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Michael P. Groom, Esq.

1570 The Alameda, Suite 100

San Jose, CA 95126

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**Non-Disturbance, Consent, Estoppel and Subordination Agreement**

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DOCUMENT TITLE

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INFORMATION**



When Recorded, Return to:  
Michael P. Groom, Esq.  
Groom & Cave, LLP  
1570 The Alameda, Suite 100  
San Jose, CA 95126

**NON-DISTURBANCE, CONSENT, ESTOPPEL AND  
SUBORDINATION AGREEMENT**

**THIS NON-DISTURBANCE, CONSENT, ESTOPPEL AND SUBORDINATION AGREEMENT** (this "**Agreement**") is made and entered into as of this \_\_\_\_\_ day of June, 2018, by and among the **CITY OF SAN JOSE**, a California municipal corporation ("**City**"), **HANGAR A LLC**, a California limited liability company ("**Hangar A**"), and **SIGNATURE FLIGHT SUPPORT CORPORATION**, a Delaware corporation, with an office at 201 South Orange Avenue, Suite 1100 S., Orlando, Florida 32801 ("**Signature**"). Each of City, Hangar A and Signature are hereinafter sometimes individually referred to as a "**Party**" and collectively as the "**Parties**").

**RECITALS:**

A. **WHEREAS**, City, as lessor, and Signature, as lessee, entered into that certain Ground Lease and Operating Agreement, dated as of December 12, 2013 (the "**Master Lease**"), whereby City leases to Signature a parcel of real estate containing approximately 29.64 acres of land legally described on the attached **Exhibit A** (the "**Development Site**"), at the Norman Y. Mineta San Jose International Airport (the "**Airport**"), and,

B. **WHEREAS**, on June \_\_\_\_\_, 2018, the City and Signature entered into that certain First Amendment to Ground Lease and Operating Agreement (the "**First Amendment to Master Lease**"), pursuant to which (among other things) an additional parcel of land consisting of approximately 162,653 square feet or approximately 3.734 acres, as legally described on **Exhibit A-1** hereto (the "**Additional Premises**"), was leased by the City to Signature; and,

C. **WHEREAS**, effective as of the date of the First Amendment to Master Lease, Signature, as sublessor, and Hangar A, as sublessee, entered into that certain Ground Sublease Agreement (the "**Hangar A Sublease**"), pursuant to which Signature subleased a portion of the Additional Premises, consisting of approximately 91,638 square feet (the "**Hangar A Premises**"), to Hangar A, as legally described on the attached **Exhibit B** and granted Hangar A a non-exclusive easement to move aircraft over, upon and through the approximately 55,315 square foot portion of the Additional Premises not subleased to Hangar A that is commonly referred to and identified as the "**SFS Apron**"; and,

D. **WHEREAS**, Hangar A intends to construct certain leasehold improvements on the Hangar A Premises consisting of (a) a hangar building, offices and shops and a utility area containing approximately 35,195 square feet ("**Hangar A**"), (b) approximately 24,525 square feet of priority ramp space located immediately in front of Hangar A (the "**Hangar A Priority Ramp**"), and (c) approximately 31,915 square feet of vehicular parking and green space (the "**Hangar A Vehicle Parking Area**"), (all of the foregoing improvements herein collectively, the "**Hangar A Improvements**"), as the same are depicted on the site plan for the Additional Premises attached hereto as **Exhibit B-1**; and,

E. **WHEREAS**, Hangar A also intends to construct on a 15,700 square foot portion of the Additional Premises not subleased to Hangar A, certain storm water management improvements commonly shown as the “*Storm Water Management Area*” and, in order to provide Hangar A with the uninterrupted quiet use and enjoyment of the Hangar A Premises and the non-exclusive use of the SFS Apron and the Storm Water Management Area in the event of any rejection in bankruptcy, termination, or other cancellation of the Master Lease between the City and Signature, the Parties desire to enter into this Agreement to provide for (among other things) the means by which the City and Hangar A would enter into a replacement lease for the Hangar A Premises for the remaining term of the Hangar A Sublease, substantially on the same terms and conditions as are set forth in the Master Lease, as amended by the First Amendment to Master Lease.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree and covenant as follows:

1. **Consent.** City hereby consents to the execution of the Hangar A Sublease by Signature and Hangar A and reaffirms its previous acknowledgement and approval of the construction of the Hangar A Improvements. Notwithstanding City's acknowledgement and approval of the construction of the Hangar A Improvements, the Hangar A Improvements shall remain subject to all of the applicable requirements and conditions for “Leasehold Improvements” set forth in the Master Lease.

2. **Non-Disturbance.** So long as Hangar A is not in default (beyond any applicable grace or cure period given Hangar A in connection with such default) in the payment of rent or in the performance of any of the terms, covenants or conditions of the Hangar A Sublease to be performed by Hangar A, neither the City, nor any receiver or other agent of the City who has been appointed to take possession or control of the Additional Premises shall disturb or interfere with the use, possession, or occupancy of the Additional Premises and the Hangar A Improvements by Hangar A, or anyone lawfully possessing the Additional Premises and the Hangar A Improvements by, through or under the City during the term of the Hangar A Sublease, or any extension thereto. Hangar A shall not be named or joined in any unlawful detainer or other legal action taken by City to enforce the Master Lease unless the joinder is required by law in order to prosecute such proceeding.

3. **Status of Master Lease.** City hereby certifies and agrees for the benefit of Hangar A as follows:

a. A true and complete copy of the Master Lease and the First Amendment thereto are attached hereto as **Exhibit D and Exhibit D-1**. The Master Lease is in full force and effect, and, other than as set forth in the First Amendment to Master Lease, the Master Lease has not been amended, modified, or supplemented, and there are no other agreements between City and Signature with respect to the Master Lease or the Additional Premises. The Master Lease, as amended by the First Amendment to Master Lease, contains the entire agreement between the City and Signature with respect to Signature's right to use, develop and occupy the Additional Premises;

b. The rent and other amounts payable under the Master Lease (including, without limitation, the security deposit required under the Master Lease) have been paid in full to the date of City's execution of this Agreement;

c. Neither the City nor Signature is in default under any of the terms of the Master Lease and to the best of City's knowledge no claim, controversy or dispute exists under the Master Lease; and ,

d. No notice has been received by or given by the City concerning any default under the Master Lease, and there are no circumstances that with the passage of time or giving of notice would be a default under the Master Lease by City or, to the best of City's knowledge, Signature.

**4. Notices and Estoppel Certificates.**

a. City agrees to send to Hangar A a copy of each notice given by City to Signature in connection with the Master Lease. All such notices shall be given concurrent with the notice given by City to Signature. Furthermore, at the request of Hangar A, City will also from time to time sign and provide Hangar A and/or its lender or other designee with an estoppel certificate in a form reasonably requested by Hangar A confirming (i) the then current status of the Master Lease, (ii) whether or not there are or have been any defaults under the Master Lease, (iii) the amounts owing under the Master Lease, and (iv) such other facts as may be reasonably requested by Hangar A.

b. Any notice, certificate, statement, request, consent, approval or demand given under this Agreement by any Party to any other Party shall be made in writing and shall be delivered by personal service, overnight courier, United States mail (certified mail/postage prepaid only), or electronic transmission. Notices served by United States mail are deemed property delivered effective the third (3rd) business day following their postmark, and personal service, courier delivery, or electronic transmission are deemed served at the time and date of receipt confirmation provided that such notice is addressed to the Party as follows:

**If to City:**

Property Manager  
Norman Y. Mineta San Jose International Airport  
1701 Airport Blvd. Suite B-1130  
San Jose, California 95110-1206  
Email:

**If to Signature:**

Signature Flight Support Corporation  
Attention: General Counsel  
201 South Orange Avenue, Suite 1100  
Orlando, FL 32301  
Email: Jeffrey.bankowitz@us.bbaaviation.com

With simultaneous copy to:

Signature Flight Support Corporation  
Attention: Director of Real Estate  
201 South Orange Avenue, Suite 1100  
Orlando, FL 32301  
Email: Brendon.Dedekind@signatureflight.com

And with a second simultaneous copy to:

Signature Flight Support Corporation  
Attention: General Manager  
325 Martin Avenue  
San Jose, CA 95110

**If to Hangar A:**

Hangar A LLC  
1801 Page Mill Road, Suite 100  
Palo Alto, California 94304  
Attn. Anne M. Yamamoto  
Email: [ayamamoto@frankrimmerman.com](mailto:ayamamoto@frankrimmerman.com)

with a simultaneous copies to:

Groom & Cave LLP  
1570 The Alameda, Suite 100  
San Jose, CA 95126  
Attention: Michael P. Groom, Esq. or Timothy H. Hopkins  
Email: [groom@groomandcave.com](mailto:groom@groomandcave.com)  
Email: [thopkins@groomandcave.com](mailto:thopkins@groomandcave.com)

or to such other addressees) as a Party may designate in writing from time to time to the other Parties in the manner prescribed above.

**5. Subordination; Title to Leasehold Improvements; Assignments, Sub-Subleases and Other Transfers.**

a. Subject to the terms and conditions of this Agreement, the Hangar A Sublease and the leasehold estate created by it, are now, and shall at all times hereafter continue to be, subject and subordinate in each and every respect to the Master Lease and to any and all renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Master Lease.

b. City acknowledges and agrees that during the term of the Hangar A Sublease Hangar A shall own legal title to the Hangar A Improvements.

c. City has reviewed and approved Section 30 (Assignment and Subletting; Right of Recapture; Hangar A's Right to Mortgage) of the Hangar A Sublease. Notwithstanding anything in this Agreement or the Master Lease to the contrary, City agrees that

(i) any sale, assignment, sub-sublease, mortgage, pledge, hypothecation, encumbrance or other transfer of any interest of Hangar A in the Hangar A Sublease, the Hangar A Premises and/or the Hangar A Improvements that does not require the prior approval or consent of Signature under the Hangar A Sublease shall not require the prior approval or consent of City,

(ii) any sale, sub-sublease, assignment or other transfer by Hangar A to Signature of any interest of Hangar A in the Hangar A Sublease, the Hangar A Premises and/or the Hangar A Improvements shall not require the prior approval or consent of City, and

(iii) any sub-sublease by Hangar A to any third party of less than all of Hangar A's interest in the Hangar A Sublease, the Hangar A Premises and/or the Hangar A Improvements shall be deemed "in the ordinary course of its business" (as such phrase is used in Section 12 of the Master Lease) and shall not require the prior approval or consent of City.

6. **Payment of Amounts owing under Sublease to City.** In the event that Signature defaults under any of its obligations under the Master Lease, the City may thereafter elect to notify Hangar A to pay all rents and other amounts due under the Hangar A Sublease directly to the City and Signature hereby consents to such payments by Hangar A to the City. Upon Hangar A's receipt of any such notice from the City, Hangar A shall thereafter remit all rents and other amounts due under the Hangar A Sublease to City, as directed, either by wire transfer to an account designated in such notice or by check made payable to "City of San Jose" and delivered or mailed to City at the following address "City of San Jose, Payment Processing - Airport, Finance Department, 200 East Santa Clara Street, San Jose, CA 95113-1905." The payment by Hangar A of any such rents and other amounts to the City instead of Signature shall not be deemed or construed as a default under the Hangar A Sublease; provided that such direct payments to the City are made only in accordance with this Section. Such payments of rents and other amounts by Hangar A to the City by reason of this Section shall be applied for the account of Signature pursuant to the Hangar A Sublease and shall continue until the first to occur of the following:

- a. No further rent is due or payable under the Master Lease; or
- b. City gives Hangar A notice that the default(s) of Signature under the Master Lease has been cured and instructs Hangar A that the rents and other amounts due under the Hangar A Sublease should thereafter be paid to Signature.

7. **Termination of Master Lease; Replacement Lease.**

a. The Hangar A Replacement Lease. In the event that the Master Lease is rejected in bankruptcy, terminated, or otherwise cancelled at any time prior to the expiration of the Master Lease, and provided that no Event of Default (as such term is defined in the Hangar A Sublease) shall have occurred and then be continuing under the Hangar A Sublease, City and Hangar A hereby expressly covenant and agree to: (1) designate and treat Hangar A as a month-to-month tenant in the Hangar A Premises on and subject to the same terms and conditions set forth in the Hangar A Sublease, (2) continue to grant Hangar A a non-exclusive easement for the use of the SFS Apron, and (3) within sixty (60) days following the rejection in bankruptcy, termination, or other cancellation of the Master Lease, enter into a direct ground lease between City, as lessor, and Hangar A, as lessee, in the form attached hereto as **Exhibit E** (the "**Hangar A Replacement Lease**") whereby Hangar A shall lease from City the Hangar A Premises comprising approximately 91,638 square feet or 2.104 acres as more fully described in the Hangar A Replacement Lease.

b. The Hangar A Improvements. For the avoidance of doubt, upon the execution of the Hangar A Replacement Lease by City and Hangar A following a rejection, termination, or

cancellation of the Master Lease as described in Section 7(a) above, the Hangar A Improvements shall be deemed "Hangar A Improvements" as defined under the Hangar A Replacement Lease and belong to Hangar A. Upon the request of Hangar A, City and Signature shall execute such further documentation as may be reasonably necessary to confirm that unencumbered title and ownership of the Hangar A Improvements is vested in the name of Hangar A. Furthermore, following any termination of the Master Lease, so long as Hangar A continues to perform under the Hangar A Sublease, Hangar A shall be entitled to occupy and enjoy the Hangar A Premises, the non-exclusive use of the SFS Apron and the Hangar A Improvements on the same terms and conditions as are contained in the Hangar A Sublease throughout the period of time between the date of the termination of the Master Lease and the date of the execution of the Hangar A Replacement Lease by City and Hangar A. In the event that Hangar A or the City fails to execute the Hangar A Replacement Lease within sixty (60) days following the rejection in bankruptcy, termination, or other cancellation of the Master Lease, Hangar A's continued occupancy of the Hangar A Leased Premises shall thereafter be on a month-to-month basis until such time as Hangar A and the City execute the Hangar A Replacement Lease. Upon executing the Hangar A Replacement Lease, City and Hangar A shall record a memorandum of the Hangar A Replacement Lease in the official records of the Santa Clara County Recorder.

c. Cost Sharing Allocations. City and Hangar A agree that the Hangar A Replacement Lease provides for an easement allowing Hangar A to use certain portions of the Development Site consistent with Hangar A's rights under the Hangar A Sublease, and that in the event that Hangar A and the City enter into the Hangar A Replacement Lease, City, BCH Sublessee (as defined in the Master Lease) and, where applicable, Gilead Sublessee (as defined in the First Amendment to Master Lease), shall mutually cooperate and work together in good faith to resolve and agree upon any cost sharing or shared use issues with respect to those portions of the Development Site that are commonly used by such parties and upon reaching agreement on such matters shall enter into such additional documentation, in mutually agreeable form, as is reasonably necessary to memorialize City, Hangar A, BCH Sublessee, and, where applicable, Gilead Sublessee's agreements regarding same.

8. **Conflicts; No Merger.** In the event of any conflict between any of the provisions of the Master Lease, the Hangar A Sublease and/or the Hangar A Replacement Lease, on the one hand, and this Agreement, on the other hand, the provisions of this Agreement shall prevail and control. Furthermore, City, Hangar A and Signature agree that at all times during the term of the Master Lease, ownership of the Hangar A Improvements and the leasehold estate in the Hangar A Premises, the leasehold estate in the FBO Premises and the leasehold estate in the Development Site shall not merge by operation of law, but shall remain separate and distinct, notwithstanding the union of any such estates in any third party by replacement, purchase, assignment or otherwise.

9. **No Brokers.** Each of the Parties hereby represents and warrants to the other Parties that it has not paid, agreed to pay or caused to be paid directly or indirectly in any form, any commission, percentage payment, contingent fee, finder's fee, brokerage fee or other similar payment of any kind, in connection with the establishment or operation of this Agreement. Each Party shall indemnify and hold the other Parties harmless against any claim for any such broker's, finder's or other fee based on the alleged or the actual retention of a broker or finder by the indemnifying Party.

10. **Retention of Rights.** Notwithstanding anything to the contrary set forth elsewhere in this Agreement, but subject to City's agreements and undertakings in favor of Hangar A, as set forth herein, City expressly retains any and all rights granted to it under or pursuant to the Master



Lease or applicable law in connection with and upon the occurrence of any default under the Master Lease, including, but not limited to, the right to terminate or cancel the Master Lease. For the avoidance of doubt, however, in determining whether or not a default has occurred and is continuing at any time while the Hangar A Sublease is in full force and effect, the obligations and agreements of the Parties in this Agreement shall be taken into account.

11. **General Representations and Warranties.** Each of the Parties hereto hereby represents and warrants to the other Parties hereto that it has the full power and authority to execute, deliver and perform this Agreement, that it has taken all municipal, company or corporate action, as the case may be, necessary to execute, deliver and perform its obligations under this Agreement, and that this Agreement has been duly authorized and executed by such Party and this Agreement constitutes the legal, valid and binding obligations of such Party.

12. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of each of the Parties. For the avoidance of doubt, the terms "City", "Signature" and "Hangar A" shall each be deemed to include the Party named herein and its respective permitted successors and assigns, including anyone who shall have succeeded such named Party through merger or other legal process.

13. **Choice of Law; Venue.** **THIS AGREEMENT AND THE RIGHTS, DUTIES AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS) AND, TO THE EXTENT THEY PREEMPT THE LAWS OF SUCH STATE, THE LAWS OF THE UNITED STATES.** The Parties hereto agree to submit to the exclusive jurisdiction of the federal and state courts in Santa Clara County, California in connection with any matters arising out of this Agreement and waive any objection to the propriety or convenience of venue in such courts.

14. **Amendments; Binding Effect; Recording.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the Parties or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the Parties and, their successors and assigns. This Agreement may be filed by any of the Parties in the official records of the Santa Clara County Recorder.

15. **Severability.** Each covenant, condition and provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any covenant, condition or provision of this Agreement shall be held to be void or invalid, the same shall not affect the remainder hereof, which shall be effective as though the void or invalid covenant, condition or provision had not been contained herein.

16. **Expenses.** Each of City, Signature and Hangar A shall be responsible for its own costs and expenses incurred with respect to or arising out of the negotiation, preparation, completion and execution of this Agreement and any other related documents, including, but not limited to, fees of outside legal counsel.

17. **Headings.** The headings of the sections, subsections, paragraphs and subparagraphs hereof are provided herein for and only for convenience of reference, and shall not be considered in construing their contents.

18. **Exhibits.** Each writing or description referred to herein as being attached hereto as an

exhibit or otherwise designated herein as an exhibit hereto is hereby made a part hereof.

19. **Disclaimer of Partnership Status.** Nothing in this Agreement shall be deemed in any way to create between the Parties any relationship of partnership, joint venture or association, and the Parties hereby disclaim the existence of any such relationship.

20. **Waiver.** No term or provision hereof shall be deemed waived and no breach consented to, unless such waiver and consent shall be express and in writing and signed by the Party claimed to have waived or consented. Any such waiver and consent shall not constitute a waiver and consent to any other or subsequent breach. The failure of any Party to enforce any provision of this Agreement shall not constitute a waiver of such provision or prejudice the right of such Party to enforce such provision at any subsequent time.

21. **Counterparts.** This Agreement may be executed in any number of counterparts and each counterpart executed by any of the Undersigned, together with all other counterparts so executed, shall constitute a single instrument and agreement of the Parties.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the day and year first above written.

**CITY:**

**CITY OF SAN JOSE**, a municipal corporation of the State of California

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

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

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

**SIGNATURE:**

**SIGNATURE FLIGHT SUPPORT CORPORATION**, a Delaware corporation

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

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

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

**HANGAR A LLC:**

**HANGAR A LLC**

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

Name: Anne M. Yamamoto

Title: Manager

**EXHIBITS:**

- Exhibit A Legal Description of Development Site (29.64 acres)
- Exhibit A-1 Legal Description of the Additional Premises (3.734 acres)
- Exhibit B Legal Description of Hangar A Premises (2.104 acres)
- Exhibit B-1 Site Plan for the Additional Premises
- Exhibit C Description of Hangar A Improvements
- Exhibit D Copy of Master Lease (Do Not Record)
- Exhibit D-1 Copy of First Amendment to Master Lease (Do Not Record)
- Exhibit E Copy of Form of Replacement Lease

State of California )  
 )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

Exhibit A  
Legal Description of Development Site (33.34 acres)

**EXHIBIT " A-1 "**  
**Legal Description of Development Site**

REAL PROPERTY in the City of San José, County of Santa Clara, State of California, being a portion of the property described in that certain document recorded June 23, 1953 as Document No. 893591 in Book 2668 of Official Records, Page 579, and in that certain document recorded October 10, 1956 as Document No. 1266626 in Book 3636 of Official Records, Page 637, as shown on that certain Record of Survey filed for record on May 11, 1979 in Book 441 of Maps, pages 20-27, Santa Clara County Records, being more particularly described as follows:

COMMENCING at a brass pin monument at the intersection of the centerline of Martin Avenue ( 60 feet wide) with the centerline of Brokaw Road ( 60 feet wide) as shown on said Record of Survey, from which point a brass pin monument at the intersection of Martin Avenue with the centerline of Reed Street ( 60 feet wide) bears North 40°50'43" West, 1579.71 feet;

Thence along said centerline of Martin Avenue, North 40°50'43" West, 277.65 feet more or less;

Thence leaving said centerline, North 49°09'17" East 30.00 feet to the northeasterly line of Martin Avenue, to a point on the southwesterly projection of the northwesterly line of the land described in Document No. DTFA08-03-L-21797, being the TRUE POINT OF BEGINNING;

Thence along said northeasterly line of Martin Avenue, the following three courses:

1. Thence North 40°50'43" West, 2495.44 feet;
2. Thence along a tangent curve to the right, having a radius of 370.00 feet, through a central angle of 48°50'30" for an arc length of 315.40 feet;
3. Thence along a reverse curve to the left, having a radius of 430.00 feet, through a central angle of 02°28'58" for an arc length of 18.63 feet;

Thence leaving said northeasterly line, South 83°19'08" East, 130.42 feet;

Thence South 40°37'45" East, 238.61 feet;

Thence North 49°35'32" East, 335.65 feet, to a point which is 378.00 feet southwesterly, measured at a right angle, from the centerline of Runway 11/29;

Thence along a line parallel with said centerline of Runway 11/29, South 41°06'10" East, 2446.77 feet to the intersection with the northeasterly projection of said northwesterly line described in said Document No. DTFA08-03-L-21797;

Thence leaving said parallel line, along said projection and northwesterly line, South 48°54'33" West, 574.05 feet, to the TRUE POINT OF BEGINNING.

Containing a Gross Area of 33.34 acres, more or less.

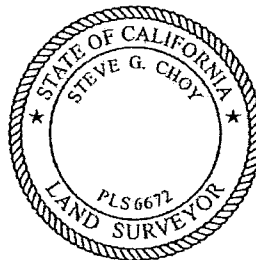
Plat labeled exhibit "B-1" to accompany this description and made a part hereof.  
This description, and plat attached, has been compiled from record data and not a field survey.

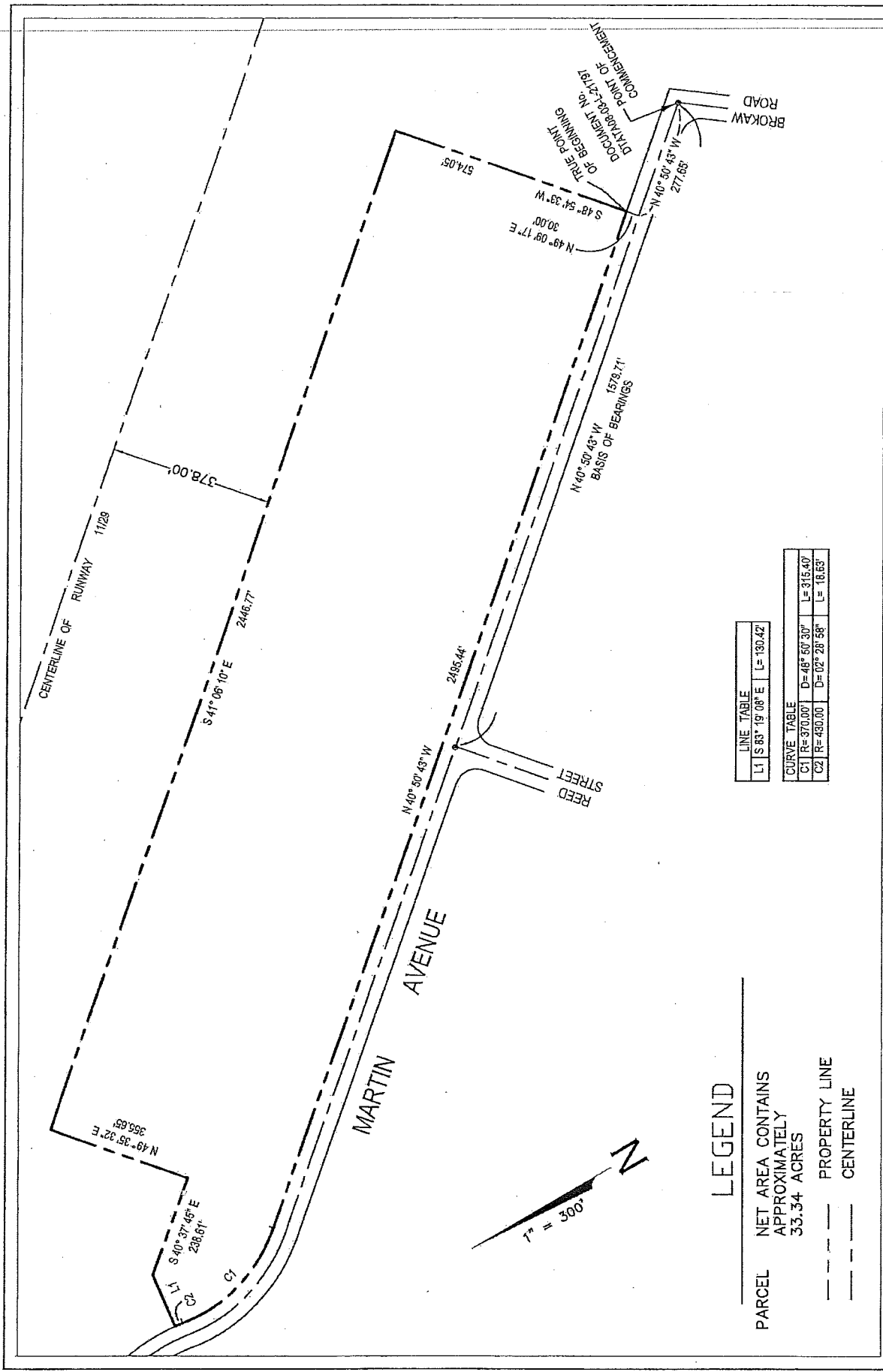
The Basis of Bearings for this description is the bearing North 40° 50' 43" West, for the centerline of Martin Avenue as shown on the Record of Survey, filed for record May 11, 1979 in Book 441 of Maps, pages 20-27, Santa Clara County Records;

The above description of real property was prepared by me, or under my supervision, in conformance with the requirements of Section 8726 (g, k, l, m) of the Business and Professions Code of the State of California.



Steve G. Choy, PLS 6672





LINE TABLE		
L1	S 83° 19' 08\"/>	

**LEGEND**

- PARCEL NET AREA CONTAINS APPROXIMATELY 33.34 ACRES
- PROPERTY LINE
- CENTERLINE

AIRPORT LEASE.DWG  
 LEGAL DESCRIPTIONS FILE: 16-071  
 SHEET 3 OF 3

**EXHIBIT "A-1"**  
**PLAT TO ACCOMPANY**  
**Legal Description of Development Site**

PREPARED BY  
 CITY OF SAN JOSE  
 SURVEY SECTION  
 NOV. 15, 2016



Exhibit A-1  
Legal Description of the Additional Premises (3.734 acres)



EXHIBIT "\_\_\_"  
SFS EXPANSION LEASE PARCEL

REAL PROPERTY in the City of San Jose, County of Santa Clara, State of California, being a portion of the property shown on that certain Record of Survey filed for record on May 11, 1979 in Book 441 of Maps, pages 20-27, Santa Clara County Records, described as follows:

COMMENCING at the brass pin monument at the intersection of the centerline of Martin Avenue with the centerline of Brokaw Road as shown on said Record of Survey, from which point a brass pin monument at the intersection of the centerline of Martin Avenue with the centerline of Reed Street bears North 40°50'43" West, 1579.71 feet;

Thence along said centerline of Martin Avenue, North 40°50'43" West, 559.13 feet;

Thence leaving said centerline, North 49°09'17" East, 30.00 feet, to the northeasterly line of Martin Avenue, being the TRUE POINT OF BEGINNING;

Thence along the southeasterly line of the original SFS Lease Parcel, North 48°53'50" East, 572.78 feet, to a point which is 378.00 feet southwesterly, measured at a right angle, from the centerline of Runway 11/29;

Thence parallel with said centerline of 11/29, South 41°06'10" East, 281.47 feet;

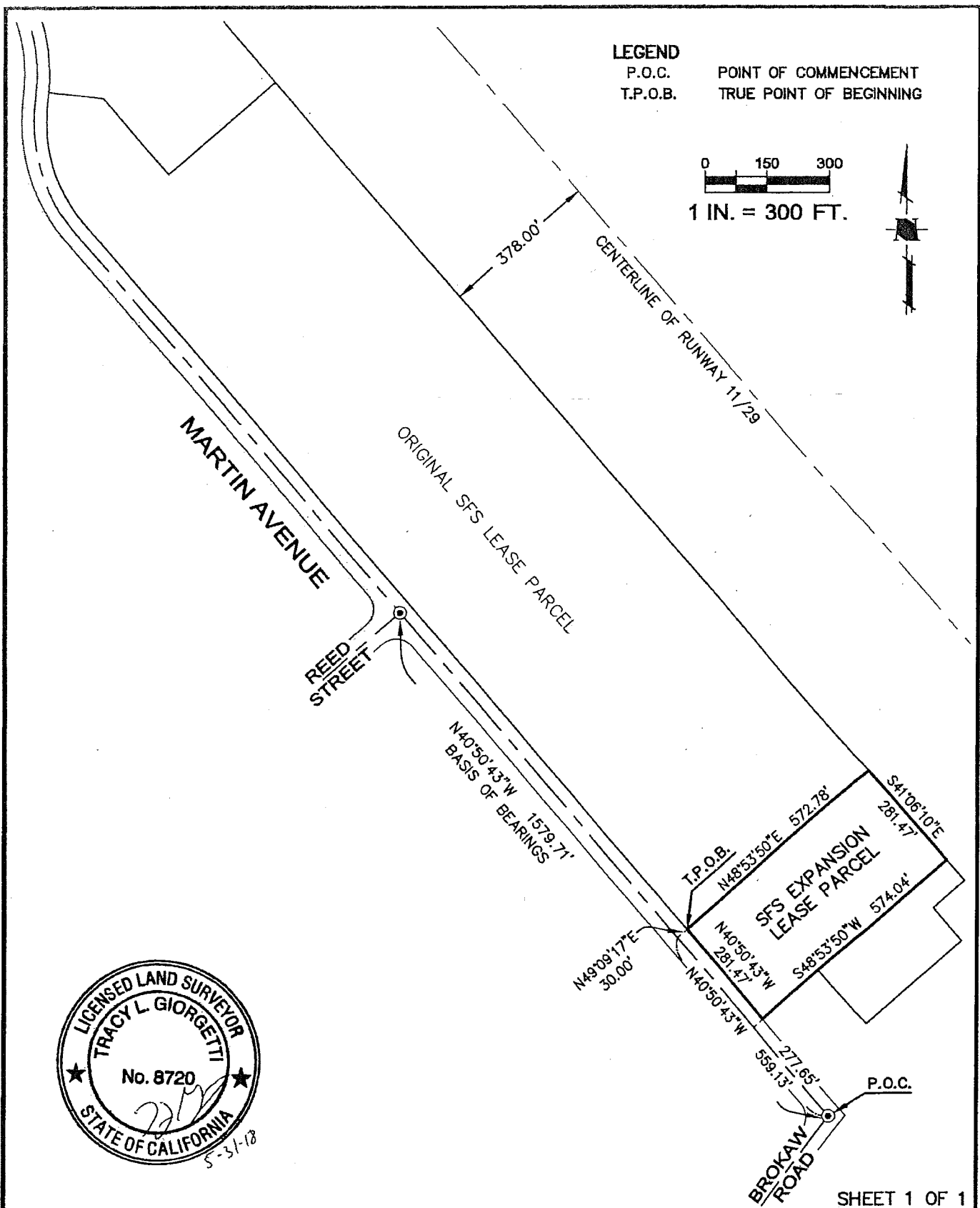
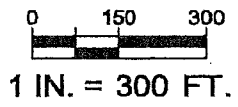
Thence South 48°53'50" West, 574.04 feet, to the northeasterly line of Martin Avenue;

Thence along said northeasterly line, North 40°50'43" West, 281.47 feet, to the TRUE POINT OF BEGINNING.

Containing 3.71 acres, more or less.



**LEGEND**  
 P.O.C. POINT OF COMMENCEMENT  
 T.P.O.B. TRUE POINT OF BEGINNING



SHEET 1 OF 1

Date:	05-31-2018
Designed:	-
Drawn:	TG
Checked:	DRS
Proj. Eng.:	-
368010PL23	

1570 Oakland Road (408) 487-2200  
 San Jose, CA 95131 HMMH.ca

PLAT TO ACCOMPANY DESCRIPTION:  
 EXHIBIT "\_\_\_\_"  
 EXPANSION SFS LEASE PARCEL  
 SAN JOSE CALIFORNIA

DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

Exhibit B  
Legal Description of Hangar A Premises (2.104 acres)



**LEGAL DESCRIPTION OF HANGAR A PREMISES**

REAL PROPERTY in the City of San Jose, County of Santa Clara, State of California, being a portion of the property shown on that certain Record of Survey filed for record on May 11, 1979 in Book 441 of Maps, pages 20-27, Santa Clara County Records, described as follows:

COMMENCING at the brass pin monument at the intersection of the centerline of Martin Avenue with the centerline of Brokaw Road as shown on said Record of Survey, from which point a brass pin monument at the intersection of the centerline of Martin Avenue with the centerline of Reed Street bears North 40°50'43" West, 1579.71 feet;

Thence along said centerline of Martin Avenue, North 40°50'43" West, 277.65 feet;

Thence leaving said centerline, North 49°09'17" East, 30.00 feet, to the northeasterly line of Martin Avenue, being the TRUE POINT OF BEGINNING;

Thence along said northeasterly line, North 40°50'43" West, 287.36 feet;

Thence North 49°09'17" East, 233.93 feet;

Thence South 40°50'43" East, 4.84 feet;

Thence North 48°53'50" East, 100.00 feet;

Thence South 40°50'43" East, 245.61 feet;

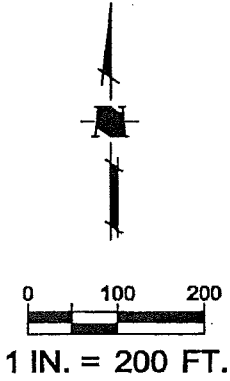
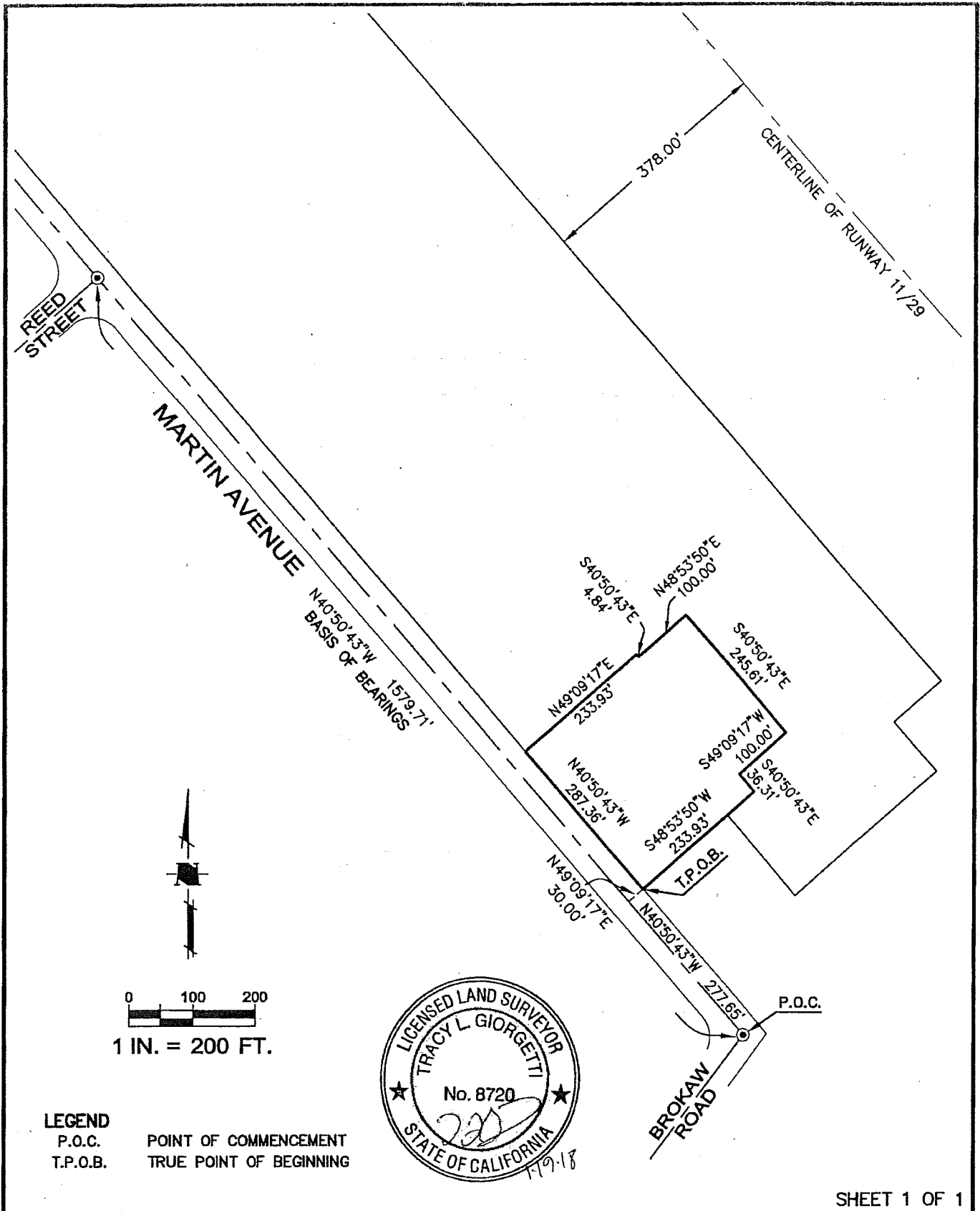
Thence South 49°09'17" West, 100.00 feet;

Thence South 40°50'43" East, 36.31 feet;

Thence South 48°53'50" West, 233.93 feet, to the TRUE POINT OF BEGINNING.

Containing 2.10 acres, more or less. (91,638 SF)





**LEGEND**  
 P.O.C. POINT OF COMMENCEMENT  
 T.P.O.B. TRUE POINT OF BEGINNING

SHEET 1 OF 1

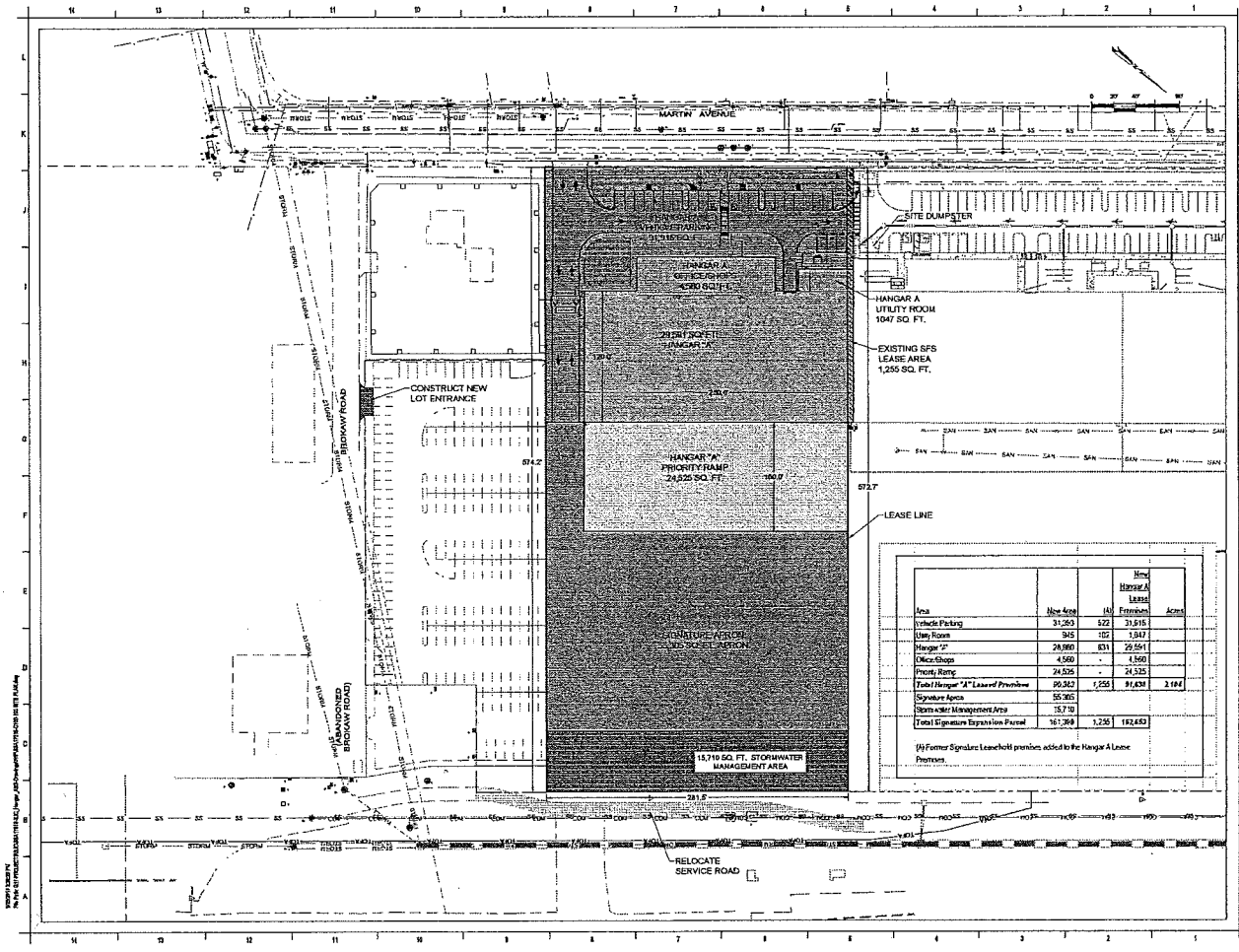
Date:	01-19-2018
Designed:	-
Drawn:	TG
Checked:	DRS
Proj. Engr.:	-
	368010PL21

1570 Oakland Road (408) 487-2200  
 San Jose, CA 95131 HMMHca.com

PLAT TO ACCOMPANY DESCRIPTION:  
**LEGAL DESCRIPTION OF HANGAR A PREMISES**  
 SAN JOSE CALIFORNIA

DRAFT--Contact the Office of the City Clerk at (408) 535-1260 or CityClerk@sanjoseca.gov for final document.

Exhibit B-1  
Site Plan for the Additional Premises



**AD**  
**AMERICAN**  
**INFRASTRUCTURE**  
**DEVELOPMENT, INC.**  
 37 N. Orange Avenue, Suite 500  
 Orlando, FL 32801  
 Office: 407-926-6611

ADNO: 884785      SEAL  
 CSJAL:  
 VJGKE

Sheet: E100  
 Overall: 40

*Signature*  
 FLIGHT SUPPORT  
 A BSA Aviation company

Hangar A & Site Development  
 Norman Y. Mineta  
 San Jose International Airport  
 San Jose, CA 95110

Area	New Area	AV	Existing Lease	Acres
Vehicle Parking	31,253	522	31,915	
Site Office	932	102	1,547	
Hangar "A"	28,960	831	29,561	
Office/Shop	4,550	-	4,550	
Priority Ramp	24,525	-	24,525	
Total Hangar "A" Leased Premises	99,320	1,255	91,630	2,194
Signature Lease	55,900	-	-	-
Stormwater Management Area	15,710	-	-	-
Total Signature Express Lease Parcel	161,208	1,255	182,453	

Sheet Title  
**LEASE EXHIBIT**

Sheet Number  
**E100**

Submittal: LEASE EXHIBIT 1  
 Issue Date: 03/26/2011



Exhibit C  
Description of Hangar A Improvements

Sublessee shall construct, or cause to be constructed, certain buildings and other improvements, consisting of (a) a hangar building containing aircraft storage with fixtures and equipment of approximately 29,591 square feet, (b) offices and shops of approximately 4,560 square feet, (c) a utility room of approximately 1,047 square feet, collectively totaling approximately 35,198 square feet ("**Hangar A**"), (d) approximately 24,525 square feet of priority ramp space located immediately in front of Hangar A (the "**Hangar A Priority Ramp**"), and (e) approximately 31,915 square feet of vehicular parking and green space (the "**Hangar A Vehicle Parking Area**"), (all of the foregoing improvements herein collectively, the "**Hangar A Improvements**"), (f) a ramp apron of approximately 55,305 SF and (g) a Storm Water Management Area of approximately 15,700 SF.

Exhibit D  
Copy of Master Lease  
(Do Not Record)

Exhibit D-1  
Copy of First Amendment to Master Lease  
(Do Not Record)

**REPLACEMENT GROUND LEASE AND OPERATING AGREEMENT**

by and between

**THE CITY OF SAN JOSE**

and

**HANGAR A LLC**

covering certain real property located at

Norman Y. Mineta San Jose International Airport  
San Jose, California

to be effective

\_\_\_\_\_, 20\_\_

**REPLACEMENT GROUND LEASE**

v.06062018 G&C

## AND OPERATING AGREEMENT

**THIS REPLACEMENT GROUND LEASE AND OPERATING AGREEMENT** (this "**Replacement Lease**") is entered into effective as of \_\_\_\_\_, 20\_\_ (the "**Effective Date of the Replacement Lease**"), by and between **THE CITY OF SAN JOSE**, a California municipal corporation (hereinafter sometimes the "**City**" or "**Lessor**") and **HANGAR A LLC**, a Delaware limited liability company (hereinafter sometimes "**Hangar A**" or the "**Replacement Lessee**"). For purposes of this Replacement Lease, Lessor and the Replacement Lessee may from time to time be referred to individually as a "**Party**" and jointly as the "**Parties**."

### WITNESSETH:

A. **WHEREAS**, pursuant to that certain Ground Lease and Operating Agreement dated December 12, 2013 (the "**Signature Master Lease**"), between the City, as lessor, and Signature Flight Support Corporation, a Delaware corporation, ("**Signature**"), as lessee, a copy of which is attached hereto as **Exhibit A**, the City leased to Signature a parcel of land located at the Norman Y. Mineta San Jose International Airport ("**Airport**") in San Jose, California, consisting of approximately 29.64 acres (the "**Master Leasehold Parcel**"), the legal description of which is set forth on **Exhibit A-1** attached hereto and,

B. **WHEREAS**, pursuant to that certain First Amendment to Ground Lease and Operating Agreement, dated \_\_\_\_\_, \_\_, 2018, attached hereto as **Exhibit B** (the "**First Amendment to Signature Master Lease**"), the City leased to Signature, an additional parcel of land consisting of approximately 3.734 acres or 162,653 square feet (therein defined as the "**Additional Premises**"), the legal description and site plan of which are attached hereto as **Exhibit B-1 and C-1** respectively, the Signature Master Lease, as amended by the First Amendment to Signature Master Lease, is hereinafter referred to as the "**Signature Amended Master Lease**"; and,

B. **WHEREAS**, effective as of the date of the First Amendment to Master Lease, Signature, as sublessor, and Hangar A, as sublessee, entered into that certain Ground Sublease Agreement (the "**Hangar A Sublease**"), pursuant to which Signature subleased to Hangar A a portion of the Additional Premises, consisting of approximately 91,638 square feet (the "**Hangar A Premises**"), the legal description of which is set forth on the **Exhibit C** attached hereto and therein granted Hangar A (among other easements) a non-exclusive easement to move aircraft over, upon and through the approximately 55,315 square foot portion of the Additional Premises not subleased to Hangar A that is, along with an adjacent area of approximately 15,700 square feet known as the Storm Water Management Area, commonly referred to and identified jointly as the "**SFS Apron**" (see diagram of the Additional Premises attached as **Exhibit C-1** hereto); and,

C. **WHEREAS**, in order to provide Hangar A with the uninterrupted quiet use and enjoyment of the Hangar A Premises and the non-exclusive use of the SFS Apron in the event of any rejection in bankruptcy, termination, or other cancellation of the Amended Signature Master Lease, the City, Hangar A and Signature entered into a Non-Disturbance, Consent, Estoppel and Subordination Agreement (the "**Hangar A NDA**"), a copy of which is attached hereto as **Exhibit D**, that provided for (among other things) the means by which the City and Hangar A would, upon any such rejection in bankruptcy, termination, or other cancellation of the Amended Signature Master Lease, enter into a replacement lease for the Hangar A Premises and, at the option of the City for the SFS Apron (the "**Hangar A Replacement Lease**"), for a term equal to the then remaining term of the Hangar A Sublease; and,

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D. **WHEREAS**, Hangar A thereafter caused certain leasehold improvements to be constructed on the Hangar A Premises consisting of (a) a hangar building containing approximately 35,198 square feet of aircraft storage, utility and office space ("*Hangar A*"), (b) approximately 24,525 square feet of priority ramp space located immediately in front of Hangar A (the "*Hangar A Priority Ramp*"), and (c) approximately 31,915 square feet of vehicular parking and green space (the "*Hangar A Vehicle Parking Area*"), (all of the foregoing improvements hereinafter collectively, the "*Hangar A Improvements*"); and,

E. **WHEREAS**, the Amended Signature Master Lease has been terminated or cancelled effective as of \_\_\_\_\_, \_\_, 20\_\_, thereby, as a matter of law, extinguishing the subordinate Hangar A Sublease and causing title to the Improvements to revert to the City; and,

F. **WHEREAS**, consistent with the provisions and intent of the Hangar A NDA, the City and Hangar A now wish to (a) cause the City to re-convey title to the Hangar A Improvements to Hangar A, and (b) enter into this Replacement Lease, either solely for the Hangar A Premises, or, at the option of the City, for the whole of the Additional Premises (hereinafter in either case, the "*Replacement Premises*"), the later including both the Hangar A Premises and the SFS Apron, for a term in each case as more particularly described in paragraph 1 below.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

1. **Lease of the Replacement Parcel; Term of Replacement Lease.** This Replacement Lease shall relate to the Hangar A Premises and, at the option of the City, may include that portion of the Additional Premises that comprises the SFS Apron, as reflected on Exhibit C-1 hereto. The City shall exercise its option to include the SFS Apron prior to the Commencement Date set forth below in Paragraph 2.

A. **Term of Replacement Lease.** The term of this Replacement Lease relating to the Hangar A Premises and at the option of the City the SFS Apron, as more particularly shown on Exhibit C hereto, shall commence on \_\_\_\_\_, \_\_, 20\_\_ (the "*Commencement Date*"), and, unless earlier terminated as herein provided, shall expire at midnight on December 12, 2063 (the "*Expiration Date*"), unless Signature timely exercised its option to extend the term of the Amended Signature Ground Lease for an additional ten (10) years as provided in the First Amendment to Signature Master Lease, in which event this Replacement Lease regarding the Hangar A Premises shall expire at midnight on December 12, 2073. In the event that the Signature Master Lease has been terminated prior to the time that Signature could have exercised its option to extend the term, Hangar A shall have the option to extend the Term of this Replacement Lease for one (1) additional ten-year term on the same terms and conditions. Unless Signature timely exercised its option to extend the term of the Signature Amended Master Lease, to extend the Term, Hangar A must notify City, in writing, of its decision to extend the Term no earlier than one (1) year prior to the Expiration Date and not later than nine (9) months prior to the Expiration Date.

2. **Terms, Provisions and Conditions of the Replacement Lease.** Except as otherwise provided in this Section 2, the terms, provisions and conditions of this Replacement Lease shall be identical in all respects to those terms, provisions and conditions contained in the Amended Signature Ground Lease that relate solely to the Additional Premises which became a part of the lands leased to Signature per the terms of the Amended Signature Ground Lease, dated

\_\_\_\_\_, \_\_\_, 2018. Except as otherwise provided in this Section 2, all of the rights, duties and obligations contained in the Amended Signature Ground Lease relating to the Additional Premises are hereby granted to and imposed on Hangar A, including without limitation the (a) duty and obligation to pay ground rent for the Additional Premises, (b) the rights and obligations granted to or imposed on Signature with respect to all access easements and easements for ingress and egress to the Additional Premises and to taxiways G and J, previously held by Signature with respect to its use and occupancy of the Additional Premises. Likewise, the Parties hereby acknowledge and agree that nothing in this Replacement Lease shall impose any rights, duties, or obligations of any kind or nature on Hangar A with respect to the original Master Leasehold Parcel, as described on Exhibit A-1 hereto. As a matter of convenience to the Parties hereto, attached hereto as Exhibits B and B-1 respectfully, are copies of the agreements comprising the Signature Amended Ground Lease and, by this reference, any and all provisions therein contained with respect to the Additional Premises, are hereby fully and completely incorporated herein and made a part of this Replacement Lease.

A. **Prohibited Uses of Hangar A Premises.** Notwithstanding any provisions in the Signature Amended Master Lease to the contrary, Hangar A shall not operate, or permit to be operated, upon all or any part of the Hangar A Premises an FBO. For purposes of this Sublease, an “**FBO**” shall mean an operation that provides some or all of the “**Fueling Services**” or “**Non-Fueling Services**” (as such terms are defined below).

(i) “**Fueling Services**” shall mean the following services with respect to any aircraft, vehicle or equipment:

Aircraft and ground service equipment fueling and defueling, including but not limited to the installation of any fuel storage and dispensing facilities, or mobile delivery of fuel, or the receipt and storage of any fuel product (such as aviation or motor fuels), into plane or into truck delivery of aviation or motor fuels;

(ii) “**Non-Fueling Services**” shall mean the following services with respect to any aircraft, vehicle or equipment:

- a. Aircraft parking, hangaring, towing, storage, and handling other than for Sublessee Aircraft;
- b. Aircraft deicing;
- c. Aircraft lavatory servicing;
- d. Passenger and crew terminals and amenities other than for Sublessee Aircraft;
- e. Weather and flight planning services other than for Sublessee Aircraft;
- f. Ground handling, other than for Sublessee Aircraft;
- g. Office space other than for Sublessee Aircraft;
- h. To the extent provided by Sublessor, other aviation related services permitted by or required of a fixed base operator under the Airport’s minimum standards or other regulations.
- i. Rotorcraft or aircraft sales or rentals other than sale or rental of Sublessee Aircraft;
- j. Flight training;
- k. Rotorcraft or aircraft radio and instrument sales and service (avionics);
- l. Aircraft maintenance and repair services (including avionics) other than for Sublessee Aircraft; and/or

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m. Air transport of mail or cargo for hire.

**B. No Minimum Annual Guaranteed Property, Sales and Use Taxes.** Notwithstanding any provisions in the Amended Signature Ground Lease to the contrary, Hangar A shall not be subject to the minimum property, sales and use taxes payment and reporting provisions set out in Section 5.4 of the Amended Signature Ground Lease.

**3. Expressed Intent of the Parties.** It is the expressed intent of the Parties hereto that the tenancy established between the City and Hangar A by the terms and conditions of this Replacement Lease, shall be and interpreted as relating solely and exclusively to the Hangar A Premises and the SFS Apron and shall, except as otherwise provided in Section 2 above, be identical in all respects to those terms and conditions established between the City and Signature per the terms of the former Signature Amended Master Lease.

**4. Re-conveyance of Title to the Hangar A Improvements.** Consistent with the provisions of the Hangar A NDA, City hereby conveys all of its right, title and interest in the Hangar A Improvements to Hangar A, as is more particularly set forth on the Special Warranty Bill of Sale for Certain Leasehold Improvements, attached hereto as Exhibit E.

**5. Execution and Recordation of Memorandum of Replacement Lease.** Because of the length of the Signature Master Lease and the First Amendment to Master Lease, the Parties hereto agree that Exhibits A and B shall not be recorded as a part of the Replacement Lease, but that in lieu thereof, the Parties hereby covenant and agree to execute and record the Memorandum of Replacement Lease attached hereto as Exhibit F and by this reference made a part hereof.

[Signatures Appear on Following Page]

v.06062018 G&C



WHEREFORE, the Parties have entered into this Replacement Ground Lease and Operating Agreement on and as of the Commencement Date set forth in Paragraph 1 above.

\\

**“CITY”**

CITY OF SAN JOSE, a municipal corporation of the State of California

APPROVED AS TO FORM:

\_\_\_\_\_  
KEVIN FISHER  
Chief Deputy City Attorney

\_\_\_\_\_  
TONI J. TABER, CMC  
City Clerk

Date: \_\_\_\_\_

**“LESSEE”**

HANGAR A LLC, a Delaware limited liability company

\_\_\_\_\_  
ANN M. YAMAMOTO  
Manager

v.06062018 G&C

## LIST OF EXHIBITS

1. Exhibit A: Signature Ground Lease and Operating Agreement, dated December 12, 2013 (not to be recorded).
2. Exhibit A-1: Legal Description of Master Leasehold Parcel (29.64 acres)
3. Exhibit B: First Amendment to Signature Ground Lease and Operating Agreement, dated \_\_\_\_\_, 2018 (not to be recorded).
4. Exhibit B-1: Legal Description of the Additional Premises (3.734 acres or 162,653 SF)
5. Exhibit C: Legal Description of the Hangar A Premises (91,638 SF)
6. Exhibit C-1: Site Plan for the Additional Premises
6. Exhibit D: The Hangar A Non-Disturbance, Consent, Estoppel and Subordination Agreement, dated \_\_\_\_\_, 2018.
7. Exhibit E: Special Warranty Bill of Sale for Certain Leasehold Improvements
8. Exhibit F: Memorandum of Replacement Lease

v.06062018 G&C

**SPECIAL WARRANTY BILL OF SALE  
FOR CERTAIN LEASEHOLD IMPROVEMENTS**

This Special Warranty Bill of Sale is executed and delivered as of June \_\_\_, 2018, pursuant to that certain Replacement Ground Lease and Operating Agreement, dated \_\_\_\_\_, \_\_\_, 20\_\_\_, by and between the City of San Jose, a California municipal corporation (the "**City**") and Hangar A LLC, a Delaware limited liability company ("**Hangar A**"), (herein, the "**Hangar A Replacement Lease**").

1. **Conveyance of the Hangar A Leasehold Improvements.** In accordance with the provisions of that certain Non-Disturbance, Consent, Estoppel and Subordination Agreement, by and between the City and Hangar A, dated June \_\_\_, 2018 (the "**Hangar NDA**") and other valuable consideration, including without limitation the execution and delivery of the Hangar A Replacement Lease, the City hereby sells, transfers, sets over and conveys to Hangar A, good and marketable title to the following personal property:

(a) **The Hangar A Improvements.** In consideration of the execution and delivery of the Hangar A Replacement Lease and other valuable consideration, the City hereby transfers and conveys to Hangar A the following leasehold improvements:

(i) that certain hangar building commonly known as Hangar A (35,198 SF), including any and all fixtures and equipment affixed thereto or located therein, situated on approximately 91,638 square feet of land located at the San Jose Mineta International Airport, in the City of San Jose, State of California (the "**Hangar A Building**"); and,

(ii) any and all improvements constructed on the contiguous area of approximately 31,195 square feet for the exclusive use of Hangar A and its employees and guests for vehicular parking (the "**Hangar A Vehicle Parking Area**"); and,

(iii) any and all improvements constructed on the contiguous area of approximately 24,525 square feet of priority ramp space (the "**Hangar A Priority Ramp**"); and,

(iv) any and all improvements constructed on the contiguous area of approximately 55,315 square feet commonly known and referred to as the **SFS Apron** and the **Storm Water Management Area**, all of the foregoing improvements herein collectively, the "**Hangar A Leasehold Improvements**", all of which are more specifically described on the *Allocation of Purchase Price for the Hangar A Improvements*, attached hereto as **Exhibit "A"** and by this reference made a part hereof. In connection with the transfer and conveyance of the Hangar A Leasehold Improvements, the City also hereby transfers and conveys to Hangar A a copy of the "as built" plans and specifications for the Hangar A Leasehold Improvements and all warranties, indemnities, applications, permits, approvals and licenses pertaining to the use and operation of the Hangar A Leasehold Improvements, if any.

2. **Warranty of Title.** The City hereby warrants to Hangar A and its successors and assigns that there is hereby conveyed to Hangar A good and marketable title to the Hangar A Leasehold Improvements, free and clear of all liens, encumbrances and rights of others (excluding any liens, encumbrances and rights of others to the Hangar A Leasehold Improvements that existed prior to the date that City took title to the Hangar A Leasehold Improvements) and that it will warrant and defend such title forever against any and all claims (other than any claims arising from liens, encumbrances and rights of others to the Hangar A Leasehold Improvements that existed prior to the date that City took title to the Hangar A Leasehold Improvements) with respect to the title thereto.

IN WITNESS WHEREOF, the undersigned have caused this Special Warranty Bill of Sale to be executed and delivered as of the date first above written.

**“CITY”**

CITY OF SAN JOSE, a municipal corporation of the State of California

APPROVED AS TO FORM:

\_\_\_\_\_  
KEVIN FISHER  
Chief Deputy City Attorney

\_\_\_\_\_  
TONI J. TABER, CMC  
City Clerk

Date: \_\_\_\_\_

**“LESSEE”**

HANGAR A LLC, a Delaware limited liability company

\_\_\_\_\_  
ANN M. YAMAMOTO  
Manager

EXHIBIT F

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:  
Groom & Cave LLP  
1570 The Alameda, Suite 100  
San Jose, CA 95126  
Attn: Michael P. Groom, Esq.

MAIL TAX STATEMENTS TO:  
Hangar A LLC  
1801 Page Mill Road, Suite 100  
Palo Alto, CA  
Attn: Anne M. Yamamoto

A Portion of A.P.N. \_\_\_\_\_ Space above this Line for Recorder's Use

MEMORANDUM  
OF  
REPLACEMENT GROUND LEASE AND OPERATING AGREEMENT

This Memorandum of Replacement Ground Lease and Operating Agreement (this "*Memorandum*") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between **THE CITY OF SAN JOSE**, a California municipal corporation (hereinafter sometimes the "*City*" or "*Lessor*") and **HANGAR A LLC**, a Delaware limited liability company (hereinafter sometimes "*Hangar A*" or the "*Replacement Lessee*").

RECITALS

A. **WHEREAS**, the City is the owner of certain real property consisting of approximately 29.64 acres located at the Norman Y. Mineta San Jose International Airport (the "*Property*"); and,

B. **WHEREAS**, on December 12, 2013, the City, as Lessor, and Signature Flight Services Corporation ("*Signature*"), as Lessee, entered into that certain Ground Lease and Operating Agreement (the "*Master Lease*"), pursuant to which the City leased the Property to Signature; and,

C. **WHEREAS**, on June \_\_\_\_, 2018, the City and Signature entered into that certain First Amendment to the Master Lease (the "*First Amendment to Master Lease*"), the Master Lease as amended by the First Amendment thereto hereinafter the "*Amended Signature Master Lease*", pursuant to which an additional parcel of land was added to the Master Lease comprised of approximately 3.734 acres or 162,653 SF (the "*Additional SFS Premises*"); and,

D. **WHEREAS**, on June \_\_, 2018, Signature and Hangar A executed and delivered that certain Ground Sublease Agreement (the "*Hangar A Sublease*"), pursuant to which Hangar A subleased a portion of the Additional SFS Premises consisting of approximately 2.104 acres or 91,638 square feet (the "*Hangar A Subleased Premises*"); and,

E. **WHEREAS**, in connection with the execution and delivery of the Hangar A Sublease, on June \_\_, 2018, the City, Signature and Hangar A entered into that certain Non-Disturbance, Consent, Estoppel and Subordination Agreement (the "*Hangar A NDA*"), which

provided for (among other things) that upon any rejection in bankruptcy, termination, or other cancellation of the Amended Signature Master Lease, the City and Hangar A would thereupon enter into a replacement lease for the Hangar A Premises and, at the option of the City, for the SFS Apron and the Storm Water Management Area (the "*Hangar A Replacement Lease*"), for a term equal to the then remaining term of the Hangar A Sublease; and,

F. **WHEREAS**, Hangar A thereafter caused certain leasehold improvements to be constructed on the Hangar A Premises consisting of (a) approximately 31,915 square feet of vehicular parking and green space (the "*Hangar A Vehicle Parking Area*"), (b) a hangar building, office and utility spaces, including related fixtures and other tangible personal property, of approximately 35,198 square feet ("*Hangar A*"), and (c) approximately 24,525 square feet of priority ramp space located immediately in front of Hangar A (the "*Hangar A Priority Ramp*"), (all of the foregoing improvements hereinafter collectively, the "*Hangar A Leasehold Improvements*"); and,

G. **WHEREAS**, the Amended Signature Master Lease has been terminated or cancelled, effective as of \_\_\_\_\_, \_\_, 20\_\_\_, thereby, as a matter of law, extinguishing the subordinate Hangar A Sublease and causing title to the Hangar A Leasehold Improvements to revert to the City; and,

H. **WHEREAS**, consistent with the provisions and intent of the Hangar A NDA, the City and Hangar A have now (a) caused the City to re-convey title to the Hangar A Leasehold Improvements to Hangar A, and (b) entered into a the Replacement Lease, either solely for the Hangar A Premises, or, at the option of the City, for the whole of the Additional Premises (hereinafter in either case, the "*Replacement Premises*"), the later including both the Hangar A Premises and the SFS Apron and Storm Water Management Area, for a term in each case as more particularly described in paragraph I below.

I. **WHEREAS**, the City and Hangar A desire by the execution, delivery and recordation of this Memorandum to place all potentially interested parties on notice of the existence of the Hangar A Replacement Lease.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Hangar A agree as follows:

1. **Term of Replacement Lease.** The term of this Replacement Lease relating to the Hangar A Premises and, at the option of the City, the SFS Apron and the Storm Water Management Area, as more particularly shown on Exhibit C hereto, shall commence on \_\_\_\_\_, \_\_, 20\_\_\_ (the "*Commencement Date*"), and, unless earlier terminated as herein provided, shall expire at midnight on December 12, 2063 (the "*Expiration Date*"), unless Signature timely exercised its option to extend the term of the Amended Signature Ground Lease for an additional ten (10) years as provided in the First Amendment to Master Lease, in which event this Replacement Lease regarding the Hangar A Premises shall expire at midnight on December 12, 2073. In the event that the Signature Master Lease has been terminated prior to the time that Signature could have exercised its option to extend the term, Hangar A shall have the option to extend the Term of this Replacement Lease for one (1) additional ten-year term on the same terms and conditions. Unless Signature timely exercised its option to extend the term of the Signature Amended Master Lease, to extend the Term, Hangar A must notify City, in writing, of its decision to extend the Term no earlier than one (1) year prior to the Expiration Date and not later than nine (9) months prior to the Expiration Date.

2. **Successors and Assigns.** The covenants, conditions and agreements contained in the Replacement Lease shall be binding upon and inure to the benefit of the respective heirs, administrators, executors, representatives, successors and assigns of the City and Hangar A.

3. **Subordinate to Master Lease.** Save and except as otherwise specifically provided in the Replacement Lease, the Replacement Lease is subject and subordinate to the terms and conditions that were set forth in the Amended Signature Master Lease.

4. **Conflicts with Master Lease.** This Memorandum is solely for notice and recording purposes and shall not be construed to alter, modify, expand, diminish or supplement the provisions of the Replacement Lease. In the event of any inconsistency between the provisions of this Memorandum and the provisions of the Replacement Lease, the provisions of the Replacement Lease, as applicable, shall govern.

**WHEREFORE**, the parties hereto have executed and delivered this Memorandum of Replacement Ground Lease and Operating Agreement as of the dates appearing below.

**“CITY”**

CITY OF SAN JOSE, a municipal corporation of  
the State of California

APPROVED AS TO FORM:

\_\_\_\_\_  
KEVIN FISHER  
Chief Deputy City Attorney

\_\_\_\_\_  
TONI J. TABER, CMC  
City Clerk

Date: \_\_\_\_\_

**LESSEE:**

Hangar A LLC,  
a Delaware limited liability company,

By: \_\_\_\_\_  
Anne M. Yamamoto  
Its: Manager

Dated: \_\_\_\_\_, \_\_\_\_\_, 20\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGMENT

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

On \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared **Anne M. Yamamoto**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacities, and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public



**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

ACKNOWLEDGMENT

STATE OF CALIFORNIA)

: ss.

COUNTY OF SANTA CLARA)

On \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared **Toni J. Taber**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacities, and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

**EXHIBIT "A"**

**MEMORANDUM OF HANGAR A REPLACEMENT GROUND LEASE**

Legal Description of the Hangar A Leased Premises

All that certain real property situate in the City of San Jose, County of Santa Clara, State of California, described as follows:

REAL PROPERTY in the City of San Jose, County of Santa Clara, State of California, being a portion of the property shown on that certain Record of Survey filed for record on May 11, 1979 in Book 441 of Maps, pages 20-27, Santa Clara County Records, described as follows:

Containing \_\_\_\_\_ square feet or \_\_\_\_\_ acres, more or less.

A portion of APN: \_\_\_\_\_

**EXHIBIT "B"**

**MEMORANDUM OF HANGAR A REPLACEMENT GROUND LEASE**

Description of Hangar A Leasehold Improvements