed by City and Lessee.

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LEASE

THIS LEASE ("Lease") is made and entered into as of November 23, 2010 ("Effective Date"), by and between the CITY OF TORRANCE, a California municipal corporation ("City"), and the SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION, a California nonprofit public benefit corporation ("Lessee").

RECITALS:

A. City is the owner of Zamperini Field Torrance Municipal Airport (the "Airport") and operates the same for the promotion, accommodation, and development of air commerce and transportation. The Airport is located in the City of Torrance, County of Los Angeles, State of California, and its boundaries are more particularly described in that certain 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 (the "Quitclaim Deed"), a copy of which is attached as Exhibit "A." The City is authorized to enter into this Lease pursuant to Exhibit A and the subsequent Quitclaim Deed dated March 22, 1956, recorded in Book 52630 Page 135, Los Angeles County Recorder's Office, by which the United States of America released, with certain exceptions, the Airport from the conditions, reservations and restrictions of the Quitclaim Deed.

B. City desires to lease to Lessee and Lessee desires to lease from City that portion of the Airport consisting of approximately 3 acres of land area less the area presently occupied by the Civil Air Patrol hangar (the "Leased Premises"). The area occupied by the Civil Air Patrol hangar (the "CAP hangar") was previously under lease from the City. That lease has expired. The CAP Hangar is excluded from the site subject to this Lease and will continue to be occupied by the Civil Air Patrol subject to a license from the City. The Leased Premises are more particularly described as Lease Parcel 1 in the legal description attached as Exhibit "B" and depicted as Lease Parcel 1 on the site map incorporated in that Exhibit. Lessee's proposed project is depicted in the Concept Plan attached as Exhibit "C."

C. The Leased Premises are being leased pursuant to the authority contained in Section 37380 of the California Government Code and the powers conferred on the City by the provisions of Article 11 of the Constitution of the State of California.

COVENANTS

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND OF THE MUTUAL COVENANTS CONTAINED IN THIS LEASE, CITY AND LESSEE AGREE AS FOLLOWS:

1. DEFINITIONS

The following terms when used in this Lease have the meanings set forth below:

The term "Airport" means the Zamperini Field Torrance Municipal Airport located within the City of Torrance, County of Los Angeles, State of California.

The term "Commencement Date" means the Delivery Date.

The term "Delivery Date" means the date on which possession of the Leased Premises is delivered to Lessee pursuant to Paragraph 4 of this Lease.

The term "Effective Date" means the date on which both Lessee and City have executed this Lease, which date will be inserted into the preamble to this Lease.

The term "FAA" means the Federal Aviation Administration.

The term "Leased Premises" means that certain real property consisting of approximately 3 acres of land area located within the Airport, more particularly described as Lease Parcel 1 in the legal description attached as Exhibit "B" and depicted on the site map incorporated into that Ehxibit..

The term "Notice of Possession" means the written notice delivered by City to Lessee tendering possession of the Leased Premises, as more fully explained in Paragraph 4 of this Lease.

The term "Required Improvements" collectively refers to the "Phase 1 Required Improvements," the Phase 2 Required Improvements, and the Phase 3 Required Improvements.

The term "Structures" means all existing vertical and other improvements, including but not limited to, buildings, fences, floor slabs and paving.

2. LEASE OF LEASED PREMISES

A. Leased Premises. For and in consideration of the covenants and conditions contained in this Lease, effective upon the Delivery Date, City leases to Lessee and Lessee leases from City the Leased Premises.

B. Condition of Leased Premises. The Leased Premises are leased to Lessee and Lessee accepts the Leased Premises in "AS-IS" and "WHERE-IS" condition, without any representations or warranties by City or City's agents, and 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 hereby. Subject to the following, Lessee acknowledges that it has conducted such reviews and inspections as it has deemed necessary to satisfy itself 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 presence of Hazardous Materials (as defined in Paragraph 6.E, 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 its business. As of the Effective Date, Lessee has not conducted its inspections of the physical condition of the Leased Premises. Within sixty days of the Effective Date, Lessee will notify City in writing of its approval or disapproval of its inspections of the physical condition of the Leased Premises. Lessee's inspections will be conducted only upon 72 hours prior notice to City. City has the right, but not the obligation, to accompany Lessee during any inspection. Lessee will in a timely manner repair any and all damage to the Leased Premises caused by its inspections. Lessee will not unreasonably withhold its approval of the physical condition of the Leased Premises. Lessee's disapproval of the physical condition of the Leased Premises will constitute Lessee's election to terminate this Lease. In the event Lessee fails to notify City in writing of its approval or disapproval within the sixty day period described above, Lessee

will be deemed to have approved the results of its investigations and accepted the Leased Premises in "AS-IS" and "WHERE-AS" condition pursuant to this Paragraph.

3. **TERM AND RENT**

A. Term. The term of this Lease commences on the Commencement Date and continues until November 22, 2060. Upon request by either party, the parties will execute and deliver to one another an addendum to this Lease setting forth the Commencement Date and expiration date.

B. Rent. The rent for the Lease Premises will be One Dollar per year, without adjustment, payable on the Effective Date and each anniversary of the Effective Date during the term of the Lease.

C. Termination. Upon the reasonable disapproval of the physical condition of the Leased Premises, either party has the right to terminate this Lease by giving written notice of termination to the other party. Upon such termination of this Lease and provided that such termination is not caused by the breach or default by any party, neither party will have any further obligation to complete the transactions contemplated by this Lease. Reasonable disapproval of the physical condition of the Leased Premises will not be deemed a breach or default of Lessee. In the event this Lease is terminated pursuant to this Paragraph, Lessee will surrender the Leased Premises to City pursuant to the provisions set forth in Paragraph 9 of this Lease. If, on the date of termination, Lessee has commenced, but not completed, construction and installation of the Required Improvements, City has the right, within sixty days after the date of termination, to require Lessee to demolish the uncompleted improvements, and clear them from the Leased Premises.

4. **POSSESSION; DELIVERY DATE**

No later than the date that is seven days after the earlier to occur of (i) sixty days following the Effective Date, or (ii) receipt of Lessee's written approval of its inspections of the physical condition of the Leased Premises, City will deliver to Lessee written notice in the manner set forth in Paragraph 22 tendering possession of the Leased Premises to Lessee (the "Notice of Possession"). The date on which the Notice of Possession is deemed effective pursuant to Paragraph 22 will be deemed the "Delivery Date" and possession will be delivered to Lessee on that date.

5. **TAXES, ASSESSMENTS, UTILITY CHARGES, AND ADDITIONAL RENT**

A. Net Lease. It is the intention of City and Lessee that all costs, expenses and obligations of every kind relating to the Leased Premises or the use, operation or occupancy thereof which may arise or become due during the term of this Lease will be paid by Lessee and that City will be indemnified by Lessee against those costs, expenses, and obligations.

B. Payment of Taxes. Commencing on the Delivery Date, Lessee will pay, prior to delinquency, all taxes levied against the Leased Premises, Lessee's interest or Lessee's property, including but not limited to any real estate or possessory interest taxes assessed against the Leased Premises, or against any Improvements erected or constructed by the Lessee on the Leased Premises, or which become a lien against the Leased Premises or Lessee's interest or its property or against any Improvements erected or constructed by the Lessee on the Leased Premises during the

term of this Lease. Lessee, upon written request, will promptly provide proof of its payment of the taxes.

C. Payment of Assessments. Commencing on the Delivery Date, Lessee will pay before delinquent any assessments against the Leased Premises or against any improvements erected or constructed by the Lessee on the Leased Premises made for maintenance purposes, such as lighting. In the event that the assessing agency will permit payment of such assessments on an installment basis, Lessee may elect to make the assessment payments on such basis. Lessee's obligations under this Subparagraph 5(C) will be limited to those assessments payable during the term of this Lease and any extension of it.

D. Ad Valorem Taxes. If, during the term, federal or state taxes are imposed, assessed or levied on the fee interest of City in the Leased Premises, or on or with respect to any real or personal property constituting a portion of the fee interest of City in the Leased Premises, or on the rents derived by City from the Leased Premises in lieu of or in addition to real or personal property taxes, and the new tax would most fairly be characterized as in the nature of an ad valorem or use tax, as opposed to an income or franchise tax on City's income, Lessee will pay all those taxes, assessments, levies or charges imposed upon City within thirty days of demand by City. City's demand will include its calculations of the taxes.

E. Utilities. Lessee will pay or cause to be paid, as and when the same may become due and payables, all charges for water, gas, heat, electricity, power, sewer, telephone services, trash removal, and all other services and utilities used in, upon or about the Leased Premises.

6. USE OF LEASED PREMISES

A. Permitted Use.

The general use of the Leased premises will be for an aeronautical themed museum with displays of aircraft of historical significance. The areas as described in Phase 2 and Phase 3 will be open to the general public and admittance will not require a membership of any kind and/or a set fee for visitation. All charges for visitation will be voluntary. Lessee is permitted to offer memberships and to hold fundraisers and special events for which admission or other fees may be charged.

1) During Phase 1 Lessee will use and occupy the approximately 15,000 square feet area as depicted in Exhibit D of the Leased Premises solely for the construction and operation of a display parking area for 3-4 historically significant aircraft. This area will not be open to the general public and will serve as a display area for aircraft of historical significance only.

2) Phase 2 (Intermediate Museum Facility). During Phase 2 Lessee will use and occupy the Leased Premises as described in Phase 1 and an additional area of approximately 36,300 square feet, as depicted in Exhibit D, to accommodate a more permanent location for the Western Museum of Flight facilities, a structure of approximately 11,000 square feet. The Museum building will be supported by ramp space, suitable auto parking space, additional security fencing, and pedestrian circulation and control facilities, all of which are subject to the review and approval of City, following submission of plans.

3) Phase 3 (Permanent Museum). During Phase 3 Lessee will use and occupy the Leased Premises solely for an aeronautical themed museum open to the general public. Phase 3, as depicted in Exhibit D, will be located immediately north of, and will include and incorporate the building

developed as part of Phase II. This third Phase of development of the Museum component will occupy an approximately 22,700 square foot site bound by the City hangar taxiway, the current Civil Air Patrol (CAP) hangar site location and the angular property line separating it from the City's Fire Department training activity area and the Nike site

The structure developed in Phase 2 will be incorporated into the final development of Phase 3.

Any use not specifically listed in this Paragraph requires the prior written consent of the City Council, which may be granted or withheld in the City Council's sole and absolute discretion.

B. Use Restrictions. Notwithstanding any other provision of this Lease to the contrary and without limiting the restriction on Lessee's use of the Leased Premises set forth in Paragraph 6A above, in no event may Lessee use the Leased Premises, or any portion thereof, for: (a) any aircraft , as determined by City in its sole and absolute discretion, to violate the nighttime curfew on aircraft takeoffs; (b) salvage yard activities of any type except for the restoration of aircraft for display as museum exhibits; or (c) the storage or service of jet aircraft except those aircraft of historical significance on display as museum exhibits and (d) the sale or storage of jet or turbine fuel

C. Covenant to Operate. Lessee covenants and agrees to continuously operate or cause to be continuously operated uses in compliance with Paragraph 6.A.1 and 6.A.2 and 6.A.3 throughout the term of this Lease.

D. Compliance With Law. Lessee will comply, at its sole cost and expense, with all applicable statutes, ordinances, rules, laws or regulations of any governmental agency (including, without limitation, those of the City of Torrance) with respect to the use, operation, and occupancy of the Leased Premises. Lessee will make any alteration or improvement necessary or required to comply with any applicable law with respect to Lessee's use, operation and occupancy of the Leased Premises. Lessee will not conduct or permit to be conducted on the Leased Premises any public or private nuisance or commit or permit to be committed any waste upon the Leased Premises. Lessee will be solely responsible for monitoring the conduct and ensuring the safety of its tenants, employees, agents, and invitees on the Leased Premises.

E. Compliance with Environmental Laws. Lessee will not engage in any activity on or about the Leased Premises that violates any "Environmental Law" (as defined below), and will promptly, at Lessee's sole cost and expense, take all investigatory and/or remedial action required or ordered by any governmental agency or Environmental Law for clean-up and removal of any contamination involving any "Hazardous Material" (as defined below) created or caused directly or indirectly by Lessee. The term "Environmental Law" means any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environmental conditions on, under or about the Leased Premises, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Sections 9601 et seq.; (ii) the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Sections 6901 et seq.; (iii) California Health and Safety Code Sections 25100 et seq.; (iv) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq.; (v) the Federal Water Pollution Control Act, 33 U.S.C. Sections 1317 et seq.; (vi) California Water Code Section 1300 et seq.; and (vii) California Civil Code Section 3479 et seq., as such laws are amended and the regulations and administrative codes applicable thereto. The term "Hazardous Material" includes, without limitation, any material or substance that is (i) defined or listed as a "hazardous waste", "extremely hazardous waste", "restrictive hazardous waste" or "hazardous substance" or considered a waste, condition of pollution or nuisance under the

Environmental Laws; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos; and/or (iv) substances known by the State of California to cause cancer and/or reproductive toxicity. It is the intent of the parties to construe the terms "Hazardous Materials" and "Environmental Laws" in their broadest sense. Lessee will provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq. City makes no representations as to the existence or nonexistence of any Hazardous Materials on, in, or about the Leased Premises. Each party will immediately notify the other of its receipt of any notice, citation or other communication relating to the presence, storage, use or release of any Hazardous Material (in excess of levels permitted by law) in, under, on or about the Leased Premises.

F. Compliance with the Torrance Municipal Airport Code and Noise Abatement Programs or Ordinance. 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 Paragraph 6F, Lessee will inform its employees, customers and invitees of all noise abatement programs, ordinances, rules, procedures and any related regulations. Lessee will, at the City's request, provide written documentation of its compliance with the requirements of this Paragraph 6F.

Lessee will 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) providing 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.

G. FAA Provisions.

1. Lessee, in the operations to be conducted pursuant to the provisions of this Lease and otherwise in the use of the Airport, will not discriminate against any person or class of persons by reason of race, color, sex, creed or national origin as in any manner prohibited by Part 15 of the Federal Aviation regulations or any amendments to it.

2. Lessee will furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users. It will charge fair, equal and not unjustly discriminatory prices for each unit or service; provided, however, that the Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers in accordance with the other provisions of this Lease with regard to discounts and rebates.

3. Noncompliance with these provisions will constitute a material breach of this Lease. In the event of noncompliance, City will have the right to terminate without liability (in accordance with FAA rules and subject to California and federal notice and due process requirements), or, at the election of the City or the United States, both will have the right to judicially enforce the foregoing provisions.

Lessee agrees to insert the anti-discrimination provisions enumerated above into any agreement by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

Lessee will comply with the notification and review requirements covered in Part 77 of the Federal Aviation regulations in the event any future structure or building is planned or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

City reserves a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises together with the right to create in that airspace such noise as is or will become inherent in the operation of aircraft operating on the Airport.

Lessee, by accepting this Lease, expressly agrees for itself, its successors and assigns that it will not use the Leased Premises in any manner that might interfere with the landing and taking off of aircraft from on or off the Airport or otherwise create a hazard. In such an event, City reserves the right to enter upon the Leased Premises and cause the abatement of the interference or hazard at the expense of Lessee.

This Agreement is subject to whatever right the United States government now has or in the future may have or acquire affecting the control, operation, regulation or commandeering of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

Lessee will operate the Leased Premises for the use and benefit of the public, make available all Lessee's airport facilities to the public, without discrimination on the grounds of sex, race, color or national origin and to refrain from imposing or levying excessive, discriminatory or otherwise unreasonable charges or fees for any use of its facilities or services. Nothing contained in this Lease may be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

H. No Interference With Air Navigation. Lessee agrees that (i) it will not erect or permit the erection or growth of any building, structure, tree or other object on the Leased Premises above any maximum standards as set by City or the FAA; (ii) it will not use the Leased Premises or permit the Leased Premises to be used in any manner that might interfere with the landing or taking off of aircraft from the Airport, or which otherwise constitutes an air navigation obstruction, or interference; and (iii) it will not light or operate, or cause to be lighted or operated, any equipment that (as may be determined by the FAA 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.

I. City Reservations.

The City reserves the following rights from the leasehold estate created hereby:

(a) the right to take any lawful action necessary to prevent the erection or growth of any building, structure, tree or other object into the air space above those elevations set forth in subparagraph 6H above, and to remove from that air space, or mark and light as obstructions to air navigation, any and all Improvements, trees or other objects that may at any time project or extend above that elevation, together with the right of ingress to, agrees from, and passage over the said Leased Premises for such purposes;

(b) the right upon reasonable notice to Lessee 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) the right, for the use and benefit of the public, of flight for the passage of aircraft in the air space above the surface of the Leased Premises, together with the right to cause in that air space 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 the air space or landing at, or taking off from, or operating at, or on the Airport.

"Aircraft" as used in this Paragraph includes aircraft now or hereafter developed that utilize the air or such air space whether similar or dissimilar to existing aircraft.

"Interference" as used in this Paragraph 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 that 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.

In the event that the City lawfully exercises any of its rights pursuant to the provisions of this Paragraph 6I, the City will not be liable to the Lessee for any damage suffered as a result thereof and the Lessee will reimburse the City for all reasonable and necessary expenses incurred by the City therefor, provided, however, that the City will be liable for any damage caused by the City's exercise of its rights pursuant to this Paragraph 6, where that exercise has been unreasonable and without care.

This Lease is made upon the express condition and in consideration of the City's leasing the Leased Premises, and Lessee covenants that Lessee 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), and its officers, agents, invitees or employees, sublessees, assignees, transferees, licenses, 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 6, including, but not limited to, loss, damage or injury from the following:

(a) 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;

(b) 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, 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.

7. ALTERATIONS AND IMPROVEMENTS

A. City Improvements. Lessee will at its sole cost and expense subject to the imposition of normal real property taxes but not any special assessments, no later than the date that is six months prior to commencement of Phase 2 deliver to the Leased Premises water service, storm drain and sewer service from the property line to service the Leased Premises. The installation and construction of water service and other facilities outside of the boundaries of the Leased Premises will be at the expense of Lessee. The installation, construction, repair and maintenance of all service assemblies, plumbing and other facilities from the water meters to and within the individual buildings will be at the expense of Lessee.

B. Lessee Improvements.

1. Construction Obligation. Lessee will construct on the Leased Premises the Required Improvements, within the completion period set forth below. Failure by Lessee to construct any of the Required Improvements within the appropriate completion period will result in the termination of this Lease.

2. Construction Commencement and Construction Completion. Subject to Paragraph 7C(2)(c), Lessee will commence and complete construction of the Required Improvements within the time limits set forth below:

Phase	Construction Commencement	Construction Completion
Phase 1	Submission of Phase 1 plans and specifications within 2 months following execution of Lease	7 months following execution of Lease
Phase 2	Submission of Phase 2 plans and construction estimate within 12 months following Phase 1 completion	36 months following completion of Phase 1
Phase 3	Develop and submit construction cost estimate within 36 months following Phase 2 completion	
	Complete fund raising for Phase 3 within 24 months of submission of Phase 3 construction cost estimate	
	Final plans to be submitted within 6 months of completion of fund raising	
		12 months from approval of final plans for Phase 3

3. Phase 1 Required Improvements. The Phase 1 Required Improvements will be constructed in the area east of the easternmost taxiway. The area is bounded by a line 15 feet from the east edge of the easternmost taxiway running from the current fence on the street behind the Acura dealer NW for 150 feet; it then makes a right angle heading NE for 200 feet again intersecting the same fence. The area is approximately 15,000± square feet. The Phase 1 Improvements will consist of the following:

a. Site grading for proper base and drainage;

b. Installation of rock base;

c. Final grading and application of asphalt;

d. Installation of security fencing.

e. Installation of sign facing Airport Drive at the intersection with the roadway behind the Acura dealer. Dimensions, location and content of the sign subject to the City's determination and approval.

4. Phase 2 Required Improvements. The Phase 2 Required Improvements will be constructed in an area of approximately 36,300 square feet and located immediately NE of Phase 1. The Phase 2 Required Improvements will consist of the following:

a. A Butler-type manufactured building of about 11,000 square feet;

b. Associated ramp space, automobile parking, additional security fencing (including ingress and egress points), and pedestrian circulation and control facilities. The Phase 2 plans will ensure that the Phase 2 portion of the Leased Premises will be securely fenced from the remainder of the airport and that all access to the Leased Premises will be from an access point external to the airport.

5. Phase 3 Required Improvements. The Phase 3 Required Improvements will be constructed in an area of approximately 27,000 square feet, located immediately north of, and including part of the Phase 2 project areas. The Phase 3 Required Improvements will consist of the following:

a. A permanent museum facility of approximately 15,000 square feet;

b. Appropriate static aircraft display areas;

c. Outdoor picnic/observation areas for museum visitors; and

d. Pedestrian circulation routes.

C. General Construction Requirements. The Required Improvements and any other improvements to be constructed by Lessee on the Leased Premises (collectively, the "Improvements") must be installed and constructed in accordance with the following provisions:

1. Site Preparation.

(a) Soils investigation. Prior to acceptance of the Leased Premises, Lessee will engage the services of a State of California certified civil engineer who is experienced and knowledgeable in the practice of soils engineering, and who is reasonably acceptable to the City Manager (or a designee chosen by the City Manager in his or her sole discretion). The engineer will conduct a soils investigation of the site in accordance with a formal proposal and will render a written report of the engineer's findings and recommendations to the City and Lessee. Lessee will bear the entire cost of soils investigation analysis.

(b) Risk of Lessee. Lessee will construct Improvements on the Leased Premises in compliance with all guidelines and recommendations contained in the written report prepared pursuant to subparagraph (a) above; Lessee will proceed at its own risk as to the condition of the soil.

(c) Preparation for Development. Any and all work or activities necessary to prepare the Leased Premises for development will be the responsibility, and be done at the cost of Lessee, subject to Paragraph 7A.

(d) Grading. Lessee will grade the Leased Premises at its own expense in accordance with a grading plan to be prepared by the Lessee at its own expense and approved by the Community Development Director of the City. Lessee will obtain a grading permit and will grade the Leased Premises in accordance with the provisions of the Torrance Municipal Code and any other applicable laws.

2. Construction.

(a) Site Plans. All construction and reconstruction will be in accordance with site plans, elevation drawings and architect's sketches required to be on file with the Community Development Director of the City, or such plans, drawings and sketches as amended by Lessee, with the written reasonable approval of the City Manager.

(b) Building Permits and Leased Premises Map. Before constructing or reconstructing any Improvements, Lessee will obtain a building permit(s) from the Community Development.

(c) Force Majeure. The time within which Lessee is obligated to construct, repair or rebuild the Required Improvements, or cure any default on the part of Lessee hereunder will be extended for a period of time equal in duration to, and performance in the meantime will 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 inaction or regulation of any governmental agency, law, ordinance, referendum, shortage of materials or labor, or other similar things beyond the reasonable control of Lessee (collectively, "force majeure"). Adverse market conditions or the inability to obtain financing or tenant commitments will not constitute an event of force majeure.

(d) FAA Filing. Prior to the commencement of construction or reconstruction, Lessee must file Form 7460-1 and receive approval thereof from the FAA.

(e) Interference with Aircraft. Lessee may not light or operate, or cause or permit to be lighted or operated, any equipment that would interfere with the navigation, landing or takeoff of aircraft on the runways and in the aeronautical areas of the Airport.

(f) Performance Guaranty. On or before the date of commencement of any reconstruction or construction of any improvement, Lessee will provide such documentation and/or perform such acts in accordance with the terms as may be agreed upon between Lessee and the City for the purpose of guarantying the performance of any work undertaken by Lessee.

(g) Property of Lessee. Any Improvements constructed, reconstructed or placed on the Leased Premises will be deemed the property of Lessee for the term of this Lease, and will become the property of the City upon the expiration or earlier termination of this Lease as provided in Paragraph 9. Lessee is responsible for all maintenance of all Improvements constructed by Lessee in accordance with the provisions of this Lease.

(h) No Subdivision or Parcelization of Leased Premises. Neither the Leased Premises nor the leasehold interest of Lessee or any of Lessee's successors in interest may 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, which may be withheld in its sole discretion.

(i) Utility Installations.

(i) Fire Hydrants. City will maintain and repair all fire hydrants and associated facilities within the Leased Premises, provided that Lessee grants to City a suitable easement, or easements across and upon the Leased Premises for such maintenance and repair.

(ii) Gas, Electric, Telephone Services. The City does not warrant or affirm that gas, electric, telephone or other public utility services, except water and sewer, are or will be available to Lessee. Lessee, at its own risk and without cost or expense to the City, will be responsible for installation and maintenance on and to the Leased Premises of all other public utility services.

(j) Value and Utility. Subject to applicable building codes and ordinances, all changes and alterations must be of such a character that when completed, the value and utility of the Improvement changed or altered by such changes or alterations will not be less than the value and utility thereof immediately before any such change or alteration.

(k) Workmanlike Manner. All work done in connection with any changes or alterations following the commencement thereof will be performed in a good and workmanlike manner and with due diligence.

D. Liens. Lessee will pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Leased Premises, which claims are or may be secured by any mechanic's, laborer's, materialmen's or other similar liens against the Leased Premises or any interest therein. If Lessee in good faith contests the validity of any lien, claim or demand, then Lessee must, at its sole expense defend itself and City against the same and pay and satisfy any adverse judgment that may be rendered thereon prior to the enforcement thereof against City or the Leased Premises; provided that if City so requires, Lessee will furnish to City a surety bond in the amount

required by applicable statute to remove the lien from record. Lessee agrees to indemnify and defend and hold City harmless from and against any lien or claim of lien filed against the Leased Premises. Nothing herein contained will 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 Leased Premises or the Improvements. City or its representatives will have the right to go upon and inspect the Leased Premises at all reasonable times upon two business days' written notice to Lessee (except in case of emergency) and have the right without prior notice to Lessee to post and maintain notices of nonresponsibility pursuant to Section 3094 of the California Civil Code or such other notice as City may deem to be proper for the protection of the interests of City. Before any Improvements, or repairs or additions thereto that might result in a lien on the Leased Premises, are constructed or reconstructed upon the Leased Premises, Lessee must serve written notice upon the City, in the manner provided for in Paragraph 22, in sufficient time, and in any event, at least twenty days prior to commencing any work, of Lessee's intention to perform such work for the purpose of enable 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 that may be permitted by law. Any contest by Lessee of any liens must be made by Lessee in good faith and with due diligence and Lessee will fully pay and immediately discharge the amount at any final judgment rendered against the City or Lessee in any litigation involving the enforcement of liens or their validity.

8. MAINTENANCE AND REPAIRS

A. Lessee's Duty to Maintain. Lessee, at its sole cost and expense, will maintain or cause to be maintained the Leased Premises including all structures, Improvements, fixtures, equipment, and personal property located on the Leased Premises in good order, condition, quality, and repair, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies having jurisdiction. In the event Lessee fails to maintain the Leased Premises, City will have the right but not the obligation to enter upon the Leased Premises to correct or cure the problem and any cost to City, plus a fifteen percent administrative charge, will be billed to Lessee and paid by Lessee within thirty days following receipt of the invoice.

B. Periodic Painting/Cleaning. City has the right, in its reasonable discretion, to require Lessee, not more frequently than once every eight years, at Lessee's cost and expense, to promptly paint or clean or otherwise preserve and beautify the surfaces of the exterior of all Improvements on the Leased Premises. The treatment applied must restore the appearance of and act to preserve the Improvements. In the event a dispute arises between the parties as to their rights or obligations under this Subparagraph 8B, City and Lessee agree to refer the dispute to judicial reference in accordance with the provisions of Paragraph 20.

9. SURRENDER

A. Structures. At the expiration of the term of this Lease or upon the earlier termination hereof, this Lease will terminate without further notice and Lessee will surrender the Leased Premises to the City and all Improvements thereon, including but not by way of limitation, the Required Improvements and any alterations or additions thereto, will remain for the benefit of the City. Any holding over by Lessee after expiration will not constitute a renewal or extension or give Lessee any rights in or to the Leased Premises. In the event of a holdover by Lessee, Lessee will pay to City $5000 for each month or partial month of holdover.

B. Removal. No Improvements may be removed from the Leased Premises or voluntarily destroyed or damaged during the term of this Lease without the prior written consent of the City Manager, or his/her designee, which may be granted or withheld in the City Manager's sole and absolute discretion.

C. Movable Structures. Machines, trade fixtures and similar installations that are installed in any improvement on the Leased Premises will not be deemed to be part of the realty, and interior, nonstructural partitions, although part of the realty, may be relocated from time to time as necessary to accommodate Lessee's needs, even though such installations and partitions are attached to the floors, walls or roofs of any building or structure or to outside pavements, so long as such installations and partitions can be removed or relocated without structural damage to any improvement on the Leased Premises; provided, however, that if the removal or relocation of any such installation or partition causes nonstructural damage to any part of the improvement, then Lessee will repair such damage and restore said improvement 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 (other than nail) or unpainted or otherwise unfinished walls will be left by Lessee in any improvement at the expiration or sooner termination of the term of this Lease.

D. Personal Property. Any and all personal property of every kind and nature whatsoever, not attached to or installed in any improvement which Lessee or its sublessees place in upon or about the Leased Premises during the term of this Lease may be removed prior to the expiration of the term and will, as between the City and Lessee, remain the personal property of Lessee or its sublessees, as the case may be, provided that any personal property left on the Leased Premises upon surrender to the City will be presumed to be abandoned by Lessee and City may dispose of that property in any manner at Lessee's cost. Lessee waives any claim or right to that property or any proceeds derived from its sale.

E. Lighting, Etc. Notwithstanding anything to the contrary contained in this Lease, any and all lighting, elevator, escalator, plumbing, air cooling, air conditioning, heating (including water heating) and ventilating equipment will 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 improvement in which it is installed, it will not be removed from such improvement except for repairs, alterations and replacement with newer functionally equivalent equipment, without the consent of the City Manager, (or a designee chosen by the City Manager in his or her sole discretion), and all such equipment will remain as a part of the realty at the expiration or sooner termination of the term of this Lease. Notwithstanding anything to the contrary contained within this Subparagraph 9E, Lessee may remove, or allow to be removed, subtenant lighting and subtenant signs to the extent that the removal may be accomplished by the simple unfastening of screws and bolts and provided that the removal does not in any way cause damage to the Leased Premises.

10. INDEMNITY.

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 10 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 and, at City's request, defend City against, any and all liabilities and claims for damages, losses, costs and expenses (including reasonable attorneys' fees) 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 (except City's sole negligence or willful conduct), which occurs on or about, or is in any way connected with, the Leased Premises or any buildings or other Improvements constructed thereon during the term of this Lease, or results or arises from the activities conducted by Lessee on the Leased Premises.

Without limiting the generality of the foregoing, Lessee agrees that City will 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 offices, agents, employees, invitees, customers, or any other person in or about the leased Premises, nor will 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 that damage or injury is caused by any cause whatsoever (except City's sole negligence or willful conduct), and whether the same damage or injury results from conditions arising upon the Leased Premises or from City's activities upon other portions of the Airport.

City will 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.

It is the intention of City and Lessee that City be released from and indemnified, held harmless and (at City's option) defended against any and all injuries (including death) to persons and damage to property described in this Paragraph 10, to the fullest extent permitted by law. If at any time during the term of this Lease, the right of City to be so released, indemnified, held harmless or (at its option) defended is enlarged or reduced by reason of the application of any law or legal standard, City's rights under this Paragraph 10 will be ipso facto enlarged or reduced to conform to those requirements, such that City is at all times during the term released from and indemnified, held harmless from and (at its option) defended against those matters, to the fullest extent permitted under then applicable law.

Nothing in this Paragraph 10 will excuse City of its responsibility for City's sole negligence or willful misconduct.

11. INSURANCE

A. Liability. Lessee will procure and maintain a policy or policies of comprehensive public liability and property damage insurance in a good and solvent insurance company or companies for the benefit of Lessee, City and other parties with an insurable interest that may be designated by City or Lessee and under and by the terms of which City and such other designated parties are protected from and insured against any and all loss, damage or liability of whatsoever nature arising out of or in connection with the use of or operations on or from the Leased Premises during the term hereof. The limits of liability on any policy of public liability insurance may not be less than Two Million Dollars combined single limit, per occurrence, from the Effective Date through completion of Phase 2. Upon the completion of Phase 2, the limits of liability on any policy of public liability insuranced may not be less than Five Million Dollars combined single limit, per occurrence. The policy will be written as a primary policy and not contributory with or in excess of any policy which City and other insureds may carry and will cover and insure Landlord and the other parties designated by City as additional insureds. Any policy must provide that any loss will be payable to City and any other named insureds designated by City or Lessee, notwithstanding any act or negligence of Lessee that may otherwise result in a forfeiture of the insurance. The insurance must be written on an occurrence basis. In the event that Lessee maintains any public liability and/or property damage insurance with respect to the Leased Premises in excess of the above-

required insurance. Lessee will cause City to be named as an additional insured on such other insurance.

B. Improvements. Lessee will procure and maintain throughout the Lease term insurance upon the Required Improvements, including the value of all additions, alterations, replacements and repairs, by whomever made, as well as the machinery, equipment and their systems forming a part thereof, against loss or damage by any hazard insured under a so-called All Risk policy, in an amount equal to not less than one hundred percent of the full replacement cost thereof (excluding cost of excavations, foundations, footings, underground pipes, conduits, flues and drains) without diminution of such cost for depreciation or obsolescence. During the course of construction of the Required Improvements, the insurance will be in the form of a Builder's Risk Completed Value Insurance Policy. Every policy evidencing such insurance must name Lessee, City, and any other person with an insurable interest designated by City or Lessee as additional insureds. The policy must include a one year rental loss endorsement in favor of City. The foregoing policy will contain an agreed-amount clause waiving coinsurance and Lessee will annually update the amount of insurance coverage and arrange to continue the agreed-amount clause. The foregoing policy must also contain, to the extent applicable, endorsements providing coverage for demolition costs, increased costs of construction, and contingent liability from operation of building laws. At City's option, Lessee's insurance will include earthquake insurance, provided that coverage is obtainable at commercially reasonable rates.

C. Fire Insurance. Lessee will procure and maintain a policy or policies of standard fire and extended coverage insurance covering Lessee's trade fixtures, furnishings and equipment in an amount equal to not less than ninety percent of the full insurable value thereof and to procure an appropriate clause in, or an endorsement on, any such policy of fire and extended coverage insurance, pursuant to which the insurance company or companies waive subrogation or consent to a waiver of right of recovery against City, if such a policy is available at commercially reasonable rates.

D. Workers' Compensation. During the course of any construction, repair and/or alteration to the Leased Premises, Lessee will maintain or cause to be maintained workmen's compensation insurance as may be required by law, covering all persons employed in connection with such work.

E. Carrier Rating. All policies enumerated in this Paragraph 11 must be issued by an insurer admitted to do business in California, which qualifies as a member of the California Insurance Guaranty bond, and which is rated in Best's Insurance Guide with a financial rating of Class VIA+ or better, or as may be accepted in writing by the City Manager.

F. Evidence of Insurance. Lessee will deliver to City policies evidencing the insurance procured by Lessee under the terms hereof, or to deliver in lieu thereof certificates of coverage from the insurance company or companies writing said policy or policies of insurance, which certificates will, among other things, designate the company writing the same, the number, amount and provisions thereof.

G. Cancellation. All insurance policies must contain a provision that the policies may not be cancelled or terminated without thirty days' prior written notice from the insurance company to City and the other named insureds and the certificate or policy required by subparagraph F above must so provide. Lessee agrees that on or before ten days prior to expiration of any insurance policy, Lessee will deliver to City and any other named insureds designated by City written notification in the form of a receipt or other similar document from the applicable insurance

company that said policy or policies have been renewed or deliver certificates of coverage from another good and solvent insurance company for such coverage

H. Lessee's Failure to Provide. If Lessee fails to timely procure any policy required to be maintained by Lessee hereunder, or renewal thereof, or to evidence the procurement or renewal thereof by delivery of the certificates or renewal notifications required by this Paragraph 11, City may (but it is not required to), after having given not less than five days' prior written notice to Lessee, procure such insurance and charge the cost thereof to Lessee as additional rental payable in full on the next rent payment date. Lessee will not do or permit to be done anything which will invalidate the insurance policies to be maintained by Lessee hereunder.

I. Periodic Increases. City has the right from time to time to increase the amounts of insurance required to be maintained by Lessee.

12. CASUALTY DAMAGES

In the event the whole or any part of the Required Improvements are damaged or destroyed by fire or other casualty, damage or action of the elements, at any time during the term of this Lease, Lessee will with all due diligence, at Lessee's sole cost and expense, repair, restore and rebuild the Required Improvements on the same plan and design as existed immediately prior to the damage or destruction (subject to such changes as may be required by any local governmental authorities as a condition to obtaining building permits to rebuild), and to the same condition that existed immediately prior to such damage, provided, however, that if the Required Improvements are destroyed or damaged during the last three years of the term of this Lease, and provided further that the extent of such damage or destruction is one-third or more of the replacement value of the Required Improvements immediately prior to the occurrence of such damage or destruction, then Lessee may cancel this Lease by giving written notice of its election to do so to City within one hundred twenty days after such damage or destruction, in which event Lessee need not restore or rebuild the Required Improvements, but will if required by City, demolish and remove the damaged Required Improvements and level and clear the site and leave such areas broom clean, and release to City any interest of Lessee in and to the insurance proceeds from the insurance to be provided by Lessee pursuant to Paragraph 11B above, less reasonable costs, if any, incurred by Lessee to remove the damaged Required Improvements and level and clear such areas. In the event of any restoration or reconstruction pursuant to this Paragraph, the insurance proceeds available in consequence of such damage, if any, will be made reasonably available to Lessee by City for that purpose. Prior to any such restoration and reconstruction, drawings and specifications will be submitted to City and any other necessary parties for their approval. City agrees that its approval of drawings and specifications will not unreasonably be withheld. All work performed by Lessee will be constructed in a good and workmanlike manner according to and in conformance with the laws, rules and regulations of all governmental bodies and agencies and the requirements of Paragraph 7 and applicable to the original construction of the Required Improvements. The rental and other charges payable will not abate or be reduced by reason of any casualty damage.

13. ASSIGNMENT AND SUBLETTING

A. General.

1. Prohibition. Lessee may not assign, sell, encumber (except as permitted by this Lease), pledge or otherwise transfer all or any part of Lessee's leasehold estate hereunder or permit the Leased Premises or any portion thereof to be occupied by anyone other than Lessee or

Lessee's employees or sublet the Leased Premises or any portion thereof, without City's prior written consent in each instance, which may be withheld in City's sole and absolute discretion.

2. Permitted Subleases. There are no permitted subleases.

Comment [b1]: Do we want to give them the right to mortgage?

14. LEASEHOLD MORTGAGES

A. No Right to Hypothecate. Lessee may not hypothecate, mortgage, pledge or alienate Lessee's leasehold estate and rights hereunder as security for payment of any indebtedness of Lessee.

15. DEFAULT AND REMEDIES

A. Defaults. The occurrence of any one or more of the following events will constitute a material default and breach of this Lease by Lessee: (i) the failure by Lessee to make any payment of any sums payable by Lessee under this Lease, within five days of the date required to be made by Lessee hereunder; (ii) the vacating or abandonment of the Leased Premises by Lessee; and (iii) the failure by Lessee to observe or perform any other obligation hereunder, which will not be remedied to the satisfaction of City within thirty days after written notice from City specifying such failure to perform (or, if such failure cannot reasonably be remedied by Lessee within thirty days, if Lessee will not have commenced appropriate action to effect such remedy within said thirty -day period and thereafter prosecuted such action to completion with all due diligence); however, Lessee will not be in default (and its time for performance will be extended accordingly) for any reasonable delay the cause of which is the City's unreasonable failure to timely perform any of its obligations under this Lease; (iv) the making by Lessee of any general arrangement or assignment for the benefit of creditors; (v) Lessee becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty days); (vi) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Leased Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty days, or (vii) the attachment, execution or other 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 is not discharged within thirty days. In the event of any such default or breach of Lessee, then City may at any time thereafter, without limiting City in the exercise of any right or remedy which City may have by reason of such default or breach: (i) immediately terminate this Lease and Lessee's right to possession of the Leased Premises; (ii) continue this Lease in effect without terminating Lessee's right to possession even though Lessee has breached this Lease and abandoned the Leased Premises and enforce all of City's rights and remedies under this Lease; provided, however, that City may at any time thereafter elect to terminate this Lease for such previous breach by notifying Lessee in writing that Lessee's right to possession of the Leased Premises has been terminated; and (iii) pursue any other remedy now or hereafter available to City under applicable law.

B. Receipt of Charges Not Waiver of Default. The receipt by the City of any 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, will not be deemed to be a waiver of any provisions of this Lease. No acceptance by the City of a lesser sum than the charges then due will be deemed to be other than on account of the earliest installment of the charges then due, nor will any endorsement or statement on any check or any letter accompanying any check or payment of 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.

C. Failure to Enforce Covenant Not Invalidation. No failure on the part of the City to enforce any covenant or provision of this Lease, nor any waiver of any right hereunder by the City will discharge or invalidate the 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.

D. Receipt of Post-Termination Rent Not Reinstatement. The receipt by the City of any sum of money or any other consideration paid by Lessee after the termination in any manner of the term, or after notice by City of such termination, will 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.

16. RIGHT OF ACCESS

City and City's officers, employees and agents have the right to enter upon the Leased Premises thereon during normal business hours upon two business days' written notice to Lessee (excepted in case of emergency) for the purpose of inspecting the same and without prior notice to Lessee to post notices of non-responsibility or any other notices the City may reasonably deem necessary or desirable.

17. QUIET ENJOYMENT

Subject to all rights reserved by City under this Lease and to the title exceptions existing as of the Effective Date, 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, will lawfully and quietly hold, occupy and enjoy the Leased Premises during the term of this Lease, without hindrance from City or those lawfully claiming an interest in or to the Leased Premises through or under City.

18. CONDEMNATION

A. Condemnation. In the event proceedings be taken pursuant to an exercise of the power of eminent domain by any lawful authority to condemn or otherwise acquire any portion of the Leased Premises, and as a result of such taking, such portion of the Leased Premises will no longer be suitable for the operation of the type of uses specified in Paragraph 6, Lessee will have the option, by written notice to City at any time prior to the date that such portion of the Leased Premises is taken by the condemning authority, to terminate this Lease, effective as of the date of possession by the condemning authority. Lessee will not grant a right of entry to any condemnor without the written consent of City .

B. Partial Termination. Should Lessee not elect to so terminate this Lease, or should any such taking not be sufficient to allow such option to terminate, this Lease will terminate as to the portion of the Leased Premises taken upon the date which possession of said portion is taken, but this Lease will continue in force and effect as to the remainder of the Leased Premises and Lessee, at its own cost and expense, will promptly restore the remaining portions of the Improvements, to a condition existing just prior to such taking.

C. Award. In the event that an award is made for an entire or partial taking or for damage to the Leased Premises or any interest therein in any action in direct or inverse

condemnation or in the event of a taking under the power of eminent domain, the parties agree that their respective rights to the award or compensation paid will be as follows:

(h) City is entitled to that portion of the award received for the taking of the real property within the Leased Premises, exclusive of all Required Improvements and other Improvements placed on the Leased Premises by or under Lessee.

(i) Lessee is entitled to that portion of the award received for the taking of Required Improvements and other Improvements placed on the Leased Premises by or under Lessee; provided, however, that with respect to any taking or award occurring after the one hundred twentieth full calendar month of the term of this Lease, any award received for the taking of or damages to Required Improvements or other Improvements placed on the Premises by or under Lessee will be prorated between City and Lessee based on the ratio between the number of years and partial years remaining in the Lease term to fifty years. For example, in the event the date of taking occurs with five years left in the Lease term, Lessee would be entitled to one-tenth of the award for the taking of or damages to the Required Improvements or other Improvements.

(j) Any severance damages and interest payable on the total award will be divided between City and Lessee in the same ratio as are the awards granted to them pursuant to the other provisions of this subparagraph.

(k) Lessee is not entitled to any portion of the award on the basis that Lessee's interest in this Lease has a bonus value (i.e. that the fair rental value of the Leased Premises for all or any portion of the remainder of the term exceeds the rental reserved under this Lease for such period).

19. FAIR MARKET VALUE

A. Fair Market Value Defined. "Fair Market Value" means:

When applied to the land of the Leased Premises or any portion thereof, the fair market value of such land, exclusive of the Improvements thereon, based upon the uses of the Leased Premises permitted under this Lease, as the same may from time to time be amended;

When applied to the Improvements located on the Leased Premises, or any portion thereof, the fair market value of such Improvements, exclusive of the land of the Leased Premises, based upon the uses of such Improvements permitted under this Lease, as the same may from time to time be amended;

When applied to the entire Leased Premises, or any portion thereof, and all Improvements located thereon, the fair market value of such land and Improvements in the aggregate based upon the uses of the Leased Premises permitted under this Lease, as the same may from time to time be amended;

When applied to the Lessee's leasehold interest under this Lease together with Lessee's interest in all Improvements located on the Leased Premises, the fair market value of such leasehold estate and improvements in the aggregate based upon the uses of the Leased Premises and such Improvements permitted under this Lease, as the same may from time to time be amended; and

When applied to the City's interest under this Lease together with the City's interest in the land of the Leased Premises and all Improvements located on the Leased Premises, the fair

market value of such interests in the aggregate based upon the uses of the Leased Premises permitted under this Lease, as the same may from time to time be amended.

B. Failure to Agree. If the parties cannot agree on the Fair Market value of the Leased Premises within thirty days of the date that such Fair Market Value determination becomes necessary under any of the provisions of this Lease, then the Fair Market Value will be determined by appraisal in accordance with subparagraph C of this Paragraph 19.

C. Appraisal.

If appraisal is required to fix the Fair Market Value, the appraisal will be conducted in the following manner: within five days following the expiration of the thirty-day period during which the parties have been unable to reach agreement on the Fair Market Value, the City will appoint an appraiser and give written notice thereof to Lessee and within five days after the service of that notice, Lessee will in like manner appoint an appraiser and give written notice to the City, or in case of the failure of either party so to do, the appraiser appointed by the other party will alone conduct the appraisal, and that determination of Fair Market Value will be binding and final, and the remaining provisions of this Paragraph 19C will be disregarded. If two appraisers are appointed then they will select and appoint in writing a third appraiser and give written notice to the City and Lessee, or if within five days after the appointment of the second appraiser, the two appraisers fail to appoint a third, then either party will, at its own expense, have the right to make application to the Superior Court of Los Angeles County, California to appoint a third appraiser. All appraisals must be completed within thirty days following the selection of the last appraiser to be designated. All appraisers must be experienced in real estate valuation matters and be both impartial and unrelated to either the City or the Lessee.

The arithmetic average of the two determinations of fair market value of the three appraisers so appointed (in either manner) which are closest in value will be deemed to be the Fair Market Value and the third determination thereof will be disregarded.

Each or the parties hereto will pay for the services of its appointee and one-half of the fee charged by the third appraiser and of all other proper costs, with the exception of attorneys' fees, which will be borne solely by the party incurring those fees.

20. JUDICIAL REFERENCE

In the event that a dispute arises between the parties in instances under this Lease which call for judicial reference, the City and Lessee agree to refer the dispute to judicial reference in accordance with the provisions of Section 638 et seq., of the California Code of Civil Procedure. The parties will agree upon a single referee who will then try all issues whether of fact or law, and report findings and a judgment. If the parties are unable to agree upon a referee, either party may seek to have one appointed, pursuant to California Code of Civil Procedure Section 640. The cost of such proceeding will initially be borne equally by the parties. However, the prevailing party in such proceeding, or in any litigation between the parties, will be entitled, in addition to all other costs reasonably incurred, to recover its reasonable attorneys' fees and its contribution for the cost of the reference as an item of damage or recoverable costs.

21. AUTHORITY

A. City Representations. City warrants that it has full right, legal capacity and authority to enter into and perform its obligations under this Lease and except as otherwise set forth in this

Lease, no approval or consent not heretofore obtained is necessary in connection with its execution on behalf of City or the performance of City's obligations hereunder.

B. Lessee Representations. Lessee warrants that it has full right, legal capacity and authority to enter into and perform its obligations under this Lease and except as otherwise set forth in this Lease, no approval or consent not heretofore obtained is necessary in connection with its execution on behalf of Lessee or the performance of Lessee's obligations hereunder.

22. NOTICES

A. Notices to City. The address for all Notices (as defined below) given by Lessee to City is:

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503
Attn: City Clerk
Fax: (310) 618-2931

and

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503
Attn: City Manager
Fax: (310) 618-5891

B. Notices to Lessee. The address for all Notices hereunder given by City to Lessee is:

Western Museum of Flight
3315 Airport Drive Red Baron #3
Torrance, CA 90505
Attn: Cynthia Macha-Skjonsby
Fax: (310) 325-9556

C. Effectiveness. Any and all notices, demands or other communications ("Notices") required or desired to be given hereunder by either party must be in writing and may be validly given or made by any of the following methods: (i) by personal delivery; (ii) by facsimile transmission if also concurrently deposited for delivery by United States mail in the manner described in clause (iii); (iii) by deposit in the United States mail, certified or registered, postage prepaid; or (iv) by delivery by a same day or overnight courier (e.g., Federal Express). For Notices served personally or by courier, service will be conclusively deemed made at the time of personal service or refusal to accept service. Notice served by facsimile transmission will conclusively be deemed to have been made as of the earlier of (a) the first business day following the date of transmission to the facsimile number, if any, shown above, so long as the sender has reasonable confirmation of the receipt by the receiving facsimile machine of the facsimile transmission; or (b) the date of receipt or refusal of the concurrently mailed copy of the Notice. If Notice is given by mail, it will be deemed delivered upon actual delivery or refusal to accept delivery, addressed to the party to whom such Notice is to be given at the address set forth above. Either party may change its address or facsimile number for the purpose of receiving Notices by a written notice given in the

manner above to the other party. Notwithstanding the prescribed methods of delivery set forth above, actual receipt of written notice by the parties will constitute notice given in accordance with this provision on the date received or refused.

23. GENERAL PROVISIONS

A. Remedies Cumulative. No remedy or election provided in any provision of this Lease will be deemed exclusive unless so indicated, but will whenever possible be cumulative with all other remedies in law or equity except as otherwise herein specifically provided.

B. Amendments and Modifications. This Lease may not be amended or modified in any way, and no purported amendment or modification will 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 his or her designee or the Mayor for the City; and (ii) executed by Lessee.

C. Litigation Expenses. If either party commences an action against the other party out of or in connection with this Lease, the prevailing party will be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party.

D. Time. Time is of the essence of this Lease.

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

F. Successors in Interest. Except as otherwise provided, each and every or term, covenant and condition of this Lease inures to the benefit of and binds, as the case may be, not only the parties but each and every of the heirs, executors, administrators, successors, assigns and legal representatives of the parties.

G. Waivers. The waiver by either Lessee or the City of any of the covenants, agreements, obligations, conditions, terms or provisions of this Lease will 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 . All waivers must be in writing and signed by the appropriate authorities of the party to be charged.

H. Gender and Number. In this Lease, whenever the 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.

I. Memorandum of Lease. Neither party will suffer or permit all or any part or a copy of this Lease to be recorded; provided, however, that City has the right, at City's expense, including the expense of any documentary transfer tax, to record or cause to be recorded a memorandum of this Lease executed by both parties. Upon the expiration or earlier termination of this Lease, Lessee will execute, acknowledge, and deliver to City within ten days after City's request, a quitclaim deed or other document(s) required by a reputable title company to remove any cloud from City's title to the Leased Premises that might arise as a result of the memorandum.

J. No Brokers. In connection with this Lease, Lessee and City each for itself warrants and represents that it has had no dealings with any person who is or might be entitled to a commission, finder's fee or other like payment in connection with the transactions contemplated by

this Lease and does hereby indemnify and agree to hold the other harmless from and against any and all loss, liability and expense that the other may incur should such warranty and representation prove incorrect.

K. Good Faith and Reasonableness. In the event any provision under this Lease requires or anticipates that either party make a judgment, give consent or approval, or exercise discretion, that party agrees to do so reasonably and in good faith, with due diligence, communicated to the other party in writing and without the imposition of conditions, 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 will govern.

L. Governing Law; Venue. This Lease is made under and will be construed pursuant to the laws of the State of California. Any suit hereon or hereunder may be brought only in a state or federal court sitting in the County of Los Angeles, State of California, and all parties agree that venue lies therein.

M. Execution in Counterpart. This Lease may be executed in several counterparts, and all so executed will constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

J. Approvals By City Government Functions. No consent, approval or satisfaction of the City provided for hereunder, and no waiver by the City of any provisions hereof, will be effective unless given in writing specifically referring to this Lease and executed by the City Manager or his or her designee or the Mayor for the City; no consent, approval, satisfaction or waiver under or with respect to this Lease will 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 will 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 will 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, businesses and activities located on or conducted thereon.

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IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

CITY OF TORRANCE,
a California municipal corporation

By: _____
Frank Scotto, Mayor

ATTEST:

By: _____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____
Patrick Q. Sullivan,
Assistant City Attorney

SOUTHERN CALIFORNIA HISTORICAL AVIATION FOUNDATION, a California nonprofit public benefit corporation

By: _____
Cynthia Macha-Skjonsby, President

By: _____
Fred Peitzman, Treasurer

EXHIBIT "A"

QUITCLAIM DEED AND RELEASE

Recorded May 13, 1948
BOOK 27145 Pages 362-368 Incl.

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 6534.21 feet to a point on the northeasterly line of said Lot 1, said last mentioned

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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 5921.75 feet to the northeasterly corner of said Lot 1, the point of beginning, containing 385.463 acres, more or less;

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 Recorde 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:

Recorded May 13, 1948
BOOK 27145 Pages 362-368 Incl.

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-RH, 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

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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 material 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 includ 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 conven-

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ient 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 demoliton 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

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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.

Recorded May 13, 1948
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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 o 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 o 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 su reservations or restrictions as covenants in any other instance a

Recorded May 13, 1948
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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

EXHIBIT "B"

LEGAL DESCRIPTION FOR LEASE PARCELS

THE LAND REFERRED TO HEREIN IS SITUATED IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

LEASE PARCEL 1

BEING A PORTION OF PARCEL 27 OF OFFICIAL MAP NO. 2 RECORDED IN BOOK 5 PAGES 44 THROUGH 51 INCLUSIVE OF MAPS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID PARCEL 27; THENCE ALONG THE WEST LINE OF SAID PARCEL 27 NORTH 00°24'33" EAST A DISTANCE OF 441.91 FEET TO A POINT HEREINAFTER REFERRED TO AS **POINT "A"**; THENCE LEAVING SAID WEST LINE SOUTH 89°38'04" EAST A DISTANCE OF 95.84 FEET; THENCE NORTH 00°24'33" EAST A DISTANCE OF 31.03 FEET; THENCE SOUTH 50°12'32" EAST A DISTANCE OF 158.49 FEET; THENCE ALONG A LINE LYING 0.63 FEET NORTHWESTERLY AND PARALLEL TO THAT CERTAIN SOUTHEASTERLY LINE OF SAID PARCEL 27 SHOWN AS "NORTH 44°22'02" EAST 218.09 FEET" ON SAID OFFICIAL MAP NO. 2; THENCE SOUTHEASTERLY ALONG THE NORHWESTERLY PROLONGATION OF THAT CERTAIN EASTERLY LINE OF SAID PARCEL 27 SHOWN AS "NORTH 37°24'29" WEST 149.19 FEET" ON SAID OFFICIAL MAP NO. 2 SOUTH 37°24'29" EAST A DISTANCE OF 10.40 FEET TO A POINT ON SAID EASTERLY LINE; THENCE DEPARTING SAID LINE SOUTH 36°59'27" EAST A DISTANCE OF 129.56 FEET; THENCE SOUTH 48°29'15" WEST A DISTANCE OF 137.87 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID PARCEL 27; THENCE ALONG SAID SOUTHERLY LINE SOUTH 52°35'31" WEST A DISTANCE OF 189.51 FEET TO **THE POINT OF BEGINNING**.

CONTAINING AN AREA OF 73,567.79 SQUARE FEET MORE OR LESS.

LEASE PARCEL 2

BEING A PORTION OF PARCEL 27 OF OFFICIAL MAP NO. 2 RECORDED IN BOOK 5 PAGES 44 THROUGH 51 INCLUSIVE OF MAPS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT HEREINABOVE DESCRIBED **POINT "A"**; THENCE ALONG THE WEST LINE OF SAID PARCEL 27 NORTH 00°24'33" EAST A DISTANCE OF 41.96 FEET; THENCE DEPARTING SAID WEST LINE SOUTH 89°38'04" EAST A DISTANCE OF 95.31 FEET;

THENCE SOUTH 02°20'46" EAST A DISTANCE OF 10.94 FEET; THENCE SOUTH 00°24'33" WEST A DISTANCE OF 31.03 FEET; THENCE NORTH 89°38'04" WEST A DISTANCE OF 95.84 FEET TO **THE POINT OF BEGINNING**.

CONTAINING AN AREA OF 4,018.57 SQUARE FEET MORE OR LESS.

EXHIBIT "B": ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.

PREPARED UNDER THE SUPERVISION OF:

JAN A. ADAMS, R.C.E. 21687
EXPIRES 9-30-11

REGISTERED PROFESSIONAL ENGINEER
JAN A. ADAMS
No. 21687
Exp. 09/30/11
CIVIL
STATE OF CALIFORNIA

SHEET 1 OF 2

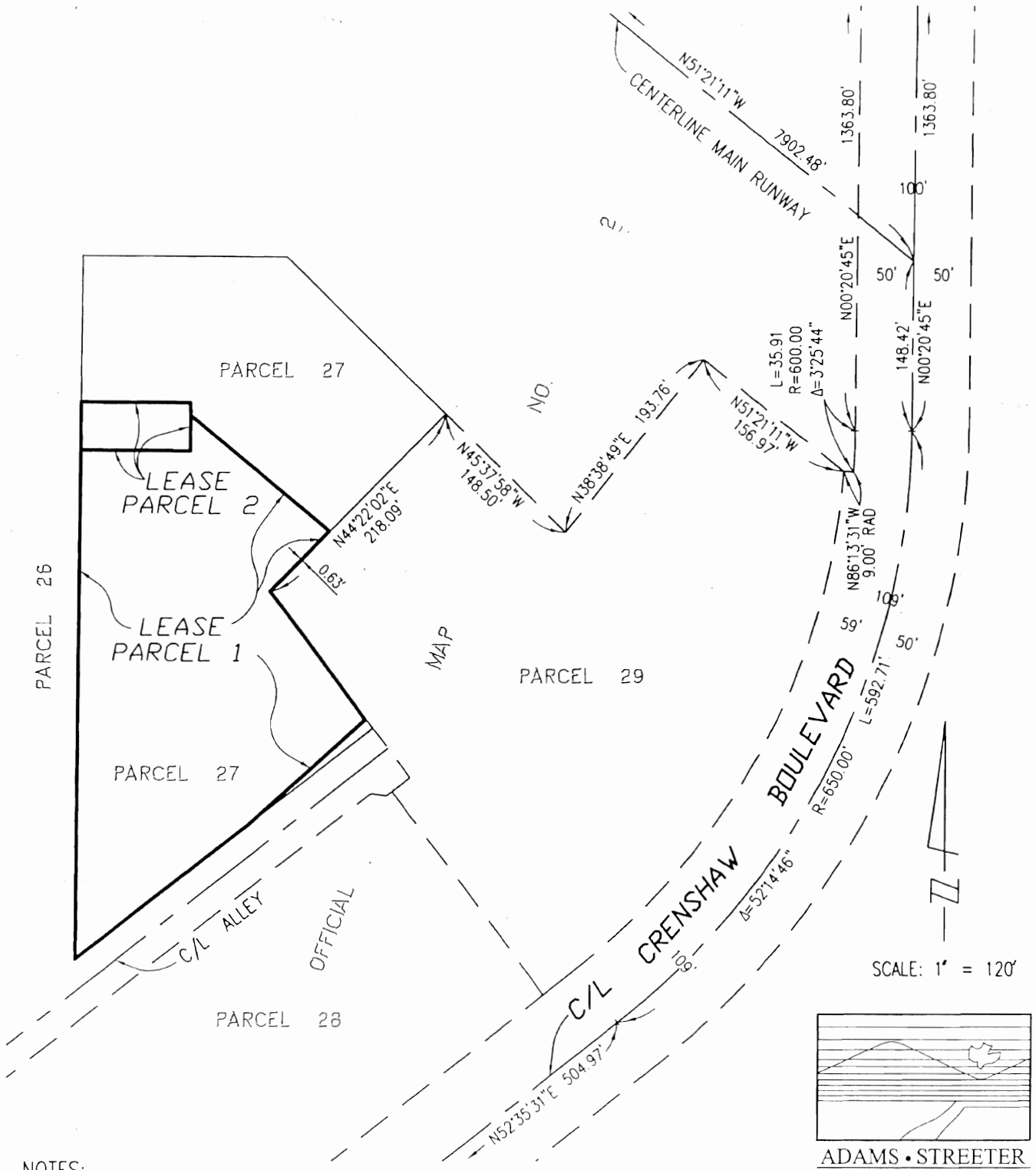
EXHIBIT "B"

SKETCH TO ACCOMPANY LEASE PARCELS

FOR PORTIONS OF PARCEL 27

OFFICIAL MAP NO. 2

IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



NOTES:

SEE SHEET 2 FOR LEASE PARCELS DATA

ADAMS • STREETER
CIVIL ENGINEERS, INC.

JN 10-1795

9/29/2010

SHEET 2 OF 2

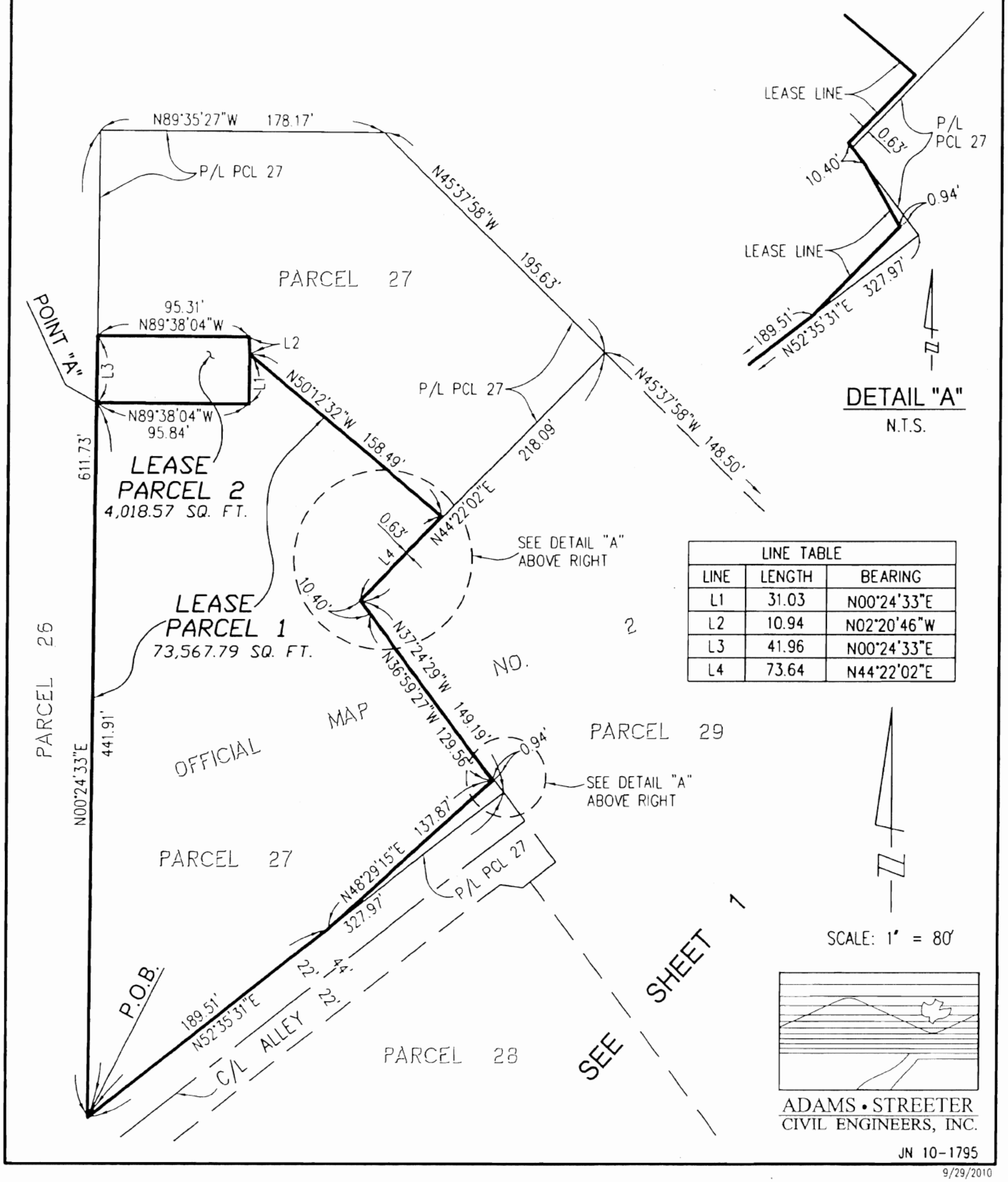
EXHIBIT "B"

SKETCH TO ACCOMPANY LEASE PARCELS

FOR PORTIONS OF PARCEL 27

OFFICIAL MAP NO. 2

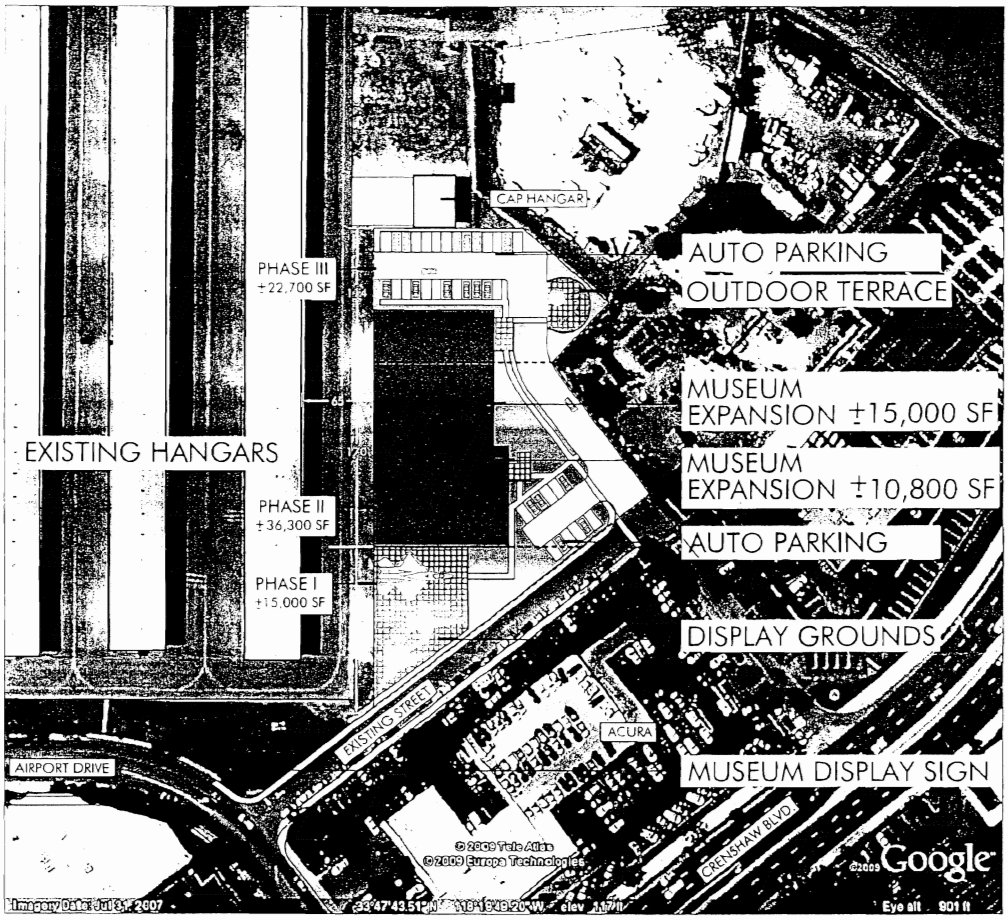
IN THE CITY OF TORRANCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



LINE TABLE		
LINE	LENGTH	BEARING
L1	31.03	N00°24'33"E
L2	10.94	N02°20'46"W
L3	41.96	N00°24'33"E
L4	73.64	N44°22'02"E

EXHIBIT "C"

CONCEPT PLAN



CONCEPT SKETCH

WESTERN MUSEUM of FLIGHT EXPANSION

TORRANCE, CALIFORNIA

RNM DESIGN
ARCHITECTURE
PLANNING
LANDSCAPE
GRAPHICS
RNMDESIGN.COM

2 CORPORATE PARK
SUITE 100
IRVINE
CALIFORNIA
92606 USA
T 949.752.1800
F 949.833.9603

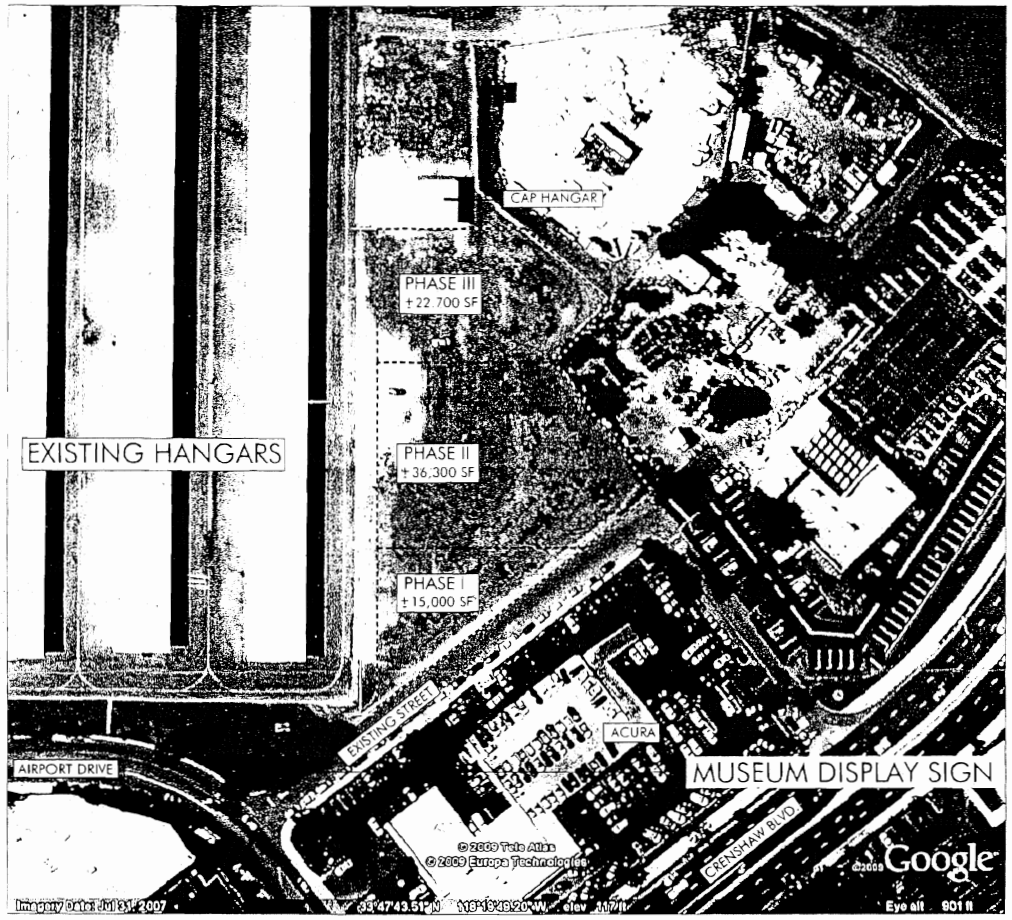
0 50' 100' 200'

N

NOVEMBER 25, 2009

EXHIBIT "D"

PHASING DIAGRAM



CONCEPT PHASING

WESTERN MUSEUM of FLIGHT EXPANSION

TORRANCE, CALIFORNIA

RNM DESIGN
ARCHITECTURE
PLANNING
LANDSCAPE
GRAPHICS
RNMDESIGN.COM

2 CORPORATE PARK
SUITE 100
IRVINE
CALIFORNIA
92606 USA
T 949.752.1800
F 949.833.9603

0 50' 100' 200'

NOVEMBER 23, 2009

Attachment C

January 14, 2010

**MINUTES OF A REGULAR MEETING
OF THE AIRPORT COMMISSION**

7A. UTILIZATION OF AIRPORT PROPERTY FOR PROPOSED WESTERN FLIGHT MUSEUM PROJECT

Brian Sunshine, Assistant to the City Manager and Chair, Land Management Team, provided background and a proposal to lease property at the east end of the Airport on a three-phased basis for the development of Western Museum of Flight (WMOF). He stated that it would be a zero rent lease, and briefly discussed the public benefit, the three phases, and options to proceed after each phase.

Paul Nowatka, with the assistance of Cynthia Macha, President/CEO of Western Museum of Flight, provided a power point presentation "Western Museum of Flight Concept Proposal for Future Site" in the material of record. Mr. Nowatka presented WMOF's Vision Statement, history, and mission. He discussed strengths and assets of WMOF that include audience diversity, education programs, substantial collections, research facilities, flight line activities, volunteer opportunities, lecture series, special events, and successful collaborations.

He provided information about Phase I, the Aircraft Display Parking Area, consisting of 15,000 square feet to accommodate parking for three to four historically significant aircraft. He stated that Phase I is fully funded, completion is expected within four months of final approval, and includes a 24-month option to proceed with Phase II that begins at completion of Phase I.

He discussed Phase II, the Intermediate Museum Facility—a steel, prefabricated, hangar-looking Butler building designed to be a nice facility in the event that fundraising efforts do not allow them to proceed with Phase Three. He stated that cost of construction of the building is approximately $500,000 and would become a permanent portion of the facility. Phase III, the Permanent Home for WMOF, would include static aircraft display areas, an outdoor picnic/observation area, and a Museum/Educational Center.

Responding to Commissioner Dingman's inquiry, Mr. Nowatka stated that WMOF is very optimistic about raising sufficient funds to proceed with Phase II.

Commissioner Tymczyszyn expressed concern about security and was advised by staff that for safety reasons the facility would be fenced and separate, and the public would not be allowed onto the Airport.

In response to Commissioner Jacobsen's inquiry regarding education mandates, Mr. Nowatka stated that a good portion of the funds that were raised have to be dedicated to the educational program that includes tours and classes.

Responding to Commissioner Jacobsen's inquiry about California Wings, Mr. Nowatka stated that WMOF would work with California Science Center to develop hands-on exhibits.

Commissioner Jacobsen expressed concern about accepting federal funding and Mr. Nowatka responded that any grants that may become available in the future would not

obligate the City in any way. He noted that any capital improvements would revert back to the City if WMOF decides not to proceed with Phase II.

In response to Commissioner Fitch's inquiries, Mr. Nowatka stated that WMOF hopes to increase the number of visitors by 300-400%, that the security fencing would match existing fencing, that the current location is approximately 6,000 square feet, and that they currently pay $8,000 rent per month.

Commissioner Fitch inquired how difficult it might be to acquire a new tenant and Mr. Nowatka responded that it would be up to Torrance Flite Park.

Ralph Martin, President, Torrance Flite Park, advised that the current museum site was actually designed to be two hangars, that they would look for new tenants, and would continue the rent base that the City is used to receiving.

Responding to Commissioner Fitch's inquiries, Land Management Team Chair Sunshine explained that feasibility studies have been built into the options and that WMOF would have 24 months to fundraise for Phase II and five years to fundraise for Phase III that would commence with completion of Phase II.

Commissioner Tymczyszyn received clarification that the Nike site is not part of the leasehold.

Mr. Nowatka assured Chairperson Donnellan that Phase I site preparation would not impact take-offs, landings, or the ILS and that an exit strategy is being prepared just in case it becomes necessary.

Commissioner Jacobsen expressed concern that the Commission would not be able to provide input after Phase I.

Commissioner Tymczyszyn pointed out that the parcel is unused space and that it is unlikely that the City would ever develop it.

Chairperson Donnellan stated that it would be a quality project and that the Commission would not have anything to weigh in on in regards to Phase II.

Land Management Team Chair Sunshine explained that the lease, if approved by City Council, would be for all three phases and would include options to exercise assuming WMOF meets the criteria of the lease.

MOTION: Commissioner Fitch moved to recommend approval of a conceptual plan to lease Airport property on a phased basis for the development of Western Museum of Flight with zero rent to the City and with funding secured for Phase I. Commissioner Adams seconded the motion; a roll call vote reflected unanimous approval (absent Commissioner Phillips).

The Commission was in recess from 8:20 p.m. to 8:35 p.m.

Approved as Amended
February 11, 2010
s/ Sue Herbers, City Clerk

Attachment D

Commission meeting of
January 14, 2010

Honorable Chair and Members
of the Airport Commission
City Hall
Torrance, California

Members of the Commission:

SUBJECT: Utilization of Airport Property for proposed Western Flight Museum project

RECOMMENDATION

A recommendation of the Land Management Team for the Airport Commission to review, comment and give input to a conceptual plan to Lease Airport Property on a phased basis for the development of a museum to be known as the "Western Museum of Flight."

FUNDING

There is no funding required for this recommendation.

BACKGROUND

The Western Museum of Flight (WMOF) has been operating out of private hangars at Torrance Municipal Airport/Zamperini Field. They have expressed a desire to expand their operation onto underutilized airport property to create a museum, display and education areas.

The current site was under Lease to the Civil Air Patrol (CAP). The Lease has expired and staff is working with the CAP to create a license/Lease area for the hangar that was constructed by the CAP.

ANALYSIS

The subject site is approximately 3 acres less the area occupied by the Civil Air Patrol hangar. The Civil Air Patrol area utilized for their hangar would be excluded from the Leasehold and would occupy the location based on a License Agreement. The remainder of the site would be included in a proposed Lease that would be exercised in phases based on performance. An exact area has not been calculated; if this proposal moves forward a legal description for the WMOF proposed site would have to be generated.

The following are the phases as proposed by the Western Museum of Flight. Timelines, costing and other items are as proposed by the WMOF. Staff has not fully analyzed the feasibility of the proposal with regard to cost. Staff has utilized the original proposal by WMOF to develop the information below, the original proposal by WMOF is attached (Attachment A).

PHASE I

The WMOF anticipates a first operational phase consisting of space to accommodate display parking for 3 to 4 aircraft. These proposed static display aircraft are intended to:

1. Advertize the existence of the Western Museum of Flight
2. Identify the Museum's prospective future home
3. Provide for an adjunct to the Museum's current activity at Flite Park
4. Make the aircraft visible to the general public
5. Provide a visible partnership with the City of Torrance to meet the standards of potential donors.

DESCRIPTION

The area is east of the easternmost taxiway. It is bounded by a line 15 feet from the east edge of the easternmost taxiway running from the current fence on the street behind the Acura dealer NW for 150 feet; it then makes a right angle heading NE for 200 feet again intersecting the same fence. The area is approximately 15,000+ square feet.

TAXIWAY EXTENSION

The easternmost taxiway has a centerline that is actually off center to the east. As part of Phase I the taxiway will be widened 15 feet to allow easy maneuvering of aircraft.

SECURITY

Appropriate security fencing will be provided to:

1. Assure the protection of moving aircraft on the taxiway
2. Protect the static display aircraft from vandalism
3. Limit pedestrian activity

Security fencing exists along the street and new fencing of approximately 350 feet would be built with two removable panels or gates for rotating display aircraft.

SITE PREPARATION

To make the site suitable for aircraft parking and comply with city standards, the following process will be used:

1. Site grading for proper base and drainage
2. Spread materials and compact
3. Install 9 inches of rock base
4. Fine grade and add a 3 to 4 inch layer of asphalt, rolled and compacted
5. Seal finish grade
6. Install security fencing

FINANCING

Costs are estimated by the WMOF at between $33,000 and $41,000. Board members are participating in the funding and one Board member will guarantee the difference between what is raised and the balance up to the full amount.

TIME LINE
Project to be completed and occupied within four months of final city approval.

SIGNAGE
WMOF would also install a sign facing Airport Drive at its intersection with the roadway behind the Acura dealer. Exact dimensions, location and content of the sign are to be determined and approved by the City. The purpose is to announce the future home of the Western Museum of Flight and connect the aircraft to the Museum. It would also provide information on the location of the current facility.

Additionally the Museum may install, subject to approval, signs describing the aircraft on display. These may be portable signs that could be changed when new aircraft are rotated in.

PARKING
This phase does not anticipate providing any public parking. The general public will not have access to the aircraft but we would like the public to be able to stop and view them. To accomplish this it has been requested that the City change the parking restrictions on the westernmost curb line of the street behind the Acura dealer from "No Parking" to time limited parking. This would be reviewed by City staff to determine safety and viability of the request.

PHASE II OPTION
The WMOF is seeking a 24-month option to lease the property described in Phase 2 (below). The clock for this option would begin at the time of completion and occupation of Phase I. If, within the 24-month period, the WMOF fails to raise sufficient funds to complete Phase II, the option would not be exercised unless an extension requested and granted.

PHASE II

The Western Museum of Flight (WMOF) anticipates a second construction Phase and Operational Plan. It would be immediately northeast of Phase I, consisting of 36,300 square feet.

The WMOF requests a Cooperative Lease* to use the property. Terms and conditions will be worked out with City staff. **Cooperative Lease in this instance is a no fee use of the property.*

The location would be used to accommodate a more permanent location for the Western Museum of Flight facilities of approximately 11,000 square feet. This represents about 50% more floor space than WMOF currently occupies at Flite Park. The Museum building would be supported by ramp space, suitable auto parking space, additional security fencing, and pedestrian circulation and control facilities.

An important reason for the additional space is the expansion and improvement of the organization's educational mandates.

This Phase would be formalized with a cooperative land lease agreement, involving both Phase I and Phase II areas. The development of a lease including legal matters, financial and other deal points are to be worked out with city staff.

TIMELINE

Assuming the approval of the requested option on the land, the WMOF would have 24 months to secure funding for Phase II. If the necessary funding is assured, a formal construction proposal will be sent through the appropriate City process. It is possible that the full 24 months will not be needed. Preliminary plans are currently being prepared and the WMOF should be able to start construction as soon as a Lease is developed and appropriate construction review and approvals are received by the City. WMOF estimates that construction time is estimated at between 9 and 12 months.

FINANCING

It is estimated by the WMOF that the total cost for Phase II is estimated at $900,000 to $1 million. It is entirely possible to complete the construction of the building shell for $500,000 to $550,000. The additional funds are moving expenses, interior design and construction, engineering, displays, and site preparation. Fundraising for this Phase is an ongoing effort led by the Board of Directors of WMOF.

PARKING

Phase II will include on-site parking that will allow all construction vehicles inside the fencing. It would be converted to public parking when building construction is complete. For security purposes, ingress and egress points will have to be from the easternmost area of the airport with vehicular movement only allowed within the WMOF Lease area.

TAXIWAY WIDENING

The 15-foot widening of the easternmost taxiway will be continued from Phase 1 to the northern limit of Phase II.

SITE PREPARATION

As this is to be an aesthetically pleasing facility, landscaping, outdoor seating areas, and public parking will be installed. All site preparations will meet City standards. More detailed plans will be provided with the formal application for Phase II. Soil sampling can be done in conjunction with Phase I. Infrastructure Engineering, Architectural/Structural Design, and Cost Estimating is an ongoing process.

PHASE III

The WMOF anticipates a Third Phase of development, focused on a 15,000 square foot permanent public display and educational facility.

The primary function of the Western Museum of Flight is as an educational organization. The "California Wings" section is the educational arm with state of the art, hands on, family

learning experiences. Historic aerospace and aviation exhibits are props for the learning environment.

LOCATION

Phase III would be located immediately north of, and including part of the Phase II project area. This Third Phase Museum component would occupy an approximately 22,700 square foot site bound by the City hangar taxiway, the current Civil Air Patrol (CAP) hangar site location and the angular property line separating it from the City's Fire Department training activity area and the Nike site.

The 22,700 square feet is a bit deceiving because additional space was built into Phase II to accommodate construction. That additional space would eventually become part of Phase III.

DESCRIPTION

The possible building footprint is shown on the accompanying concept sketch. There would be:

1. Appropriate static aircraft display areas
2. Auto parking facilities
3. Pedestrian circulation routes
4. An outdoor picnic/observation area for Museum visitors oriented toward the aircraft arrival area for TOA runways 29 left and 29 right, and is considerably distant from the Airport's Runway Protection Zone (RPZ).
5. An approximately 15,000 square foot Museum/Educational Center reflecting the culture and quality expected for the City of Torrance.

SECURITY

This Plan anticipates appropriate security fencing and display aircraft access gates, as well as designated pedestrian circulation routes and control points. The safety of Museum guests and volunteers is paramount.

TIMELINE

Because of the scope of the expansions the WMOF states that a timeline for Phase III cannot be estimated at this time. When the WMOF is prepared to exercise its option on Phase II, an option to lease the area of Phase III will be requested of the City subject to approval by the City Council. It is anticipated that the option period would be for five years commencing with the completion of Phase II.

Phase III is anticipated to be the subject of a long-term land lease, either as a modification of the Phase I/II lease, or an entirely separate lease. It is impossible to estimate cost at this time as there are too many variables. Some potential donors would be interested in participating in the planning of Phase III. Issues of signage, building orientation, parking, etc are to be defined by City staff at the appropriate time. The possibility of a restaurant or café as part of the facility is being discussed and would be presented to City staff to determine traffic issues, and overall feasibility as it relates the airport operation.

There are no requests of the City at this time. Phase III is briefly presented so an overall view of possible future expansion is available; however, it should be noted that the WMOF

anticipated that by the nature of this proposal the area identified in Phase III would be unavailable for future development until it is determined whether the WMOF has the financial capability to expand its operation. As proposed in other phases, there would be an end date for financing and if the WMOF is not successful in securing funds the property would revert back to the City.

The proposal before the Commission this evening is for a phased development with funding secured for Phase I. The proposal is for zero rent to the City for the use of the property in exchange for construction and operation of the Museum.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By: _____
BRIAN K. SUNSHINE
Assistant to the City Manager
and Chair, Land Management Team

CONCUR:

_____
LeROY J. JACKSON
City Manager

Attachment:
A. Proposal from Western Flight Museum dated December 8, 2009

Attachment A

Western Museum of Flight

Torrance Airport / 3315 Airport Drive Red Baron #3 / Torrance, CA 90505
Tel: 310.326.9544 / Fax: 310.325.9556

December 8, 2009

Honorable Mayor Frank Scotto and
Members of the City Council
City of Torrance
3031 Torrance Blvd.
Torrance, CA 90503

SUBJECT: REQUEST FOR USE OF CITY PROPERTY FOR EXPANSION OF THE WESTERN MUSEUM OF FLGHT.

This Proposal outlines the potential for development of a permanent location for the Western Museum of Flight (WMOF) at the Torrance Municipal Airport (TOA).

BACKGROUND

Western Museum of Flight was welcomed to Torrance by a vote of the City Council and moved into temporary quarters at the Flite Park development in 2006 as a first step in establishing its cultural roots. The Board of Directors of the WMOF made a commitment of leadership and participation in the educational and historic preservation culture in the City of Torrance. We have enjoyed a friendly and supportive relationship with the City.

The Museum had previously been located from 1981 to 2006 at the Hawthorne Airport. The Northrop Company originally inspired the formation of the Southern California Historical Aviation Foundation (SCHAF), which is the precursor of the Western Museum of Flight.

MISSION

- Create educational opportunities inspired by Southern California's aerospace industry
- Provide experiences that inspire families through the stories of aviation pioneers
- Develop cultural and educational events that appeal to a wide audience
- Build enthusiasm for aerospace education and historical preservation
- Preserve archives and artifacts that chronicle achievements of the aerospace industry in Southern California

VISION

"To capture the imagination and inspire achievement through memorable experiences that celebrate the rich Southern California Aerospace Industry Legacy"

FUTURE PLANS

The WMOF Board and Advisors have studied a number of options for future growth in the Torrance community, and is now positioned to work with the City and its staff toward a more permanent facility at Zamperini Field. We are ready to go forward with the first Phase of the expansion plan.

THE SITE

Western Museum of Flight (WMOF) proposes its future operational program on a portion of TOA lying immediately east of the City's general aviation hangars (the 'east T's'); this site is bound by the taxiway serving the most easterly of the City's hangars, and is further bound by Airport Drive and a potential site limit represented by the City's fire training area, the historic Nike site, and the Civil Air Patrol facility. The proposed Museum site is within the recently constructed airport security fence.

The three phases total about 74,000 Square Feet of land as illustrated on the Site plans accompanying this proposal.

THREE PHASES OF MUSEUM DEVELOPMENT AND OPERATION

PHASE I.

The WMOF anticipates a first operational phase consisting of 15,000 square feet to accommodate parking for 3 to 4 display aircraft. These proposed static display aircraft are intended to symbolize the Museum's prospective growth site, as well as to provide for an adjunct to the Museum's current activity at Flite Park.

The new location will free up valuable open space within Flite Park and make the aircraft visible to the general public. A broader description of Phase I is attached including requests. Phase I is fully funded.

Note that Phase I anticipates WMOF continued occupancy of its current Flite Park facility.

PHASE II.

The Western Museum of Flight anticipates a second and more permanent construction Phase and operational Plan. It would be immediately north of Phase I consisting of about 36,300 square feet accommodating the Museum's current displays and expanding the educational facilities needed for the "California Wings" project. An approximately 11,000 square foot hangar style building would be erected representing about 50% more floor space than the Museum currently occupies at Flite Park. A more detailed description of Phase II is part of this proposal. All of the Museum's displays and archives would be relocated to this facility.

PHASE III.

The WMOF envisions a third Phase of development, focused on a 15,000+ square foot permanent public display and educational facility, located immediately north of its Phase II hangar display area. This third Phase of the Museum expansion would occupy part of the square footage of Phase II plus an additional approximate 22,700 square feet.

IMPLEMENTATION PROGRAM

The WMOF recognizes the need to provide proper assurances to the City of Torrance with respect to each Phase and to all physical improvements, operational procedures and financial matters. For these reasons, WMOF suggests that the three-phase approach would be based on each prior Phase's success, as a foundation for each follow-on Phase. In this way, the City and prospective investors would base their later commitments on demonstrated successes with the Museum's ongoing program, before committing to and/or underwriting the expected next steps.

Phase II, of course, requires substantial investment, which must accompany procedural options, to protect both the City's landlord position, and the Museum's future, with exit strategies if required.

SUMMARY

The Western Museum of Flight regards this proposal as a request to proceed with the many discussions and project decisions on which to base the next steps in the Museum's future. The Board of Directors look forward with great anticipation to the City's favorable response to engage in the effort required to work with us toward a mutually beneficial future. One goal of the three-phased project is to make Torrance an educational and cultural destination.

TIME IS OF THE ESSENCE

The current economic conditions are favorable to the WMOF as there are contractors willing to discount the price of their work. In addition, a potential inflationary cycle has not begun and material prices are also favorable.

Respectfully submitted,

Cynthia Macha, President/CEO
Western Museum of Flight

PHASE I

The Western Museum of Flight (WMOF) requests a simple ground lease on space at the east end of the airport. .

The WMOF anticipates a first operational phase consisting of space to accommodate display parking for 3 to 4 aircraft. These proposed static display aircraft are intended to:

1. Advertize the existence of the Western Museum of Flight
2. Identify the Museum's prospective future home
3. Provide for an adjunct to the Museum's current activity at Flite Park
4. Make the aircraft visible to the general public
5. Provide a visible partnership with the City of Torrance to meet the standards of potential donors

DESCRIPTION

The area was previously leased to the Civil Air Patrol and is east of the easternmost taxiway. It is bounded by a line 15 foot from the east edge of the easternmost taxiway running from the current fence on the street behind the Acura dealer NW for 150 feet; it then makes a right angle heading NE for 200 feet again intersecting the same fence. The area is approximately 15,000+ square feet. (See Attachment)

TAXIWAY EXTENSION

The easternmost taxiway has a centerline that is actually off center to the east. As part of Phase I the taxiway will be widened 15 feet to allow easy maneuvering of aircraft. The new paved area will allow 65 feet of room from the existing east T hangars to the fence line allowing for both taxing of airplanes and allowed parallel parking.

SECURITY

Appropriate security fencing will be provided to:

1. Assure the protection of moving aircraft on the taxiway
2. Protect the static display aircraft from vandalism
3. Limit pedestrian activity

Security fencing exists along the street and new fencing of approximately 350 feet would be built with two removable panels or gates for rotating display aircraft.

SITE PREPARATION

To make the site suitable for aircraft parking and comply with city standards, the following process will be used:

1. Site grading for proper base and drainage
2. Spread materials and compact
3. Install 9 inches of rock base

4. Fine grade and add a 3 to 4 inch layer of asphalt, rolled and compacted
5. Seal finish grade
6. Install security fencing

FINANCING
Costs are estimated at between $33,000 and $41,000. Board members are participating in the funding with one Board member guaranteeing the difference between what is raised and the balance up to the full amount. (See attachment).

TIME LINE
Project to be completed and occupied within four months of final city approval.

SIGNAGE
WMOF requests permission to install a sign facing Airport Drive at its intersection with the roadway behind the Acura dealer. Exact dimensions and content to be determined with City staff. The purpose is to announce the future home of the Western Museum of Flight and connect the aircraft to the Museum. It would also provide directions to the current facility.

The Museum requests permission to install signs describing each aircraft on display. These would be portable signs that would be changed when new aircraft are rotated in.

A temporary sign within the Phase I footprint would recognize the sponsors of Phase I.

PARKING
This phase does not anticipate providing any public parking. The general public will not have access to the aircraft however we would like the public to be able to stop and view them. To accomplish that we request the City to change the parking restrictions on the westernmost curb line of the street behind the Acura dealer from "No Parking" to limited parking.

PHASE 11 OPTION
As part of this approval process the WMOF requests a 24-month option to lease the property described in Phase 2. The clock for this option would begin at the time of completion and occupation of phase 1. If, within the 24-month period, the WMOF fails to raise sufficient funds to complete Phase 11, the option would either not be exercised or an extension requested.

PHASE II

The Western Museum of Flight (WMOF) anticipates a second construction Phase and operational Plan. It would be immediately northeast of Phase I, consisting of 36,300 square feet. (See attachment)

Thee WMOF requests a cooperative lease to use the property. Terms and conditions will be worked out with City staff.

The location would be used to accommodate a more permanent location for the Western Museum of Flight facilities of approximately 11,000 square feet. This represents about 50% more floor space than WMOF currently occupies at Flite Park. The Museum building would be supported by ramp space, suitable auto parking space, additional security fencing, and pedestrian circulation and control facilities.

An important reason for the additional space is the expansion and improvement of the organization's educational mandates. "California Wings " is a separately funded program within the museum facilities.

The new facility will allow the WMOF programs to function without the substantial expenses incurred at the current location. This Phase would be formalized with a cooperative land lease agreement, involving both Phase I and Phase II footprints. Further discussions concerning legal matters, financial and lease points are to be worked out with city staff.

TIMELINE
Assuming the approval of the requested option on the land, the WMOF would have 24 months to secure funding for Phase II. The goal is to amass enough funds to entirely complete the project. When the necessary funding is assured, a formal construction proposal will be sent through the appropriate City systems. It is possible that the full 24 months will not be needed. Preliminary plans are currently being prepared and the WMOF should be able to start construction as soon as the City approval of Phase II is received. Construction time is estimated at between 6 and 8 months.

FINANCING
The total cost for Phase II is estimated to be $550,000 to $650,000 including site preparations. Fund raising for this Phase is an ongoing effort led by the Board of Directors.

PARKING
Phase II will include on-site parking that will allow all construction vehicles inside the fencing. It would be converted to public parking and open space when building construction is complete.

TAXIWAY WIDENING

The 15-foot widening of the easternmost taxiway will be continued from Phase 1 to the northern limit of Phase II. This provides an unimpeded taxiway of 65 feet.

SITE PREPARATION

As this is to be an aesthetically pleasing facility, landscaping, outdoor seating areas, and public parking will be installed. All site preparations will meet City standards. More detailed plans will be provided with the formal application for Phase II. Soil sampling can be done in conjunction with Phase I. Infrastructure Engineering, Architectural/Structural Design, and Cost Estimating are ongoing processes but included in the estimates.

PHASE III

The WMOF anticipates a third Phase of development, focused on a 15,000 square foot permanent public display and educational facility.

The primary function of the Western Museum of Flight is as an educational organization. The "California Wings" section is the educational arm with state of the art, hands on, family learning experiences. Historic aerospace and aviation exhibits are props for the learning environment.

LOCATION

Phase III would be located immediately north of, and including part of the Phase II project area. This third Phase of Museum component would occupy an approximately 22,700 square foot site bound by the City hangar taxiway, the current Civil Air Patrol (CAP) hangar site location and the angular property line separating it from the City's Fire Department training activity area and the Nike site.

The 22,700 square feet is a bit deceiving because additional space was built into Phase II to accommodate construction. That additional space would eventually become part of Phase III.

DESCRIPTION

The possible building footprint is shown on the accompanying concept sketch. There would be:

1. Appropriate static aircraft display areas
2. Auto parking facilities
3. Pedestrian circulation routes
4. An outdoor picnic/observation area for Museum visitors oriented toward the aircraft arrival area for TOA runways 29 left and 29 right, and is considerably distant from the Airport's Runway Protection Zone (RPZ).
5. An approximately 15,000 square foot Museum/Educational center, reflecting the culture and quality expected for the City of Torrance.

SECURITY

This Plan anticipates appropriate security fencing and display aircraft access gates, as well as designated pedestrian circulation routes and control points. Safety of Museum guests and volunteers is paramount.

TIMELINE

Because of the scope of the expansions we cannot predict a timeline for Phase III. When to WMOF is prepared to exercise its option on Phase II, an option to lease the area of Phase III will be requested. It is anticipated that the option period would be for five years commencing with the completion of Phase II.

Phase III is anticipated to be the subject of a long-term land lease, either as a modification of the Phase I/II lease, or an entirely separate lease. It is impossible to estimate cost at this time, as there are too many variables. Some potential donors would be interested in participating in the planning of Phase III. Issues of signage, building orientation, parking, etc are to be defined with City staff at the appropriate time. The possibility of a restaurant or café as part of the facility is being discussed.

There are no requests of the city at this time; Phase III is briefly presented so an overall view of possible future expansion is available.

Internal Revenue Service
District Director

Department of the Treasury

Date: OCT 4 1983

Employer Identification Number:
95-3863617
Accounting Period Ending:
September 30
Foundation Status Classification:
170(b)(1)(A)(vi) and 509(a)(1)
Advance Ruling Period Ends:
September 30, 1984
Person to Contact:
I. Hill
Contact Telephone Number:
(213) 686-4859

The Southern California Historical
Aviation Foundation
P.O. Box 461
Hawthorne, CA 90250

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in section 170(b)(1)(A)(vi) and 509(a)(1).

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This advance ruling period begins on the date of your inception and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you must submit to us information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the date of your inception for purposes of sections 507(d) and 4940.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within the 90 days, grantors and donors may continue to rely on the advance determination until the Service makes a final determination of your foundation status. However, if notice that you will no longer be treated as a section 509(a)(1)** organization is published in the Internal Revenue Bulletin, grantors and donors may not rely on this determination after the date of such publication. Also, a grantor or donor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(1)** status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(1)** organization.

** and section 170(b)(1)(A)(vi).

November 30, 2009

Ms. Cynthia Macha
President/CEO
Western Museum of Flight
3315 Airport Drive
Torrance, CA 90505

RE: Phase 1 funding

We are in the process of requesting a land lease on property on the east end of Torrance Airport. Phase 1 is approximately 15,000 square feet and to be used solely for aircraft display.

A natural concern of City officials is the ability of the Museum to finance completion of the necessary site work at phase 1. Members of the Board have indicated a willingness to make individual donations to the project. The cost estimates range from $33,000 to $41,000.

The purpose of this correspondence is to insure the complete financing of the project. I will, with personal funds, guarantee the financing to complete Phase I up to the $41,000.

I am prepared to guarantee funding until April 1, 2010.

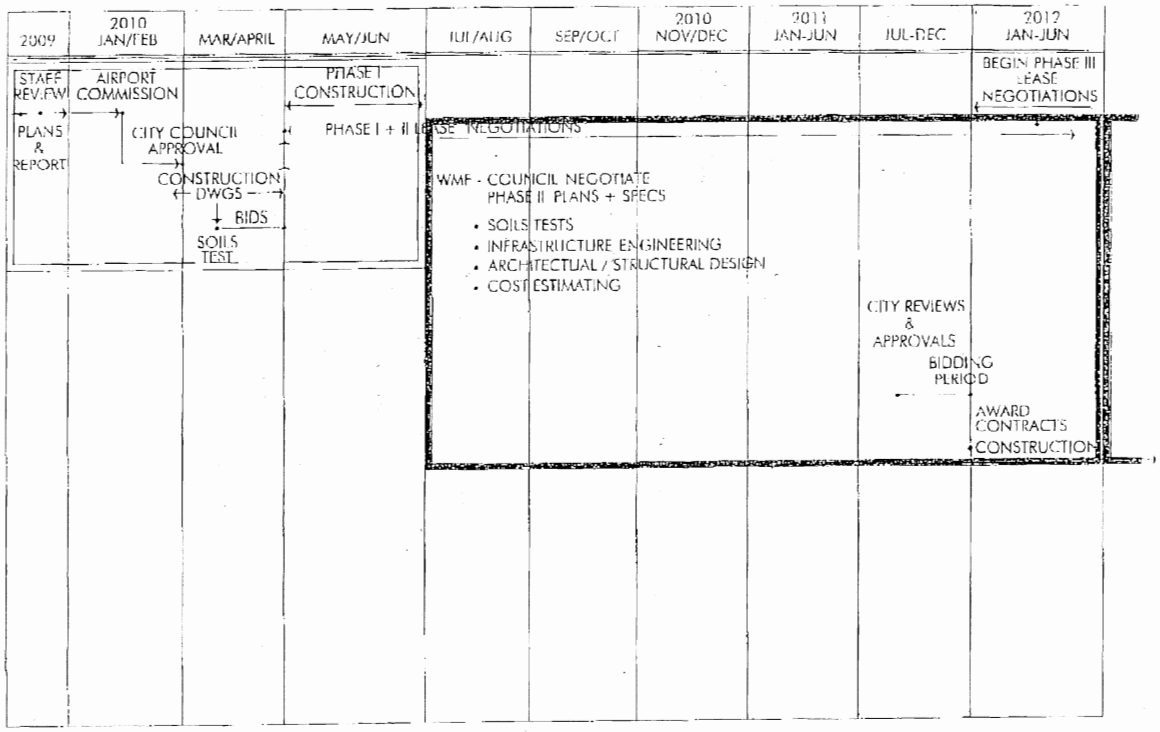
Respectfully,

Stephen R. Smith

Steve Smith

WESTERN MUSEUM OF FLIGHT

PERFORMANCE STEPS • NEW MUSEUM DEVELOPMENT



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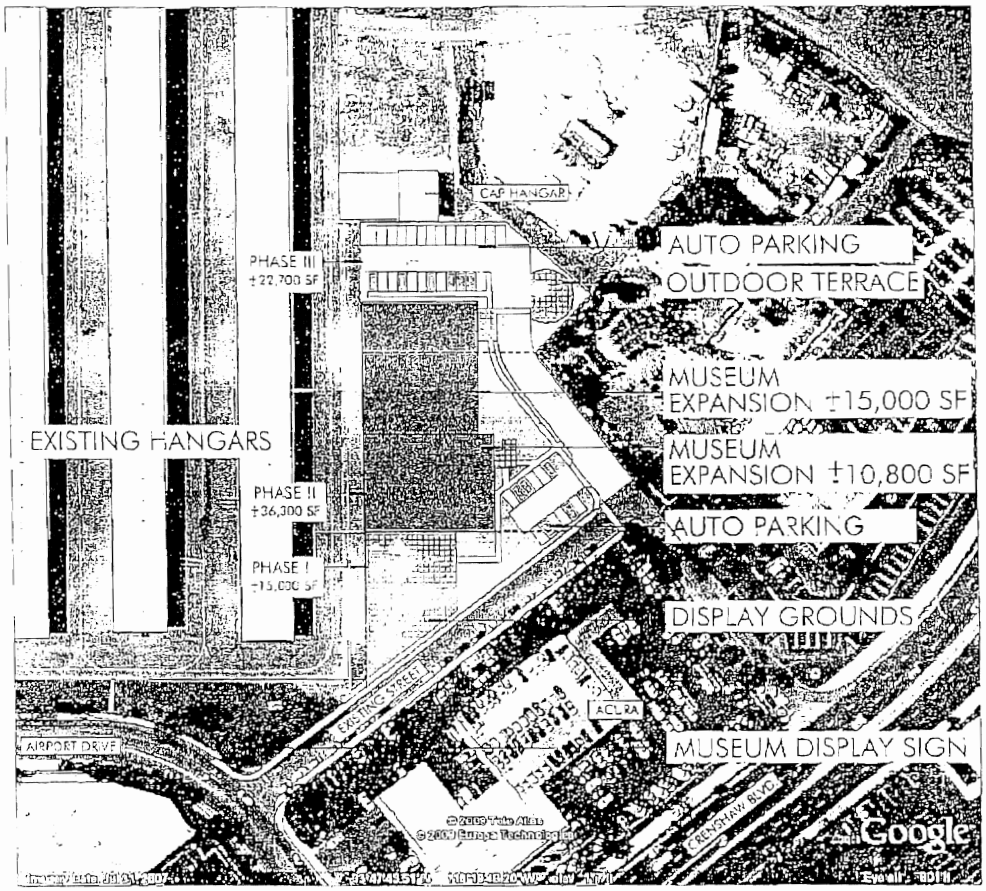
NOVEMBER 25, 2009



CONCEPT SKETCH

WESTERN MUSEUM of FLIGHT EXPANSION

TORRANCE, CALIFORNIA

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F 949.833.9600

0 50' 100' 200'

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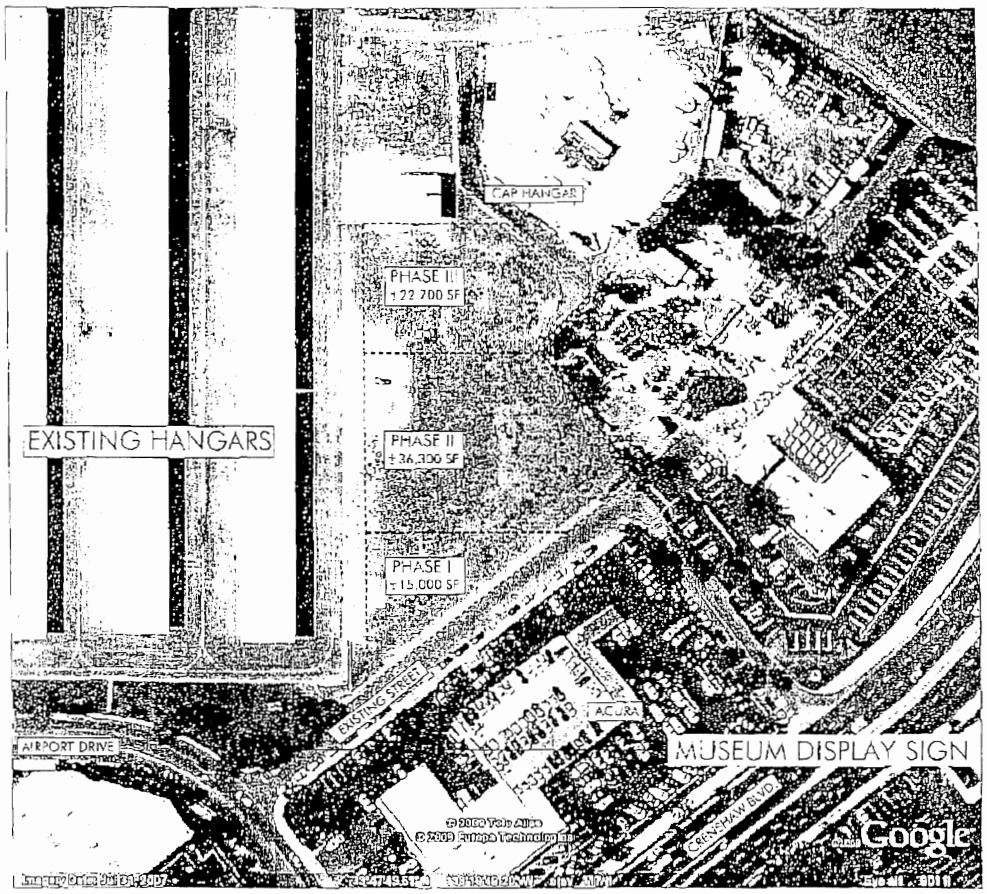

CONCEPT PHASING

WESTERN MUSEUM of FLIGHT EXPANSION

TORRANCE, CALIFORNIA

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F 949 752 9405

0 50' 100' 200'

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NOVEMBER 25, 2009

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