



February 17, 2015

Mr. Justyn Howard
Acting Program Budget Manager
State of California, Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Howard:

The City of Victorville is requesting that the California Department of Finance ("DOF"), reconsider its Final and Conclusive Determination ("FCD"), issued to the Victor Valley Economic Development Authority ("VVEDA" or "Victor Valley") on November 12, 2014 and attached hereto for reference. Specifically, The City of Victorville (the "City") is seeking affirmation that the DOF FCD extends beyond the payment of bonds and that it honors contracts entered into by the City (and the Southern California Logistics Airport Authority ("SCLAA") on behalf of the City) to satisfy obligations provided for in the VVEDA Joint Powers Agreement ("JPA"). Without such an affirmation, both the City and SCLAA believe that the DOF is impairing enforceable obligations entered into by SCLAA to satisfy reuse obligations delegated to it by VVEDA and imposed upon it by the United States Air Force.

BACKGROUND

VVEDA was formed pursuant to a JPA in 1989 to take on the responsibility of reusing the former George Air Force Base ("GAFB"), now the Southern California Logistics Airport ("SCLA"). On January 14, 1993, a Record of Decision ("ROD") regarding the disposal and reuse of GAFB was issued. The ROD specifically identified the plan for disposing two sets of parcels, Parcels A & C ("On-Airport Properties") and Parcels B & D ("Off-Airport Properties"). The Air Force mandated that Parcels A & C be preserved as part of the National Airport System, and that the Off-Airport Properties be disposed of pursuant to competitive sale. The ROD provided for the initiation of an application process, which required, among other things, that the successful applicant be a public entity capable of becoming a qualified public airport sponsor

with a viable plan to finance the ultimate reuse of GAFB (see Pages 14 and 15 of ROD, attached). Altogether, the ROD concluded that the disposal of GAFB be accomplished in a manner that would enable the development of a regional airport with the capacity for commercial and industrial development.

On April 29, 1994, VVEDA and the Department of the Air Force entered into a Lease for Airfield Property (Parcels A & C). VVEDA and the Air Force entered into the Lease agreement relying on the authority and provisions of the VVEDA JPA (Recital H, Page 3 of the Lease). The Lease for Airfield Property requires, without cost to the FAA or the Air Force, that the entire landing areas, structures, improvements, facilities and equipment be maintained for the use and benefit of the public at all times in safe and serviceable condition, to ensure its efficient operation and use (Condition 23).

On June 19, 1996, an Economic Development Conveyance Agreement (“EDC”) was entered into among VVEDA and the Air Force. The EDC caused the transfer of the Off-Airport Properties to VVEDA however it required that any such development upon EDC property be accomplished in a manner consistent with the original ROD (see EDC Section 22, page 13). The EDC transfer contained a variety of liabilities resulting from the physical condition in which the properties were transferred. Among the physical liabilities, which still exist today, are properties containing lead based paint and asbestos containing materials. On September 13, 2000, VVEDA and the Air Force amended the EDC to assign all of the rights and obligations of the EDC to the SCLAA. On October 25, 2000, VVEDA and SCLAA entered into an Assignment Agreement, further memorializing provisions of the VVEDA JPA and assigning all of the rights and obligations contained in the Lease for Air Field Property and the EDC.

THE VVEDA JPA

The VVEDA JPA has been amended four times and was last amended on May 20, 2000. The JPA serves as the governing document directing the responsibilities and activities of the VVEDA organization, including those of its member jurisdictions which include the cities of Adelanto, Hesperia, Victorville, the Town of Apple Valley and the County of San Bernardino. The VVEDA JPA has been relied upon as the legal contract responsible for serving the property disposal methodology provided for in the ROD.

On November 25, 2014, the Third District California Court of Appeals issued an opinion regarding the status of the VVEDA JPA, which stated in part:

..... “Assembly Bill 26 precludes Victor Valley from acting as a redevelopment agency”, though it immediately clarified “that Victor Valley may continue to exist as a joint powers authority....” (Page 11 of opinion)

On February 9, 2015, the Superior Court of California issued its Order and Judgment After Appeal (attached) where it stated:

“ 3. This judgment does not compel the dissolution of Victor Valley as a joint powers authority.”

With the court’s affirmation that VVEDA may continue to exist, VVEDA does so relying on its governing document, the VVEDA JPA.

THE JPA AS AN ENFORCEABLE OBLIGATION

California Health and Safety Code (“H&SC”) Section 34171 (d)(1) defines Enforceable Obligations and for reasons summarized above and better specified below, the VVEDA JPA satisfies the definition of an enforceable obligation and must be recognized in an FCD.

The VVEDA JPA imposes obligations upon the City of Victorville in Section 8 where it identifies among other things, the following:

1. The City of Victorville shall be directly liable to the Authority in connection with the terms of this Agreement.
2. Victorville and SCLAA shall be delegated authority that includes among other things, all operational and management authority affecting the GAFB Parcels.
3. Victorville and SCLAA shall be provided with the authority to enter into contracts to satisfy it’s operational and management authorities.
4. Victorville shall be responsible for liabilities and obligations of VVEDA arising from the GAFB parcels, including obligations required of VVEDA by the United States Air Force.

The JPA further provides that to satisfy its obligations, Victorville be provided with tax increment revenues (now “RPTTF”). The tax increment revenues relied upon by Victorville and SCLAA are defined in Sections 31, 34 and 38 of the JPA and visually illustrated among the attached documents (#9). Victorville’s reliance on tax increment revenues has enabled it to enter into a variety of contracts, which include among others:

1. Tax Allocation Bonds issued by SCLAA
2. A Master Developer Agreement with Stirling Capital, a private entity, which dictates management, operational and infrastructural responsibilities for SCLA.
3. A Disposition and Development Agreement with Stirling Capital, a private entity, which dictates development infrastructure obligations for SCLA.
4. Grant Assurance Agreements with the FAA which dictate operational responsibilities of SCLA.
5. Public Benefit Transfer Obligations with the US Air Force.
6. The adoption of an SCLA Budget which identifies that certain tax increment revenues are being used to support the operation and reuse of the former GAFB.

In addition, tax increment revenue has enabled SCLAA to apply for and maintain an Airport Operating Certificate, issued pursuant to Federal Aviation Regulation (“FAR”), Part 139. As a

part of SCLAA's Airport Operating Certificate, SCLAA is required to operate and maintain SCLA in accord with FAR Part 139 which is consistent with the provisions required of SCLAA in the VVEDA JPA.

CONCLUSION

DOF determinations rendered for the 14-15B ROPS (VVEDA and Victorville's) and the VVEDA FCD, appear to recognize the City of Victorville as the entity responsible for satisfying the obligations provided for in the VVEDA JPA related to SCLA. Victorville is prepared to accept such recognition, despite the fact that past ROPS determinations have been rendered requiring the Victorville Successor Agency to satisfy VVEDA JPA related obligations. However, the City of Victorville is unable to fully satisfy the VVEDA JPA obligations if it is not provided with all of the RPTTF afforded to it by the VVEDA JPA and to satisfy the contractual obligations undertaken by it that extend well beyond SCLAA's Tax Allocation Bonds. Accordingly, the City of Victorville is requesting that the DOF expand its FCD dated November 12, 2014 to recognize all of the VVEDA JPA obligations, not just bonds issued by SCLA, and allowing for the distribution of RPTTF funds from the VVEDA Successor Agency to the City of Victorville to continue until such a time that all of the JPA obligations are satisfied by the City and SCLAA.

Sincerely,



Keith C. Metzler
Assistant City Manager

cc: Douglas B. Robertson, City Manager (w/o attachments)
Andre de Bortnowsky, City Attorney (w/o attachments)
Jason Gonsalves, Joe A. Gonsalves & Son (w/o attachments)

Attachments:

1. VVEDA FCD Dated November 12, 2014
2. Appellate Court Opinion, C072519
3. Order and Judgment After Appeal
4. Record of Decision- GAFB, January 14, 1993
5. Lease for Airfield Property- GAFB
6. EDC Agreement
7. EDC Agreement, Amendment #1
8. Assignment Agreement, VVEDA to SCLAA
9. Illustration of VVEDA- Flow of Funds

10. Master Developer Agreement - Stirling Capital
11. Disposition and Development Agreement - Stirling Capital
12. FAA Grant Assurance Agreement

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Attachment # 1

VVEDA FCD Dated November 12, 2014



November 12, 2014

Mr. Keith C. Metzler, Assistant City Manager
City of Victorville
14343 Civic Drive
Victorville, CA 92393

Dear Mr. Metzler:

Subject: Request for Final and Conclusive Determination

On January 16, 2014, the California Department of Finance (Finance) received Victor Valley Economic Development Authority Successor Agency (Agency)'s request for a final and conclusive determination on Item Nos. 1 through 6 as listed on the Recognized Obligation Payment Schedule for the period of July through December 2013 (ROPS 13-14B).

Finance has completed its review of the Agency's request, which may have included obtaining clarification on items provided and additional supporting documentation.

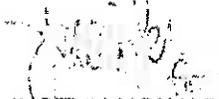
It is our understanding that pursuant to the Joint Powers Authority (JPA) Agreement the Agency passes the tax increment generated from the Victor Valley Project Area (Project Area) to its JPA member jurisdictions. Based on our review and application of the law, Finance has made the following determinations:

- Item No. 1 – JPA Agreement pass-through distribution to the Southern California Logistics Airport Authority (SCLAA). Pursuant to the JPA Agreement, SCLAA is not a JPA member and does not directly receive funding distributions from the Agency. It is our understanding the City of Victorville Successor Agency acts as treasurer for SCLAA, and directly receives the funding allocated to SCLAA from the Agency. As such, Finance has retired Item No. 1 from the ROPS as noted in our April 17, 2014 letter, and the item has been included in the City of Victorville ROPS. Therefore, a final and conclusive determination for this item is unnecessary.
- Item Nos. 2 and 5 – JPA Agreement pass-through distributions to the City of Victorville and Town of Apple Valley Successor Agencies. It is our understanding that tax increments from the Project Area allocated to the City of Victorville and Town of Apple Valley Successor Agencies are pledged for the payments of SCLAA bonds and 2005 and 2007 Apple Valley's bonds. JPA Agreement disbursements to members have previously been reviewed by Finance and subsequently approved on all ROPS submissions as enforceable obligations. Pursuant to HSC section 34177.5 (i), we are pleased to inform you:
 - (i) Finance's approval of Item Nos. 2 and 5 – JPA Agreement disbursements to members as enforceable obligations for the payment of bonds are final and conclusive; and

- (ii) Finance's review of Item Nos. 2 and 5 – JPA Agreement disbursements to members will be limited to confirming the scheduled debt service payments required by the bond covenants in future ROPS reviews.
- o Item Nos. 3, 4, and 6 – JPA Agreement pass-through distributions to the City of Hesperia, County of San Bernardino, and City of Adelanto Successor Agencies. HSC section 34177.5 (i) states the Agency can petition Finance to make a Final and Conclusive determination if the enforceable obligation provides for an irrevocable commitment of property tax revenue. However, these members do not have enforceable obligations that are secured by the JPA Agreement pass-through distributions. Therefore, Redevelopment Property Tax Trust Fund (RPTTF) funds received by these JPA members are not encumbered for the payment of bond debt service or any other obligation owed by the recipients. As a result, these items were denied as inclusions to the January through June 2015 ROPS (ROPS 14-15B), and therefore do not qualify for a final and conclusive determination.

Please direct inquiries to Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Marc Puckett, Treasurer, Town of Apple Valley
Ms. Linda Santillano, Property Tax Manager, San Bernardino County
California State Controller's Office

Attachment # 2
Appellate Court Opinion, C072519

NOT TO BE PUBLISHED

California Rules of Court, rule 8.1115(a), prohibits courts and parties from citing or relying on opinions not certified for publication or ordered published, except as specified by rule 8.1115(b). This opinion has not been certified for publication or ordered published for purposes of rule 8.1115.

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA
THIRD APPELLATE DISTRICT
(Sacramento)

VICTOR VALLEY ECONOMIC DEVELOPMENT
AUTHORITY,

Plaintiff and Appellant,

v.

STATE OF CALIFORNIA et al.,

Defendants and Respondents.

C072518

(Super. Ct. No. 34-2012-
80001113-CU-WM-GDS)

This case arises out of the legislative dissolution of California redevelopment agencies. Plaintiff Victor Valley Economic Development Authority (Victor Valley), formed to oversee the reuse of a former military base, sued the State of California and various officials (collectively, the State), contending Victor Valley should retain its redevelopment powers. Following a dismissal based on a demurrer sustained without leave to amend, Victor Valley appeals, contending: (1) it is not a redevelopment agency;

(2) it is entitled to continue to receive tax money; (3) dissolving it would impair obligations and be preempted by federal law; and (4) it can amend to state a viable cause of action.

The trial court correctly ruled that Victor Valley’s redevelopment powers were lawfully stripped from it by the Legislature. Nor has Victor Valley identified any specific *material* facts it might allege if given leave to amend. During the briefing and oral argument on appeal, the parties agreed that the judgment *does not* require that Victor Valley itself be dissolved. Although we do not read the judgment as compelling such dissolution, to ensure there is no later confusion on this point, we shall modify the judgment to include an explicit clarification of this point, and affirm as modified.

STANDARD OF REVIEW

When reviewing a judgment following an order sustaining a demurrer, “we examine the complaint’s factual allegations to determine whether they state a cause of action on any available legal theory. [Citation.] We treat the demurrer as admitting all material facts which were properly pleaded. [Citation.] However, we will not assume the truth of contentions, deductions, or conclusions of fact or law [citation] and we may disregard any allegations that are contrary to the law or to a fact of which judicial notice may be taken.” (*Ellenberger v. Espinosa* (1994) 30 Cal.App.4th 943, 947; see *Blank v. Kirwin* (1985) 39 Cal.3d 311, 318.) We may also accept the factual stipulations of counsel. (See, e.g., *Ramirez v. USAA Casualty Ins. Co.* (1991) 234 Cal.App.3d 391, 402 [judgment on the pleadings, mutual concessions at oral argument accepted as true].)

BACKGROUND

Legal Background Regarding Redevelopment Agencies

As briefly summarized by our Supreme Court:

“In the aftermath of World War II, the Legislature authorized the formation of community redevelopment agencies in order to remediate urban decay. [Citations.] The Community Redevelopment Law [CRL] ‘was intended to help

local governments revitalize blighted communities.’ [Citations.] It has since become a principal instrument of economic development, mostly for cities, with nearly 400 redevelopment agencies now active in California.” (*California Redevelopment Assn. v. Matosantos* (2011) 53 Cal.4th 231, 245-246 (*Matosantos*).

“Responding to a declared state fiscal emergency, in the summer of 2011 the Legislature enacted two measures intended to stabilize school funding by reducing or eliminating the diversion of property tax revenues from school districts to the state’s community redevelopment agencies. (Assem. Bill Nos. 26 & 27 (2011-2012 1st Ex. Sess.) enacted as Stats. 2011, 1st Ex. Sess. 2011-2012, chs. 5-6 (hereafter Assem. Bill 26 and Assem. Bill 27) [Citations].) [Assem. Bill 26] bars redevelopment agencies from engaging in new business and provides for their windup and dissolution. [Assem. Bill 27] offers an alternative: redevelopment agencies can continue to operate if the cities and counties that created them agree to make payments into funds benefiting the state’s schools and special districts.” (*Matosantos, supra*, 54 Cal.4th at p. 241.)

Our Supreme Court invalidated Assembly Bill 27, because it conflicted with a provision of the California Constitution forbidding the payments required thereunder. (*Matosantos, supra*, 54 Cal.4th at pp. 242, 264-274.) Thus, the only lawful option for redevelopment agencies was windup and dissolution, as provided by Assembly Bill 26, set forth in the Health and Safety Code,¹ although *Matosantos* judicially reformed certain dates in Assembly Bill 26 to best effectuate the Legislature’s intent. (*Matosantos*, at pp. 274-276.)

Assembly Bill 26 provided that successor agencies would “[e]xpediently wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board.” (§ 34179, subd. (h).) Each oversight board consists of members appointed as set forth by statute (§ 34179, subd. (a)), and has a fiduciary duty towards “holders of enforceable obligations and the taxing entities that benefit from distributions of property tax” (§ 34177, subd. (i)), including the duty to review specified actions by the successor agencies, such as “Establishment of the

¹ All undesignated statutory references are to the Health and Safety Code.

Recognized Obligation Payment Schedule [ROPS].” (§ 34180, subd. (g).) The ROPS is “the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period.” (§ 34171, subd. (h).) The successor agency must “[c]ontinue to make payments due for enforceable obligations.” (§ 34177, subd. (a).) “‘Enforceable obligation’ ” is defined by section 34171, subdivision (d)(1), to include, inter alia, “Payments required by the federal government,” “Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy, ” and “Contracts or agreements necessary for the administration or operation of the successor agency” (§ 34171, subd. (d)(1)(C), (E), and (F).)

We continue our discussion of Assembly Bill 26 in Part I of the Discussion, *post*.
Procedural Background

Because a major contention by Victor Valley pertains to the timing and manner of its formation, we set out facts regarding Victor Valley chronologically.

After Congress passed the Defense Authorization Amendments and Base Closure and Realignment Act in 1988 (Pub. L. No. 100-526; 102 Stat. 2623), George Air Force Base (George) and Norton Air Force Base (Norton) were selected for closure.

The Eaves Bill, former section 33320.5 (now § 33492.40), part of the CRL, was signed on September 20, 1989. (Stats. 1989, ch. 545, § 1.) It anticipated creation of joint powers authorities (see Gov. Code, § 6500 et seq.) to oversee the transition of George and Norton.

On or about October 27, 1989, Victor Valley was formed by multiple public entities, as a joint powers authority to plan for the closure and reuse of George.

On January 1, 1990, the Eaves Bill took effect. (See Gov. Code, § 9600, subd. (a) [ordinary bills take effect January 1 “next following a 90-day period” post-enactment].)

In 1993, Victor Valley adopted a redevelopment plan accepted by the federal government, with changes over time. In 1993 through 1994, the federal government

required that part of George be used as a civil airport with a “qualified sponsor,” which Victor Valley was, and the property was given to Victor Valley on the condition that Victor Valley remediated certain environmental problems. In 1996, Victor Valley and the federal government entered into agreements whereby Victor Valley received other property in exchange for a promissory note which Victor Valley “could only honor through reliance on tax increment revenues which were designated as the primary funding source.”²

A separate joint powers authority consisting of the City of Victorville and the Victorville Redevelopment Agency was formed to run the civil airport “as well as reduce [Victor Valley’s] exposure to any possible catastrophic events which might otherwise be associated with airport operations.” That entity is now the Southern California Logistics

² We must explain the term “tax increment”: “[C]ounties have a mandatory duty to collect property taxes, then allocate and distribute the appropriate amounts to various taxing entities pursuant to a complex statutory scheme. [Citation.] Allocation and distribution of property tax revenue is further subject to the [CRL]. [Citation.] The CRL sets forth the procedures for financing redevelopment projects. [Citation.] Under the CRL, such projects are financed by ‘tax increment financing.’ [Citation.] [¶] Under tax increment financing, ‘[a]ll taxable property within the area to be redeveloped is subject to ad valorem property taxes. The properties lying within a redevelopment area have a certain assessed value as of the date a redevelopment plan ordinance is adopted. A local taxing agency, such as a city or county, continues in future years to receive property taxes on the redevelopment area properties, but may only claim the taxes allocable to the base year value. If the taxable properties within the redevelopment area increase in value after the base year, the taxes on the increment of value over and above the base year value are assigned to a special fund for the redevelopment agency. [¶] ‘Once the redevelopment plan is adopted, the redevelopment agency may issue bonds to raise funds for the project. As the renewal and redevelopment is completed, the property values in the redevelopment area are expected to rise. The taxes attributable to the increase in assessed value above the base year value are assigned to the redevelopment agency, which then uses these funds to retire the bonds. The local taxing agencies still receive taxes attributable to the base year assessed value of the properties within the redevelopment area. This way, the redevelopment project in effect pays for itself.’ ” (*City of Dinuba v. County of Tulare* (2007) 41 Cal.4th 859, 865-866, fn. omitted; see *Matosantos, supra*, 53 Cal.4th at pp. 246-247.)

Airport Authority (SCLAA). Victor Valley pledged tax increments generated on George to the SCLAA and assigned rights with respect to those increments to the SCLAA, pledging half of the tax increments “generated from all other properties located within the project area subject to the Redevelopment Plan . . . to SCLAA.” This allowed Victor Valley to fulfill its federal obligations and facilitate reuse of George in compliance with federal law.

After our Supreme Court upheld Assembly Bill 26, Victor Valley complied with its terms “under protest,” but the Department of Finance (Finance) determined that Victor Valley could not continue to exercise the powers of a redevelopment agency, and directed Victor Valley to begin to make only “payments that are listed in a [ROPS] as contemplated under [Assem. Bill 26].”

Victor Valley sued the State, seeking a writ of administrative mandamus as well as declaratory and injunctive relief, contending it was not a redevelopment agency, and sought to prevent the State from compelling compliance with Assembly Bill 26. Attached to the petition were Finance documents concluding Assembly Bill 26 stripped Victor Valley of redevelopment authority (but *not* stating Victor Valley had to be *dissolved*). Victor Valley asserted that applying Assembly Bill 26 to it would impair contracts in violation of the federal and California constitutions, and be preempted by federal law by impeding Victor Valley’s base reuse obligations.

The State demurred, arguing as relevant here that Assembly Bill 26 required Victor Valley to be *dissolved*, or, alternatively, that its authority to receive tax increments or perform redevelopment activity was eliminated by Assembly Bill 26, and no impairment of contracts had been shown, because the successor agency to be created by Assembly Bill 26 would receive allocations sufficient to satisfy any enforceable federal obligations. At oral argument on appeal, the State withdrew its claim that dissolution was required.

Victor Valley replied that it was entitled to a declaration of rights, no pleaded facts showed Finance would satisfy obligations to the federal government, and reiterated that Assembly Bill 26 did not dissolve Victor Valley.

The trial court sustained the demurrer without leave to amend.

Victor Valley timely appealed from the judgment of dismissal.

DISCUSSION

I

The Application of Assembly Bill 26 to Victor Valley

Victor Valley contends it is not a redevelopment agency and therefore was not subject to the provisions of Assembly Bill 26. It argues that it was created as a joint powers authority under the Government Code, not as a redevelopment agency. It adds that it was created *prior to* the effective date of the Eaves Act, therefore the fact that the Eaves Act is located in the Health and Safety Code is not relevant. We conclude Victor Valley was subject to Assembly Bill 26.

We begin with the principle that the Legislature is free, within the confines of the California Constitution, to reconfigure its various subdivisions as it chooses. (See *Star-Kist Foods, Inc. v. County of Los Angeles* (1986) 42 Cal.3d 1, 6 (*Star-Kist Foods*); *Mallon v. City of Long Beach* (1955) 44 Cal.2d 199, 209.)

The CRL is located in part I of division 24 of the Health and Safety Code. The Eaves Bill (§ 33492 et seq.) is *within* the CRL, as Chapter 4.5 thereof, and was passed to mitigate “the economic and social degradation” caused by the closure of military bases. (§ 33492, subd. (a).) However, “Chapter 4 (commencing with Section 33300) shall be applicable to any project area formed pursuant to this chapter, except to the extent that Chapter 4 is inconsistent with this chapter.” (§ 33492.4.) The referenced “Chapter 4” describes the requirements and procedures for forming a redevelopment agency. (§ 33300, et seq.) Parts of the Eaves Bill apply to specific areas, and, in particular, section 33492.40 references George and Norton, and subdivision (j) thereof provides:

“The Legislature finds and declares that the closure of two or more military facilities or installations within the County of San Bernardino will cause serious economic hardship in that county, including loss of jobs, increased unemployment, deterioration of properties and land utilization and undue disruption of the lives and activities of the people. Therefore, the Legislature finds and declares that to avoid serious economic hardship *and accompanying blight*, it is necessary to enact this act which shall apply only within the County of San Bernardino. In enacting this act, it is the policy of the Legislature to assist communities within the County of San Bernardino in their attempt to preserve the military facilities and installations for their continued use as airports and aviation-related purposes.

“It is the intent of the Legislature and the commitment of the local authorities to ensure that the existing airfields at both [Norton and George] are protected, developed, and enhanced as civil aviation public use airports. Therefore, the joint powers authorities authorized by this section should make every reasonable effort to guarantee that these vital airport facilities are retained for general aviation use now and into the future.” (Italics added.)

The Eaves Bill also provides:

“The legislative bodies for communities having territory within, adjacent to, or in proximity to a military facility or installation described in subdivision (a) may create a separate joint powers agency pursuant to [Gov. Code, § 6500 et seq.], which shall have and exclusively exercise powers of an agency *in furtherance of the redevelopment of a project area approved by the joint powers agency*. The joint powers agency so formed shall include as one of its members the county in which the project area is located. In addition to the powers of an agency, the joint powers agency so formed shall also act as the legislative body and planning commission for all approvals and actions required by this part of legislative bodies and planning commissions *for the adoption and implementation of a redevelopment plan*. However, all land use, planning, and development decisions with regard to the land within the project area shall continue to be under the control and jurisdiction of each of the respective local legislative bodies or planning commissions, as applicable.” (§ 33492.40, subd. (b), italics added.)³

³ The Legislative Counsel’s Digest to the Eaves Bill partly provides: “Under the existing [CRL], territory included within a project area . . . is required to be a predominantly urbanized area of a community . . . which is a blighted area [¶] This bill would make an exception . . . in the case of a project area containing privately owned land adjacent to, or in close proximity to, as defined, [Norton and George] which are proposed to be closed [¶] The bill would permit the legislative bodies of

Assembly Bill 26 in part provides: “All redevelopment agencies *and redevelopment agency components* of community development agencies created under Part 1 (commencing with Section 33000) . . . that were in existence on the effective date of this part are hereby dissolved and shall no longer exist as a public body, corporate or politic.” (§ 34172, subd. (a)(1), italics added.) Although Victor Valley points out in its reply brief that “ ‘community development agency’ ” is not explicitly defined, by its terms it plausibly means an agency that “develops” a community in some fashion, which would include *redevelopment*. Victor Valley offers no alternative candidate of meaning, except to reiterate that it is a “joint powers authority and federal base reuse authority.” That does not mean it does not also function in part as a community development agency.

Further, section 34189 partly provides:

“(a) Commencing on the effective date of this part, all provisions of the [CRL] that depend on the allocation of tax increment to redevelopment agencies . . . shall be inoperative, except as those sections apply to a redevelopment agency operating pursuant to Part 1.9 (commencing with Section 34192).

“(b) To the extent that a provision of Part 1 (commencing with Section 33000) . . . conflicts with this part, *the provisions of this part shall control*. Further, if a provision of Part 1 . . . provides an authority that the act adding this part is restricting or eliminating, *the restriction and elimination provisions of the act adding this part shall control.*”⁴ (Italics added.)

Because Victor Valley was created under the authority of part 1 of the CRL, the statute authorizing it to exercise redevelopment powers is trumped by Assembly Bill 26.

communities as defined under the [CRL] to form a joint powers authority for purposes of the redevelopment of territory covered by the bill. It would establish exemptions . . . from the [CRL] as necessary *for the effective redevelopment of the area . . .*” (Legis. Counsel’s Dig., Assem. Bill No. 419 (1989-1990 Reg. Sess.) 4 Stats. 1989 Summary Dig., p. 177, italics added.)

⁴ Section 34189 as originally phrased in Assembly Bill 26 reads slightly differently, but the differences are not material. (See Stats. 2012, ch. 26, § 31; Stats. 2012, ch. 162, § 93.)

Victor Valley emphasizes that it was created under the joint powers statutes (Gov. Code, 6500 et seq.). While the State concedes for the first time on appeal that Victor Valley might continue to exist for other purposes, Assembly Bill 26 precludes it from exercising *redevelopment powers*, which have been vested in its successor agency.⁵

We see no reason why a joint powers authority could not previously have exercised redevelopment authority, even if it also had other powers. Indeed, a provision of the redevelopment law allowed this (§ 33210), and the published cases suggest it is not uncommon for a public agency to form a joint powers authority for redevelopment purposes. (See *Health First v. March Joint Powers Authority* (2009) 174 Cal.App.4th 1135, 1137-1138 [joint powers authority created after closure of March Air Force Base exercises redevelopment powers]; see also *People v. Gnass* (2002) 101 Cal.App.4th 1271, 1279 [city and its redevelopment agency formed a joint powers authority]; *City of Costa Mesa v. Connell* (1999) 74 Cal.App.4th 188, 191 [same]; *People v. Parmar* (2001) 86 Cal.App.4th 781, 788, 799 [Sacramento Housing and Redevelopment Agency is a “joint powers authority” which “serves as both housing authority and redevelopment agency for the city and the county”].)

As set forth *ante*, the Eaves Bill contemplated the use of joint powers agencies, which would exercise their powers in furtherance of the redevelopment of project areas. The fact that Victor Valley is a joint powers authority does not mean that it is exempt from Assembly Bill 26’s provisions stripping it of all redevelopment authority.

Victor Valley also emphasizes that it was formed as a joint powers authority *before* the Eaves Bill became effective, but this temporal claim is not persuasive. The

⁵ At oral argument, counsel for the State conceded Victor Valley, as a joint powers authority, could be the successor agency under section 34173, subdivision (c) for purposes of continuing to fulfill enforceable obligations as provided by Assembly Bill 26, and counsel for Victor Valley asserted that that, in fact, was what Victor Valley is doing.

Eaves Bill was signed by the Governor on September 20, 1989. Although Victor Valley alleges it was formed a month after the Eaves Bill passed, but before its effective date, because Victor Valley seeks shelter under the Eaves Bill, we do not see how it cannot have the purpose of redevelopment, at least as part of its mission. Indeed, its organic document provided Victor Valley would have the power to redevelop George and its environs “at such time as California law permits this [Joint Powers] Authority to exercise redevelopment powers.” Thus, Victor Valley as an entity at least partly hinged its existence on the Eaves Act. To the extent it seeks to exercise redevelopment powers post-Assembly Bill 26, it cannot do so, except in its capacity as a successor agency to facilitate the windup of remaining enforceable obligations. (See fn. 5, *ante*.)

As the State observes, Victor Valley’s focus on issues of formation and whether it continues to exist as an *entity* misses the point. The point is that Assembly Bill 26 precludes Victor Valley from acting as a *redevelopment agency*.

However, the State originally argued in its demurrer that Victor Valley had to be dissolved, and although the State has now withdrawn that claim, Victor Valley plausibly made the point at oral argument that a mere affirmation of the judgment of dismissal in such circumstances could cloud the question about its continued viability. Accordingly, we shall modify the judgment to clarify that Victor Valley may continued to exist as a joint powers authority, as agreed by the parties at oral argument.

II

The Impairment of Contractual Obligations by Assembly Bill 26

Victor Valley contends that precluding it from obtaining tax increment funding will cause it to violate federal contracts. In related arguments, it contends Assembly Bill 26 is preempted by the federal obligations, and also claims those obligations will be impaired in violation of the federal and California constitutions.

First, Victor Valley’s opening brief is bereft of legal authority on these points, other than a passing reference to “the ‘Contracts Clauses’ of the United States and

California Constitutions,” therefore these arguments are forfeited on appeal for lack of coherent argument, supported by legal authority. (See *In re S.C.* (2006) 138 Cal.App.4th 396, 408; *In re Marriage of Nichols* (1994) 27 Cal.App.4th 661, 672-673, fn. 3.)

Second, as explained earlier, Victor Valley’s successor agency will be responsible for reporting and fulfilling outstanding enforceable obligations.⁶ Part of Assembly Bill 26 provides: “It is the intent of this part that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.” (§ 34175, subd. (a).) Further, the federal government has not intervened, and Victor Valley cannot raise claims on its behalf. Our Supreme Court has held that “subordinate political entities, as ‘creatures’ of the state, may not challenge state action as violating the entities’ rights under the due process or equal protection clauses of the Fourteenth Amendment or under the contract clause of the federal Constitution.” (*Star Kist Foods, supra*, 42 Cal.3d at p. 6.) Accordingly, we reject Victor Valley’s impairment of contracts and related claims.

III

Leave to Amend

Under a “a counterintuitive quirk of California appellate law” (*Connerly v. State of California* (2014) 229 Cal.App.4th 457, 460 (*Connerly*)), a plaintiff may propose new facts and theories for the first time on appeal to explain how the complaint may be amended to state a cause of action, thereby showing the trial court “abused its discretion” (Code Civ. Proc., § 472c, subd. (a)) in not granting leave to amend.⁷ (See *City of*

⁶ As stated, the successor agency is, apparently, Victor Valley itself. (See fn. 5, *ante*.)

⁷ The statute dictates that we frame the issue as whether the trial court abused its discretion in denying leave to amend. (Code Civ. Proc., § 472c, subd. (a).) “This is

Stockton v. Superior Court (2007) 42 Cal.4th 730, 746.) However, to succeed, the plaintiff “must show in what manner he can amend his complaint *and how that amendment will change the legal effect of his pleading.*” (*Cooper v. Leslie Salt Co.* (1969) 70 Cal.2d 627, 636, italics added (*Cooper*)). Victor Valley’s opening brief claims it should be given leave to amend, but never explained what material facts it would plead.

For the first time in the reply brief, Victor Valley seizes on a concession in the State’s briefing, to the effect that Victor Valley may not have to be dissolved, and argues this means leave to amend should be granted. The trial court accepted the State’s view at oral argument in the trial court, although the judgment of dismissal does not command dissolution of Victor Valley. As stated earlier, we agree that the judgment should be modified to state that Victory Valley was *not* dissolved by Assembly Bill 26. Such modification adequately declares the rights of the parties on the question of Victor Valley’s right to exist as a joint powers authority, therefore no remand for amendment of the complaint is warranted. (See *Haley v. Los Angeles County Flood Control Dist.* (1959) 172 Cal.App.2d 285, 292-294.)

However, Victor Valley has not tendered new facts showing it retains any *redevelopment* powers following passage of Assembly Bill 26.⁸ Victor Valley merely replicates arguments we have rejected about why it should keep such powers. Thus Victor Valley has failed to point out exactly *how* it would amend to state a viable cause of action that would allow it to continue exercising redevelopment powers. (See *Cooper*,

arguably misleading and unfair.” (*Connerly, supra*, 229 Cal.App.4th at p. 460, fn. 2.) The trial court rules on the facts and law presented in the operative complaint and moving papers on demurrer, whereas the appellate court may be presented with entirely different facts tendered to show that leave to amend is proper.

⁸ As set forth in its opening brief, Victor Valley sought judicial notice of various documents, however, by previous order we denied the request for judicial notice (interim), so we disregard references to those documents. Victor Valley does not contend those documents add to its claim that it should be given leave to amend.

supra, 70 Cal.2d at pp. 636-637; *Cantu v. Resolution Trust Corp.* (1992) 4 Cal.App.4th 857, 889-890.) Therefore, we decline to grant leave to amend.

DISPOSITION

The judgment is modified to add a sentence stating: “This judgment does not compel the dissolution of Victor Valley as a joint powers authority.” The trial court is directed to prepare a new judgment containing such modification. As so modified, the judgment is affirmed. The parties shall bear their own costs on appeal. (See Cal. Rules of Court, rule 8.278(a)(3).)

DUARTE, J.

We concur:

BLEASE, Acting P. J.

ROBIE, J.

Attachment # 3

Order and Judgment After Appeal

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SACRAMENTO

VICTOR VALLEY ECONOMIC
DEVELOPMENT AUTHORITY, a
California joint powers authority

Case No. 34-2012-80001113
Department 33

Plaintiff,

v.

ORDER AND JUDGMENT AFTER APPEAL

STATE OF CALIFORNIA; CALIFORNIA
STATE CONTROLLER JOHN CHIANG, an
individual sued in his official capacity,
CALIFORNIA DIRECTOR OF FINANCE
ANA J. MATOSANTOS, an individual sued
in her official capacity; SAN BERNARDINO
AUDITOR-CONTROLLER LARRY WALKER,
an individual sued in his official capacity,

Defendants

Pursuant to the opinion filed by the Court of Appeal in Case No. C07251
on November 25, 2014, modifying the judgment previously entered by the Superior
Court to clarify that plaintiff Victor Valley may continue to exist as a joint powers
authority,

IT IS ORDERED, ADJUDGED AND DECREED that:

1. The demurrer by defendants California State Controller and California
Director of Finance is sustained without leave to amend on the ground that the
allegations of the Petition for Writ of Mandate and Complaint for Declaratory Relief
and Injunctive Relief do not state facts sufficient to constitute a cause of action.

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2. The Petition for Writ of Mandate and Complaint for Declaratory Relief and Injunctive Relief is dismissed.

3. This judgment does not compel the dissolution of Victor Valley as a joint powers authority.

Dated: FEB - 9 2015

ROBERT C. HIGHT

LLOYD G. CONNELLY
Judge of the Superior Court (Retired)
SIGNATURE PURSUANT
TO 635 CCP

Attachment # 4

Record of Decision- GAFB, January 14, 1993



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE BASE DISPOSAL AGENCY



HQ AFHDA/SP
1211 Fern Street, Room D-170
Arlington, VA 20330-1000

26 JAN 1993

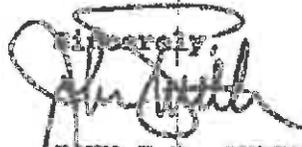


Mr. Peter K. D'Errico
Executive Director
Victor Valley Economic Development Authority
P.O. Box 607
George AFB, California 92394

Dear Mr. D'Errico:

Enclosed is a copy of the Record of Decision for the
Disposal and Reuse of George AFB, California.

If you have questions or comments please contact me at
(703) 614-9692.

Sincerely,

JOHN E.D. SMITH
Program Director
Southern Pacific Division

Atch
ROD



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC



OFFICE OF THE ASSISTANT SECRETARY

14 JAN 1963

SAY/MI
Pentagon Room 4E1020
Washington, DC 20336-1000

MEMORANDUM FOR GOVERNMENT AGENCIES, PUBLIC LIBRARIES, AND
INTERESTED PUBLIC

SUBJECT: Record of Decision (ROD) on George AFB, CA -
INFORMATION MEMORANDUM

Enclosed is a copy of my Record of Decision for the
Disposal and Reuse of George AFB, California.

This Record of Decision was developed based upon review
and consideration of the Final Environmental Impact Statement
(FEIS), comments received and other relevant factors. I have
taken into consideration the potential impacts addressed in the
FEIS for this proposal prior to making my decision.


Sincerely,

J. G. COOPER

Assistant Secretary of the Air Force
(Manpower, Reserve Affairs, Installations and Environment)

1 Attachment
ROD

**RECORD OF DECISION
DISPOSAL AND REUSE OF GEORGE AIR FORCE BASE
FINAL ENVIRONMENTAL IMPACT STATEMENT
SAN BERNARDINO COUNTY, CALIFORNIA**

JANUARY 14, 1993



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CHAPTER 1

I. INTRODUCTION

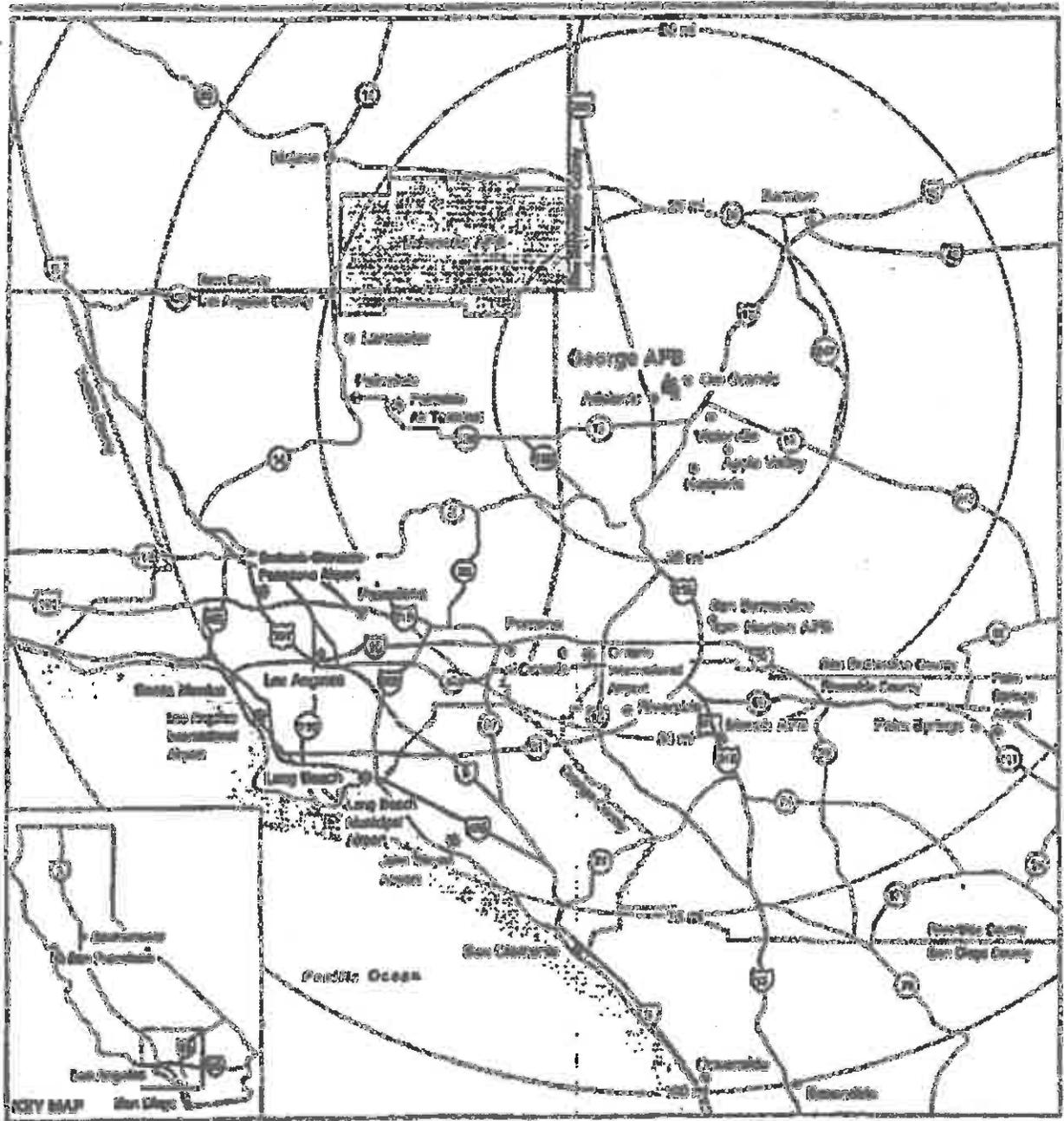
This Record of Decision (ROD) documents my decisions regarding the disposal of George AFB, California. It was developed in accordance with the National Environmental Policy Act (NEPA) and the Council on Environmental Quality implementing regulation, 40 CFR § 1505.2. The decisions included in this ROD have been made in consideration of but not limited to the information contained in the Final Environmental Impact Statement (FEIS) for the Disposal and Reuse of George AFB, which was filed with the Environmental Protection Agency (EPA) on March 6, 1993, and became available to the public on March 13, 1993. The location of George AFB is shown in Exhibits 1 and 2 on the following pages.

A. Purpose and Need

George AFB was closed on December 19, 1992, pursuant to the Defense Authorization Amendments and Base Closure and Realignment Act (BRCA) (Public Law 100-526) and recommendations of the Defense Secretary's Commission on Base Realignment and Closure. A separate Environmental Impact Statement (the "closure EIS") was prepared to analyze the environmental impacts of the closure of the base. On May 4, 1990, the Air Force released the Final Environmental Impact Statement for the Closure of George AFB, which addressed environmental impacts associated with base closure. The ROD describing details of the closure and mitigation measures adopted by the Air Force was signed on June 20, 1990.

Now that George AFB has been closed, the decisions to be made by the Air Force are: how the property will be divided into parcels for disposal, how each parcel will be conveyed or transferred, and what mitigation measures should be adopted. Some mitigation measures will be taken by the Air Force, others will be the responsibility of the recipients of the property. Mitigations are discussed in Section III, Environmental Issues.

The Federal Aviation Administration (FAA) through its Western-Pacific Region, acted as a cooperating agency in the preparation of the Disposal and Reuse EIS. The FAA has jurisdiction by law regarding reuse of the runway, and associated facilities, as a civilian airport. Its jurisdiction arises from its authority to approve airport layout plans that are required for Federally funded, public-use airports. Also, its jurisdiction arises from determining property essential, suitable or desirable for public airport conveyance under 50 U.S.C. App. § 1622(g). The FAA must make this determination in order for the Air Force to convey real and related personal property at no cost for airport purposes. A decision, if any, by the FAA to approve an airport layout plan (ALP) will be announced by a separate ROD issued by the FAA based on the analyses in the FEIS and any additional analysis that may be required and performed by them.



Regional Map

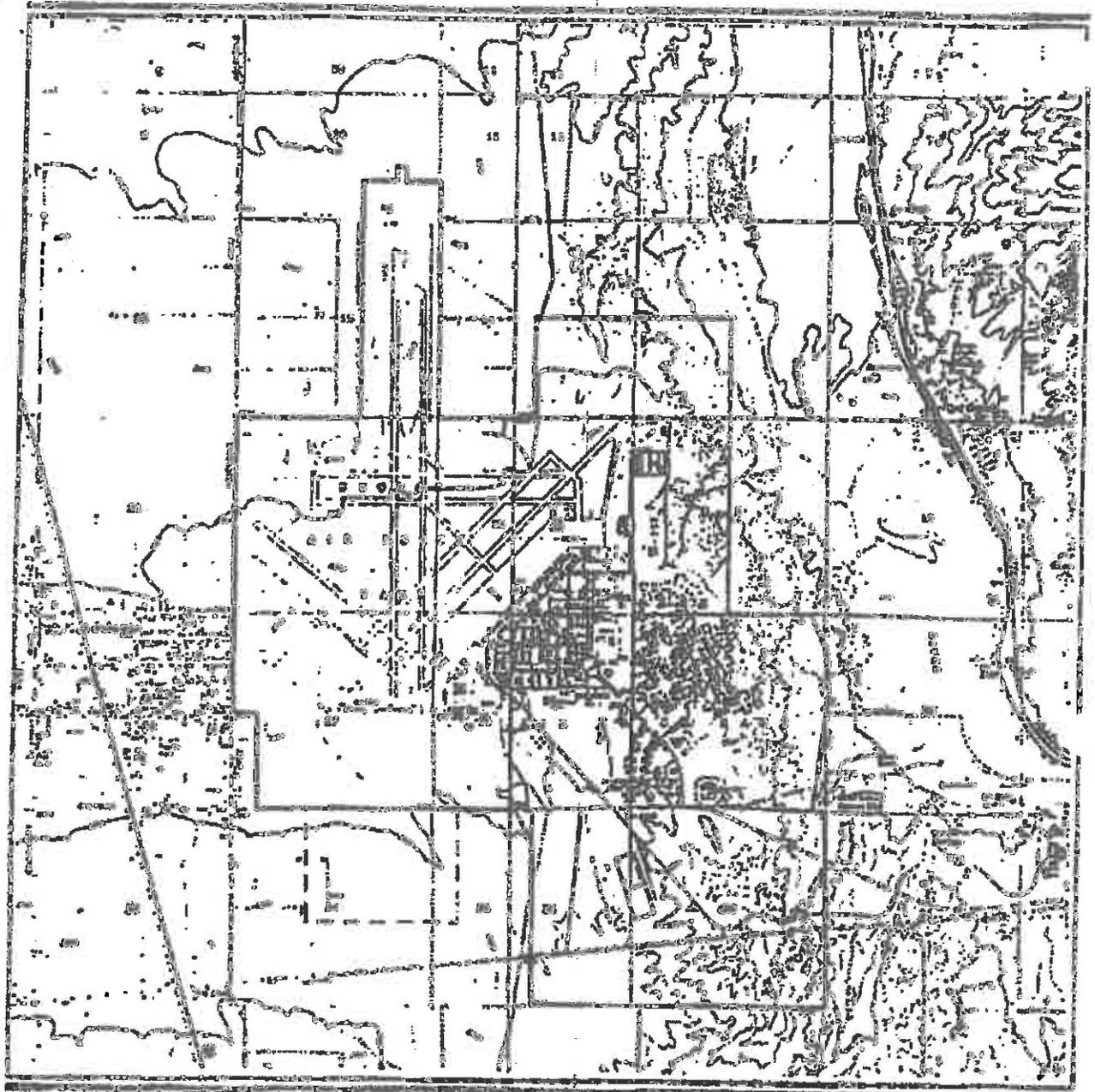
EXPLANATION

- ⊙ Airport
- ⬢ Interstate Highway
- ⬢ U.S. Highway
- ⬢ State Highway



Exhibit 1

Record of Decision - Disposal and Future of George AFB



Vicinity
Topographic Map



Exhibit 2

Record of Decision - Disposal and Reuse of George APZ

2. Public Involvement

This section discusses the level of involvement of the public, the State of California, the County of San Bernardino, the City of Adelanto and other local interests including the Victor Valley Economic Development Authority (VVEDA) in the preparation of the FEIS for Disposal and Reuse of George AFB.

The VVEDA was formed as a Joint Powers Authority (JPA) in accordance with the California Community Redevelopment Law (California Health and Safety Code 3300 et seq.) in September 1989 in order to obtain title to George AFB and its facilities. It consists of the County of San Bernardino, the City of Victorville, the City of Hemperia and the Town of Apple Valley.

The VVEDA identified one basic plan with variations for the reuse of the base. The plan and its variations/alternatives focused around a regional commercial and general aviation reuse. Pursuant to Air Force policy, this plan, as the proposal of the local intergovernmental reuse group, was designated as the proposed action in the EIS. However, the Air Force did not become committed to that plan; the proposed action and all alternatives addressed in the EIS received equal consideration.

The City of Adelanto, which borders George AFB to the west, removed itself from VVEDA early in the planning process. Adelanto developed a regional airport-based plan similar to the proposed action as Phase I, with follow-on development of a major international airport as Phase II. This plan was prepared independently of VVEDA and of other community plans.

Early issue identification for this action was conducted in conjunction with the EIS for the disposal and reuse of George AFB. A scoping meeting was held on October 29, 1990, at the Holiday Inn in Victorville, California. The comments and concerns from this meeting, as well as a previous scoping meeting held for the closure EIS, were used to determine the scope and direction required to complete the FEIS for disposal and reuse of the base.

The Air Force studied four plans and potential Federal interests in addition to the above VVEDA and Adelanto proposed plans. Included in these alternatives was a Commercial Airport with Residential Alternative, a General Aviation Center Alternative, a Non-Aviation Alternative, and a No-Action Alternative.

A Draft EIS was released for public review and comment with a 45-day comment period in October and November 1991; approximately 300 copies of the Draft EIS were distributed. A public hearing was held in Victorville, California, on October 17, 1991. The hearing panel consisted of representatives from the Air Force. At the hearing, verbal comments were received from 16 people. By the end of the public comment period, 29 written comments were received. These comments were considered and addressed in the FEIS, of which approximately 350 copies were distributed. In Volume II of the FEIS, copies of the written comments were included, along with the Air Force responses.

C. Alternatives Considered

Proposed Action

The proposed action analyzed in the Disposal and Reuse FEIS is based upon the reuse plan of the base property proposed by the VVEDA. This proposed action's focus is a regional commercial and general aviation airport. VVEDA's plan would entail the acquisition by VVEDA of approximately 2,352 acres of land adjacent to the base, 2,217 acres of which would be added to the existing airfield and aviation support areas for incorporation into the airport development area. Non-aviation land uses proposed for property within the existing base boundary include commercial, industrial, and recreational/vacant land. In conjunction with this plan VVEDA recommended that the California Air National Guard should remain on George AFB. While adopting the land use aspects of this plan as the proposed action in the EIS, the Air Force did not necessarily endorse those aspects of VVEDA's plan calling for VVEDA to be the acquiring agency.

The following alternatives* to the Proposed Action were also considered:

The International Airport Alternative, submitted by the City of Adelanto, would develop the base property to support the High Desert International Airport, designed to ultimately accommodate 50 million passengers annually, as well as to provide cargo and freight operations. This plan would support the needs of future hypersonic and suborbital aircraft which are now in the planning phases. This proposal would require the acquisition of 6,353 acres off base for expansion of airfield, aviation industrial, and aviation support areas. Industrial and commercial are the only other land uses proposed.

The Commercial Airport with Residential Alternative is similar to the Proposed Action in that the reuse of George AFB would center around a regional airport. The inclusion of a large residential area and no off-base land acquisition are the main differences between this alternative and the Proposed Action. Non-aviation land uses proposed included industrial, medical, education, commercial, residential, and public/recreation.

The General Aviation Center Alternative is focused around a general aviation center, with primarily private aviation activity. The airfield and aviation support areas

*The "proposed action and alternatives" are collectively referred to as "the alternatives", since all were given equal consideration.

would comprise about 40 percent of the base area with approximately 90 percent of the base property remaining inactive as vacant land. In addition to general aviation and aviation support activities, this alternative includes medical, education, commercial, residential, and public/recreation uses.

The Non-Aviation Alternative focuses on a large residential land use zone. The existing airfield would remain inactive and be used primarily for industrial purposes. Open areas surrounding the airfield would be used for residential purposes. A large portion of the main base area would be used for higher education. Other land uses include medical and public/recreation.

Federal Transfer and Independent Land Use Concepts were analyzed separately. Many of these proposals were part of the above alternatives, but due to jurisdictional issues in the real property disposal process they were separated for analytical purposes in the EIS.

The Department of Defense solicited proposals, in compliance with the Federal Property and Administrative Services Act of 1949, from other Federal agencies regarding their respective interest in acquiring any lands or facilities that would be declared excess. Several Federal agencies responded as sponsors for local entities, or on behalf of the Federal interest. Interest was also informally expressed by other Federal/non-Federal entities for possible reuse of the base.

The U.S. Department of Justice, Federal Bureau of Prisons is interested in acquiring an 900-acre parcel located south of Air Base Road for use as a correctional facility. This parcel is the present site of the base munitions storage area.

The U.S. Department of the Interior, National Park Service, supported the conveyance of facilities and land for park and recreational uses to local government agencies. Specific facilities identified include, but are not limited to, the following: Schmidt Park and pool, ball fields, base gymnasium, base youth center, golf course, and base recreation center.

The U.S. Department of Education expressed interest in acquiring certain base property and facilities to convey to San Bernardino County, the local community college, and the local school district.

The U.S. Department of Transportation, Federal Aviation Administration, has expressed interest in obtaining a garage at George AFB to house seven Government vehicles for the FAA.

U.S. Department of Housing and Urban Development identified housing potentially suitable for the homeless

in the existing family housing area on base. The Alaska Circle area, which consists of 60 residential units located just north of Air Base Road, was identified by an applicant for a homeless facility. Several facilities within the base proper were requested for another homeless provider. As provided under the Stewart B. McKinney Act 42 U.S.C. § 11411, as amended, suitability of housing is determined by the U.S. Department of Housing and Urban Development (HUD) in conjunction with the U.S. Department of Health and Human Services and the General Services Administration (GSA).

San Bernardino County expressed interest in obtaining one or more of the existing facilities on George AFB to house inmates in support of their Work Furlough Program. Specific buildings are yet to be identified.

Several private medical facilities in Victor Valley have expressed interest in acquiring the base hospital.

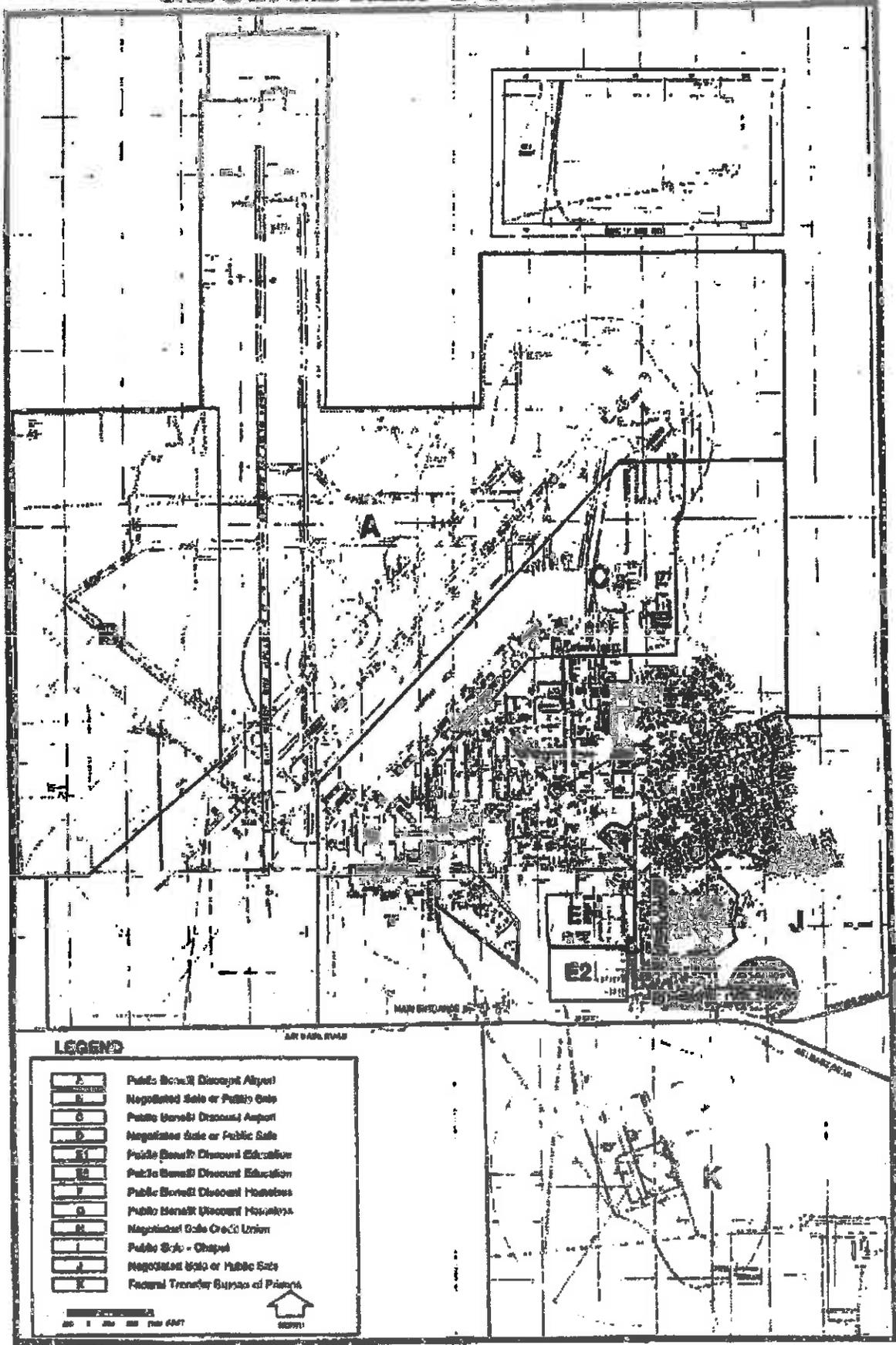
The No-Action Alternative entails the base remaining under Federal control and being placed in caretaker status.

As demonstrated by the chart at Exhibit 3, Summary of Environmental Impacts, the no-action alternative is the environmentally preferred alternative. However, this alternative does not meet the objectives of property disposal and community economic recovery expressed by the Secretary of Defense and the United States Congress.

D. Summary of Environmental Impacts

Exhibit 3 provides a summary of the environmental impacts associated with the alternatives.

GEORGE AIR FORCE BASE



SUMMARY OF DISPOSAL DECISIONS BY PARCEL
Exhibit 5

PARCEL	APPROXIMATE FEE ACREAGE/ HECTARES	METHOD OF CONVEYANCE	RECIPIENT
A	1961/793.60	Public Benefit Conveyance (Airport)	Airfield Recipient
B	580/232.59	Competitive Negotiated Sale	TBD BY SALE
C	399/137.19	Public Benefit Conveyance (Airport)	Airfield recipient
D	693/361.39	Competitive Negotiated Sale	TBD BY SALE
E-1	41/16.59	Public Benefit Conveyance (Education)	Department of Education
E-2	22/8.90	Public Benefit Conveyance (Education)	Department of Education
F	29/11.76	Public Benefit Lease (Homeless)	Approved Provider
G	5/2.03	Public Benefit Lease (Homeless)	Approved Provider
H	3/1.21	Negotiated Sale	Credit Union
I	2/.81	Public Sale	Private Religious
J	295/119.38	Public Sale	TBD BY SALE
X Federal Transfer	900/364.23	Deferred - Proposed by Department of	TBD - Requested Justice
Railroad R-O-W	28/11.23	DEFERRED	TBD
Primary Roads	N/A	DEFERRED	TBD
Utilities: Water, Sewer, Gas, Electric, and Telephone	N/A	DEFERRED	TBD

G. Discussion of the Planned Transactions

1. Homeless Assistance

Improved property at George AFB has been determined suitable for use by homeless assistance providers by the Department of Housing and Urban Development (HUD). These properties were screened in accordance with the McKinney Act to determine if any licensed homeless provider(s) were interested in obtaining any or all of these properties.

Two organizations, Lilly Ruff, Inc., and High Desert Domestic Violence, Inc., applied to the Department of Health and Human Services (HHS) for approval as licensed homeless providers eligible to receive excess Federal property under the McKinney Act, P.L. 100-977. Both applications were determined to be approvable by HHS.

I have decided to enter into leases pursuant to the McKinney Act for Parcel F (to Lilly Ruff, Inc.) and Parcel G (to High Desert Domestic Violence, Inc.). The Air Force recognizes that use of Parcels F and G and the improvements thereon for homeless assistance may become incompatible with future commercial or business park development on the surrounding property. The long-term highest and best use of both parcels is industrial/commercial, a status consistent with projected surrounding land use. Therefore, in the case of Parcel G, it is recommended that the both the recipient of the surrounding property (Parcel D) and the homeless provider (High Desert Domestic Violence, Inc.) seek to consolidate the facilities requested in a single area to better serve their clients and allow for consistent land use development.

2. Public Benefit Conveyances

I have decided to deny applications for public benefit conveyances for uses which reduce the flexibility of future development plans. Therefore, only a portion of the property identified by the U.S. Department of Education, Parcels E-1 and E-2, will be made available for elementary school and future high school purposes. The Victor Valley Community College District (VVCC) request is denied primarily because it conflicts with future expansion and further development of aviation support. Moreover, VVCC owns 160 acres (64.78 hectares) in Phelan, CA, that at present are not utilized. Construction is planned sometime between the years 2000 and 2010, if funding becomes available. To fill in any gap, VVCC should lease from the future owner(s) those facilities it requested by public benefit conveyances, until the secondary college campus at Phelan is available.

The National Park Service supported conveyance of facilities and land within Parcel D for park and recreational uses to local government agencies. Future park and recreation areas should be determined as needed by local authorities consistent with overall

redevelopment planning. Because of the incompatibility between the library use and future airport interests the request of the San Bernardino County Public Library must also be denied. My decision to deny these requests serves to protect future expansion of the airport and reduces potential future land use conflicts due to fragmented ownership. The FAA request for parking space will be accommodated by arrangements between the FAA and the recipient of the airfield.

a. Airport Parcels (Parcels A and C)

The two major reuse proponents, VVEDA and the City of Adelanto, have expressed interest in acquiring the airfield through a no-cost public benefit conveyance with FAA sponsorship pursuant to Section 13(g) of the Surplus Property Act of 1944. Both VVEDA and Adelanto were provided application packages to request the public benefit conveyance.

VVEDA submitted a completed package to the Air Force requesting approximately 3400 acres on George AFB comprised of parts or all of Parcels A, B, C, and D. This acreage was intended for aviation and related reuse and included non-aviation revenue generating property. Since only part of this property will be available for an airport public benefit conveyance, VVEDA will have to submit a revised application.

Adelanto did not apply for a public benefit conveyance. Instead, it submitted an offer to purchase the entire base by negotiated sale pursuant to Section 484(c)(3)(H) of the Federal Property and Administrative Services Act of 1949. Although Adelanto officials would prefer to acquire the entire base through a negotiated sale, they have subsequently expressed their willingness to acquire the airfield pursuant to Section 13(g) of the Surplus Property Act of 1944 if the Air Force determines that to be the only alternative available. If it is still interested in acquiring the airport, Adelanto must submit a public benefit application for Parcels A and C in connection with its bid for Parcels B and D.

I have decided to dispose of Parcels A and C, comprising approximately 2300 acres (930.79 hectares) of improved, airfield related property as a no-cost airport public benefit conveyance consistent with applicable Federal laws. This disposal will be carried out in conjunction with the disposal of Parcels B and D described below and in consultation with the FAA. The recipient must be eligible to sponsor a public airport, and may be an entity associated with the purchaser or VVEDA or Adelanto itself. Should no approvable application result from this process, these parcels would be added to the negotiated sale package, or offered for public sale should a negotiated sale not occur.

b. Educational Parcels (Parcels E-1 and E-2)

Victor Valley Community College, San Bernardino County Public Library, and two local school districts have all actively sought

property on George AFB for educational purposes. The U.S. Department of Education has expressed a willingness to accept an assignment of such property for subsequent conveyance to those entities in accordance with its own procedures. As indicated above, only some of their requests can be fulfilled.

It is my decision to make available Parcel B-1, 41 acres (16.59 hectares) of unimproved land, and B-2, 22 acres (8.9 hectares) improved with educational facilities, to the U.S. Department of Education for elementary and future high school purposes when formally requested. Should either the Department of Education, as the sponsoring agency, or the local education agency requesting the property withdraw its interest for any reason, these parcels will be sold, either individually or as part of Parcel B.

3. Property for Sale

a. Aviation Support Parcels (Parcels B and D)

The City of Adelanto has requested to negotiate the sale of the entire base at fair market value pursuant to 40 U.S.C. Section 484(e)(3)(B). WEDA also proposed a negotiated purchase, but applied for a public benefit conveyance of the airfield and airport revenue-producing facilities.

To successfully manage the development of the non-aviation related property, I have determined that it is preferable to have one entity acquire the properties designated for both no-cost aviation public benefit transfer and for negotiated sale, thereby maintaining an integrated site for operating a regional airfield with commercial/industrial development. The two eligible local entities continue to express separate and independent plans to obtain and develop George AFB.

In light of these unique circumstances, I have decided to dispose of Parcels B and D by competitive negotiated sale under the authorities contained in the Federal Property and Administration Services Act of 1949, 40 U.S.C. § 484(e)(1) and its attendant regulations. Parcel B is comprised of approximately 550 acres (221.59 hectares) and is predominantly unimproved with abandoned taxiways and some airfield equipment. Parcel D encompasses approximately 393 acres (161.29 hectares) improved with administrative, commercial, recreation, hospital, education, warehouses, industrial buildings, and housing areas on the base.

This sale will entail submittal of proposals from both interested groups. The proposals must contain specific information regarding price, terms, financing and other relevant criteria established by the Air Force prior to requesting the submittals. Once received, the proposals will be evaluated, and additional negotiations will be conducted with each party individually where necessary or advantageous to the Air Force. The most important selection criteria will be price, which must be at least fair market value; a practical plan for financing; and a feasible, FAA-approved airport layout, plan for operations, and qualified public

airport sponsor. The party whose proposal is selected would also receive parcels A and C through a no-cost public benefit transfer.

If this process does not result in an offer acceptable to the Air Force, price and other factors considered, all or any of the property (including the airport parcels) could be offered for public sale. VVDA and Adalanto would be free to submit offers, but would have no preferential position.

b. Credit Union Parcel (Parcel E)

I have decided to enter into negotiations for the sale of Parcel E to the High Desert Credit Union. Parcel E is wholly located within the boundaries of Parcel D and contains approximately 3 acres (1.21 hectares). The High Desert Credit Union, which already holds title to the building on the property, has applied to purchase the land under 10 U.S.C. § 2628. That law permits the Department of Defense to negotiate a sale to a credit union of property which will continue to be used for that purpose when such use would not be inconsistent with reuse development plans. This transaction is consistent with the highest and best use of the property, which is commercial/industrial. If such a sale is not consummated, Parcel E will be sold as part of Parcel D.

c. Chapel Parcel (Parcel I)

Parcel I is comprised of approximately 2 acres (.81 hectares) on which the Chapel and a paved parking area are situated. I have decided that it will be disposed of in place for religious purposes under Federal Property Management Regulation (FPMR) 101-47.308-5. Under this regulation, applications for the purchase of a surplus chapel for religious use are solicited by public advertising. If no interest is exhibited in such a reuse within 75 days of the solicitation, the Chapel will be de-sanctified and this parcel will be disposed of as part of Parcel D.

d. Golf Course Parcel (Parcel J)

Department of Defense policy requires that golf courses be sold rather than made available for public benefit transfer. Parcel J consists of 298 acres (119.4 hectares), including the present nine-hole golf course, land for expansion to 18 holes, and surrounding housing (essentially those units east of Texas Avenue and south of Montana Street). I have decided to offer it for public sale.

4. Deferred Decisions

The Department of Justice (Federal Bureau of Prisons) has formally requested approximately 906 acres (Parcel K) on which to construct a correctional facility. I am deferring my decision on the Department of Justice (DOJ) application until further notice.

While I am favorably disposed toward the DOJ request, I understand that discussions are underway in the local community with the intention of locating a more satisfactory site. I expect the necessary discussions to be completed within approximately 90 days. Should DOJ and the community agree on a site somewhere else, an offer for the purchase of this parcel could be submitted by either Adelante or VVEDA as part of their negotiated sale offers. If not sold in this manner, it would then be offered for public sale.

Decisions regarding utilities and roads are also deferred. I have decided to segregate the utility systems (water, wastewater, stormwater, electrical, and natural gas), including the fee and easement interests necessary to operate and maintain them. My main concern in disposing of the utilities is to ensure that all parcels will be provided utility service. The utility systems are totally integrated systems, prohibiting their separation among the various parcels. Eventual disposal of the utility systems will include conditions under which the recipients must provide service to all parcels. In addition, unresolved issues regarding the water and sewer systems may impact development plans and programs.

Exhibit 6 summarizes disposal decisions by method of disposal.

SUMMARY OF DISPOSAL DECISIONS BY METHOD OF DISPOSAL
Exhibit 6

Base-wide - Total Fee Acreage 5,066 Acres 2,051.01 Hectares
 (Including 28 acres of Railroad R-O-W off base)

Public Benefit Conveyances:
 FAA: 2,300 Acres 930.85 Hectares
 Education: 43 15.49
 Total: 2,343 Acres 946.34 Hectares

Leases for Homeless 34 Acres 13.76 Hectares

Negotiated Sales 1,443 Acres 563.98 Hectares
 Public Sales 300 121.40
 Total: 1,743 Acres 685.38 Hectares

Deferred

Prospective Federal Transfer 900 Acres 354.22 Hectares
 Railroad R-O-W 28 Acres 12.34 Hectares
 Utility Systems N/A N/A
 928 Acres 375.56 Hectares



CHAPTER 3

III. ENVIRONMENTAL ISSUES

A. Biological Resources

The biological resource issues at George AFB include the presence of threatened species and wetlands.

Several Federally and State-listed threatened, endangered, candidate, or special concern species are known to be present in the vicinity of George AFB. Of particular concern is the desert tortoise, which is listed by the Federal Government and the State of California as a threatened species.

Surveys on George AFB and its immediate vicinity have located tortoise populations occurring in low density in the north and southwest areas of the base, and a high density area in the north-east corner. The redevelopment of the base as a commercial airport could result in loss or disturbance of 753 acres of the high and low density desert tortoise habitats depending on the location of new roads or taxiways for expanding aviation support areas. Indirect effects from the implementation of this decision include possible increases in predator populations and human activity resulting in loss or disturbance of habitat and increases in tortoise mortality.

The Air Force has conducted informal consultation under Section 7 of the Endangered Species Act with the U.S. Fish and Wildlife Service for potential land conveyance to private parties. Recipients of properties conveyed to non-Federal and private parties are subject to the prohibitions in Section 9 of the Endangered Species Act and related regulations regarding the listed species. If property is conveyed to another Federal agency, that agency may be required to conduct additional formal consultation under Section 7 prior to engaging in any project that could adversely affect the desert tortoise.

The U.S. Fish and Wildlife Service may require mitigation or conservation measures be implemented by a new property owner to protect the tortoise. The Air Force is also currently investigating the possibility of establishing a protected tortoise habitat on a formerly used range site, Cuddyback Range, in the vicinity of George AFB.

George AFB has a total of approximately 1.32 acres of wetlands, identified in three distinct areas in Parcels C and D. Executive Order 11990, Section 1(a) requires the Air Force to take action to minimize the destruction, loss or degradation of wetlands, and to preserve and enhance the natural and beneficial values of wetlands in carrying out the Air Force's responsibilities in disposing of Federal lands and facilities. Section 4 of the Executive Order requires the Air Force to reference in the conveyances these uses that are restricted under identified Federal, State, or local wetlands regulations and to attach other appropriate restrictions to the uses of properties by the grantee or purchaser, and any successor, except where prohibited by law. The conveyance documents will, as required by the Executive Order,

reference these uses that are restricted under identified Federal, state, or local wetlands regulations. However, the Air Force will transfer or sell these parcels without imposing restrictions in addition to those imposed by law. Air Force imposition of restrictions that absolutely protect the 1.32 acres of wetlands from any reuse activity would prematurely hamper productive property use for economic and employment regeneration. Reuse activities that result in the discharge of fill or dredged material into wetlands are regulated under Section 404 of the Clean Water Act by the Corps of Engineers and the Environmental Protection Agency. In general, certain activities that adversely affect wetlands are allowed by the regulatory agencies, but only after considerable review to ensure that: (1) no other practicable alternative to the proposed discharge activity that minimizes the amount of impact on the aquatic ecosystem exists; and (2) the discharge activity will not significantly affect human health or aquatic ecosystems, water quality, and recreational or economic values. Given this regulatory framework and after considering the goal of promoting productive use of the property, I will not further constrain airport development or other land uses in parcels containing wetlands.

B. Air quality

Section 176 of the Clean Air Act provides that no Federal department shall (1) engage in, (2) support in any way or provide financial assistance for, (3) license or permit, or (4) approve any activity which does not conform to a state implementation plan (SIP). The Air Force intends to comply with this statutory requirement prior to executing the actions described in this ROD. However, the following issues may become potential obstacles or difficulties in arriving at a final conformity determination.

Currently, that portion of the California SIP covering the airshed in which George Air Force Base is located does not reflect changes mandated by the 1990 Clean Air Act Amendment (CAAA). The various air quality attainment plans needed by the State to implement these changes to the SIP have not yet been submitted by the local air quality management districts.

In addition, the implementing regulation for the conformity provision of the CAAA itself, due in November of 1991, has not yet been proposed by the U.S. EPA, is not expected in proposed form until March of 1993, and is not expected in final form until November of 1993. It is entirely possible that the Air Force will have to issue a conformity determination prior to the time this regulation is final.

In order to make the final conformity determination, the Air Force has engaged the Southern California Association of Governments (SCAG) to conduct a conformity analysis for the redevelopment plans of both potential recipients of the property, the VVADA and the City of Adelanto. The SCAG is a regional planning authority for the area where GAFB is located and has conducted similar analyses previously. As the regional planning authority, SCAG works directly with both contending reuse entities and is in a

position to obtain enforceable commitments to the implementation of mitigation measures by the recipient entity as necessary to achieve conformity. Both contending reuse entities have provided assurances to SCAG and the Air Force that they will cooperate in implementing any mitigation measure deemed necessary by SCAG or the Air Force based upon the conformity analysis.

C. Contaminated Sites

The Air Force will continue its Installation Restoration Program (IRP) at George AFB, until all contaminated sites are remediated. Although the decisions in this ROD are by parcel, many parcels designated for conveyance outside the Federal Government contain contaminated areas which must be retained by the Air Force until required environmental remediation is complete. When the Air Force transfers property, it will do so in compliance with Section 120(h) of Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). All deeds of transfer will contain the covenant warranting that all remedial action necessary to protect human health and the environment has been taken. Further, all transfers will insure that necessary remedial action can still be performed on the retained properties, either by retaining access easements, or by restricting usage of the properties transferred until remedial action has been taken, or both. Until property can be transferred by deed, the Air Force may execute long-term leases to allow reuse to begin as quickly as possible, provided such actions will not hinder compliance with other applicable laws and regulations. However, it is the Air Force's intent to dispose of leased property by converting leases to deeds, or by other applicable disposal method, at the earliest possible date allowed by the IRP process. PCB-contaminated equipment will be removed or refilled prior to base closure in accordance with Federal regulation; therefore, these materials will not create any impacts.

D. Asbestos

Asbestos must be removed or controlled if it is in a location and condition that constitutes a health hazard or a potential health hazard, or it is otherwise required by law (e.g., schools). Asbestos will be removed or encapsulated in accordance with applicable health laws, regulations, and standards, if it is determined that a health hazard exists or is otherwise legally required.

Completion of the George AFB asbestos survey is anticipated in early 1993. Once the survey is complete, an asbestos management plan will be developed which will identify appropriate methods for minimizing the risks of exposure to asbestos in accordance with Air Force regulations.

E. Cultural Resources

Upon completion of a record and literature search and pedestrian survey, it was determined that no properties eligible for listing on the National Register of Historic Places (NREHP) exist on George AFB. The California State Historic Preservation Office

(SHFO), in their letter dated May 28, 1991, concurred with these findings. Four historic structures were thought to be potentially significant following the initial evaluation of George AFB facilities. Upon further investigation, however, the Air Force determined that these properties were not eligible for inclusion in the National Register of Historic Places. The SHFO concurred with this determination in their letter dated August 7, 1991.

F. Water Resources

George AFB overlies the George sub-basin of the Upper Mojave River Groundwater Basin. Several studies have concluded that the Upper Mojave River Basin is in a state of overdraft. The entire water requirements for developing the property as a regional airport with commercial and industrial redevelopment would be provided by local water purveyors. Over a 20-year period, the Proposed Action would contribute to the existing overdraft condition by approximately 4-5 percent. This can be minimized through the use of alternative water sources. Possible alternative sources of water include: purchase of water from the California State Water Project; water conservation; water reuse; and water or water rights purchases or exchanges.

G. Mitigation

The majority of environmental impacts that will occur on the George AFB property will result from reuse by future owners. Air Force impacts will be primarily associated with TRP remedial activities. Because it will have no control over the reuse decisions of these future owners, the Air Force has not tried to take all practicable measures to avoid or minimize other environmental impacts that may occur during future use. As previously stated, the Air Force is balancing several goals in this ROD: protection of the environment, enhancement of economic redevelopment, and revenue generation to help pay for Air Force base closure activities. A wide range of redevelopment alternatives exists for future landowners, and the Air Force does not want today's vision of the future to unduly restrict those future choices. Although this disposal decision covers the proposed transfer of specific parcels as described in this ROD, future economic, political and environmental conditions could redirect development by the new owners toward other alternatives or means of implementation. Such changes will be subject to a complex of Federal, State and local environmental and land use regulations, so that any differing environmental impacts will have to be carefully considered and controlled. In response to existing or forecasted adverse environmental impacts to or in the area of George AFB, subsequent property owners should consider implementation of the specific mitigation measures recommended in each subsection of Chapter 4 of the FEIS.

This disposal is in compliance with the provisions of the Base Closure and Realignment Act of 1988 (Public Law 100-526) and recommendations of the Defense Secretary's Commission on Base Realignment and Closure. Based upon considerations of the FEIS and other relevant considerations, I have decided to proceed with the

disposal of George AFB in accordance with the approaches indicated
in this Record of Decision.

Summary of Project-Related Influencing Factors for Action of George AFB in the Year 1985
Page 1 of 2

Issue Category	Proposed Action	Increased Project Revenue	Current/Align with Regulatory Alternative	General Actions/Other Alternatives	Non-Action Alternative	No-Action Alternative
Population	Water Valley	Increase of 8,100	Increase of 8,000	Increase of 8,700	Increase of 8,800	No increase in long term
	ROI	Increase of 8,400	Increase of 8,000	Increase of 8,000	Increase of 8,000	No increase in long term
Direct Employment (FTEs)	Water Valley	Increase of 25,100	Increase of 8,100	Increase of 8,100	Increase of 8,200	No increase in long term
	ROI	Increase of 8,000	Increase of 8,000	Increase of 8,000	Increase of 8,000	No increase in long term
Retail (Retail Goods) Employment	Water Valley	Increase of 28,000	Increase of 8,000	Increase of 8,000	Increase of 8,000	No increase in long term
	ROI	Increase of 8,000	Increase of 8,000	Increase of 8,000	Increase of 8,000	No increase in long term
Flight Operations (Annual)	Water Valley	Increase of 140,100	Increase of 75,000	Increase of 75,000	Increase of 80,000	No change
	ROI	Increase of 80,000	Increase of 80,000	Increase of 80,000	No increase	No change
Water Demand (MGD)	Water Valley	Increase of 2.0 million	Increase of 0.5 million	Increase of 1.5 million	Increase of 0.7 million	No change
	ROI	Increase of 0.4 million	Increase of 0.5 million	Increase of 0.5 million	Increase of 0.5 million	No change
Solid Waste Generation (Tons/year per year)	Water Valley	Increase of 0.04 million	Increase of 0.02 million	Increase of 0.02 million	Increase of 0.02 million	No change
	ROI	Increase of 270	Increase of 170	Increase of 140	Increase of 200	No change
Electricity Demand (MW/year)	Water Valley	Increase of 8,000	Increase of 8,000	Increase of 8,000	Increase of 8,000	No change
	ROI	Increase of 8,000	Increase of 8,000	Increase of 8,000	Increase of 8,000	No change
Natural Gas Demand (MMBtu/year)	Water Valley	Increase of 200,000	Increase of 200,000	Increase of 200,000	Increase of 200,000	No change
	ROI	Increase of 200,000	Increase of 200,000	Increase of 200,000	Increase of 200,000	No change
Land Use	Water Valley	Increase of 100,000	Increase of 100,000	Increase of 100,000	Increase of 100,000	No change
	ROI	Increase of 100,000	Increase of 100,000	Increase of 100,000	Increase of 100,000	No change

* Factors related through in Proposed Action and all alternatives over No-Action Alternative in 1985 (e.g., employment under Proposed Action) is included for this number of BMT employees.

George AFB Disposal and Future FEIS

Summary of Project-Related Influencing Factors for Release of George AFB in the Year 2009
Page 2 of 2

Security Category	Proposed Action	Alternative Impact	General Action Center Alternative	Alternative Alternative	No Action Alternative
<ul style="list-style-type: none"> Overall Release (in and out) Overall Release (in and out) 	<p>1,200 acres (in base) 101 acres (in base)</p>	<p>1,200 acres (in base) 1,200 acres (in base)</p>	<p>1,200 acres (in base)</p>	<p>1,200 acres (in base)</p>	<p>No change</p>
<ul style="list-style-type: none"> Overall Release (in and out) Overall Release (in and out) 	<p>Increase in types and quantities</p> <p>Increase in types and quantities</p> <p>No impact, relocations may delay redevelopment</p> <p>Phase of work including tasks. Relocated as required</p> <p>Some relocations/alternatives may require management in place or removal</p>	<p>Increase in types and quantities</p> <p>Increase in types and quantities</p> <p>No impact, relocations may delay redevelopment</p> <p>Phase of work including tasks. Relocated as required</p> <p>Some relocations/alternatives may require management in place or removal</p>	<p>Increase in types and quantities</p> <p>Increase in types and quantities</p> <p>No impact, relocations may delay redevelopment</p> <p>Phase of work including tasks. Relocated as required</p> <p>Some relocations/alternatives may require management in place or removal</p>	<p>Increase in types and quantities</p> <p>Increase in types and quantities</p> <p>No impact, relocations may delay redevelopment</p> <p>Phase of work including tasks. Relocated as required</p> <p>Some relocations/alternatives may require management in place or removal</p>	<p>No change</p> <p>No change</p> <p>No impact</p> <p>Minor impact</p> <p>No change</p>
<ul style="list-style-type: none"> Overall Release (in and out) Overall Release (in and out) 	<p>No impact</p> <p>No impact</p> <p>No impact</p> <p>No impact</p>	<p>No impact</p> <p>No impact</p> <p>No impact</p> <p>No impact</p>	<p>No impact</p> <p>No impact</p> <p>No impact</p> <p>No impact</p>	<p>No impact</p> <p>No impact</p> <p>No impact</p> <p>No impact</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>

Factors reflect change in Proposed Action and all alternatives over 20-Action Alternative in 2009 (i.e., employment under Proposed Action is reduced by the number of FTE employees).



CHAPTER 2

II. DECISION

I have decided to dispose of George AFB in a manner that will enable the development of a regional airport with the capacity for commercial and industrial development. This decision does not preclude the possibility of the development of an international airport should additional land be acquired. This implements the central theme of the proposed future land use plans discussed in the EIS. The disposition of parcels by this decision does not correspond specifically to the proposed action or any particular alternative but is a composite of portions of each of the alternatives considered and analyzed and is encompassed by the range of those alternatives. I have decided to defer decisions on the disposal of some specific parcels until a later date. Section II outlines the main points of my disposal decisions. A map and a chart describing the parcels and the disposal decisions are at Exhibits 4 and 5, respectively. A detailed discussion of the planned transactions is in Section C below.

A. Determination of Excess and Surplus

No property at George AFB will be retained for continued Department of Defense (DoD) use. Therefore, all 5068 acres held in fee, comprising the installation, are hereby declared excess to the needs of the DoD. This Record of Decision will reserve approximately 934 acres of property at George AFB for the use of another Federal Agency and for homeless assistance. The Air Force has conducted adequate preliminary screening; therefore, I am waiving further Federal screening. The remaining approximately 4134 acres are surplus to the needs of the Federal Government, and will be disposed of as provided in this Record of Decision.

B. Disposal Plan

I have selected a composite disposal plan for this action. In my judgment, it best achieves a responsible balance between the primary Air Force disposal goals: to assist the affected communities in developing productive uses of the property for economic recovery in an environmentally responsible manner; and to generate revenue to offset the cost of closure.

A key factor in this decision is the existence of two competing local community entities (the VVMA and the City of Adelanto), each interested in acquiring and redeveloping the base. Although the Air Force has sought and encouraged the reconciliation of the differences between them into a unified community proposal, this has not occurred. Therefore, this disposal decision will also implement a procedure whereby one community will be able to acquire the whole base, except for some minor parcels and exterior tracts.

George AFB will be disposed of in its entirety over a period of time. The airfield and adjacent revenue-producing facilities for its financial support (Parcels A and C, respectively) will be disposed of by a public benefit conveyance to a qualified sponsor of a public airport approved by the FAA. While it might be more

profitable to sell the land to the highest bidder, I have decided to dispose of it in this manner so that it will be preserved as part of the national airport system. The RIS did not disclose significantly different environmental impacts which would result from choice of one of these potential recipients over the other. Selection of the recipient will be interrelated with the selection of the purchaser of Parcels B and D.

Parcels B and D, with some minor exceptions discussed in the detailed summary, will be offered for competitive negotiated sale to VVEDA and the City of Adelanto. A formal request for proposals will be issued as soon as possible. Their proposals must identify the public body recommended to receive airfield parcels A and C. Selection criteria will include price, which must be at least fair market value; a practical plan for financing; a feasible, FAA-approved airport layout plan; and a qualified public airport sponsor. The Air Force reluctantly must adopt this course of action because of the lack of community consensus. If the current local impasse is resolved, negotiations would be conducted with the entity that is the consensus purchaser. In any event, if the Air Force does not receive at least one satisfactory proposal, price and all other factors considered, all or any of the property (including the airfield parcels) could be offered for public sale. In that case, neither VVEDA nor Adelanto would have a favored position.

Parcel J, golf course with adjacent housing, will be offered for public sale. Under Department of Defense policy, golf courses are not available for public benefit conveyances, but are sold for the most favorable return. VVEDA and Adelanto may submit purchase proposals in this competition if they wish, but will receive no special preference.

Parcel K, the former ammunition storage area, has been requested by the Department of Justice (DOJ) for a prison site. I am deferring decision on this request, though I would be favorably disposed to approve it if DOJ is unable to locate a site more satisfactory to Parcel K. I understand that discussions are underway in the local community with the objective of providing DOJ a site at a different location. I expect these discussions to be completed within 90 days. If DOJ is satisfied with the alternate site, an offer to purchase Parcel K could be submitted as part of the negotiated sale of Parcels B and D; if no interest is expressed by either community or DOJ it will offered for public sale.

The disposal actions described in this ROD will be executed in accordance with the "Air Force Policy and Guidance on the Environmental Process to Determine Suitability to Transfer Property at Closing Installations," dated November 17, 1992. A base-wide Environmental Baseline Survey (EBS) has been conducted for George AFB to record the environmental conditions present on the properties at the time of transfer. Further EBS information may be required for specific parcels, or portions thereof.

Attachment # 5

Lease for Airfield Property- GAFB

San Bernardino, Errol J. Mackzum, Recorder

No Fee

Doc No. 19950237779
1:10pm 07/12/95

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PLEASE COMPLETE THIS INFORMATION

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

Victor Valley Economic
Development Authority
3546 Eagle St.
Victorville, Ca. 92394

PG	TYPE	FEE	ST FEE	ADD. NBM	CY	ADD. BF	PEN. PR	PCOR
131								
			5			✓	6	D
NON ST	LR	SVY	CIT-CO	TRANS TAX	NO FEE	CHRG	EXAM	

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Lease

Title of Document

**THIS AREA FOR
RECORDER'S
USE ONLY**

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

Lease No. GEO-94-0001

DEPARTMENT OF THE AIR FORCE
LEASE FOR AIRFIELD PROPERTY
ON GEORGE AIR FORCE BASE, CALIFORNIA



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DEPARTMENT OF THE AIR FORCE
LEASE FOR AIRFIELD PROPERTY
ON GEORGE AIR FORCE BASE, CALIFORNIA

THIS LEASE ("Lease") is made between the Secretary of the Air Force, on behalf of the United States of America ("Government" or "Air Force"), and the Victor Valley Economic Development Authority ("VVEDA" or "Lessee"), a joint powers authority established under California Government Code § 6500 et seq., with a place of business at Building 388, Eagle Street, George Air Force Base, California, 92394. The Government and the Lessee may be referred to jointly as the "Parties," and each separately may be referred to as a "Party."

RECITALS

A. VVEDA desires to establish a civil airport facility on a portion of land and facilities located at George Air Force Base ("George AFB" or "Base"), California, and has applied to the Air Force for a public benefit transfer of such lands with improvements thereon, together with certain personal property, under Section 13(g) of the Surplus Property Act of 1944 ("SPA"), as amended (50 U.S.C. app. § 1622(g)).

B. The Administrator of the Federal Aviation Administration ("FAA") has determined, in accordance with Section 13(g)(1) of the SPA (50 U.S.C. app. § 1622(g)(1)), that the property identified in the VVEDA Application for Airport Public Benefit Transfer ("Application") is essential, suitable, or desirable for a public airport and has reviewed and supports the VVEDA Application.

C. The Air Force has determined that the property identified in the VVEDA Application is excess. The Air Force has screened the property with Federal agencies and eligible public bodies and has declared the Leased Premises surplus to the Federal Government. Pursuant to its authority under the Defense Authorization Amendments and Base Closure and Realignment Act, P.L. 100-526 ("BCRA"), the Air Force has decided to dispose of a portion of the real property and certain personal property located at George AFB to VVEDA, and has accepted the VVEDA Application.

D. Upon its compliance with the requirements of Section 120 of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") of 1980, as amended (42 U.S.C. § 9620), the Government intends to make final disposition of the property identified in the VVEDA Application, dated April __, 1994, subject to certain reservations, restrictions, conditions and exceptions, by quitclaim deed to VVEDA for the purpose of developing a civil airport facility.

E. Pending such final disposition by deed of the property identified in the VVEDA Application, VVEDA desires to enter into an agreement for immediate possession of such property to use, operate and maintain it, subject to and in accordance with all of the terms and conditions set out in its Application and this Lease.

F. The Secretary of the Air Force has determined, in accordance with the authority contained in 10 U.S.C. § 2667, that immediate possession of the property hereby leased would facilitate State and local economic readjustment efforts and leasing such property pending its final disposition will be advantageous to the United States and in the public interest.

G. The Secretary of the Air Force is entering into this Lease under the authority contained in 10 U.S.C. § 2667, and the general authority contained in 50 U.S.C. app. § 1622(g), to transfer a portion of the lands located at George AFB to establish a civil airport.

H. VVEDA is entering into this Lease under the authority of California Government Code § 6500 et seq., the provisions contained in the joint exercise of powers agreement creating VVEDA and Government Code § 25351.

I. Prior to the implementation of this Lease, VVEDA will complete an environmental analysis in accordance with the California Environmental Quality Act ("CEQA"). VVEDA shall diligently complete all steps necessary to comply with CEQA. VVEDA anticipates that such actions will be completed by September 1, 1994. VVEDA may elect to terminate its obligations under this Lease if the environmental analysis reflects unacceptable adverse environmental effects. If VVEDA has not satisfied CEQA requirements necessary to implement this Lease within one (1) year of lease execution, this Lease will automatically terminate unless it is otherwise extended by prior written agreement of the Parties.

LEASED PREMISES

NOW, THEREFORE, the Secretary of the Air Force, by virtue of the authority conferred by law, for the consideration set out below, hereby leases to VVEDA the premises and property consisting of certain lands with improvements thereon, together with certain personal property, located at George AFB, and more particularly described in Exhibit A and shown on Exhibit B hereto (collectively, "Airport" or "Leased Premises") for use pending its final disposition pursuant to the BCRA. A full metes and bounds survey of the property is to be provided by the Lessee within thirty (30) days of occupation of the Leased Premises.

Certain Government-owned personal property is included in the Leased Premises and identified in Exhibit A. That personal property is considered attached to and included in the leasehold established herein. That personal property may only be used by the Lessee in connection with Lessee's use of the Leased Premises. That leased personal property may not be sold, transferred, donated or otherwise disposed of by the Lessee, nor may it be removed from the Leased Premises for use by the Lessee elsewhere, without the prior written consent of the Air Force. An inspection and report of the condition of personal property shall be added to the inspection and Physical Condition Report ("PCR") mandated in Condition 3.2.a. Upon termination of this Lease pursuant to Condition 7, that leased personal property shall be returned to the Government in the condition it had at the inception of the Lease, fair wear and tear excepted.

THIS LEASE is granted subject to the following conditions:

CONDITION 1

TERM

1.1. This Lease shall be for a term of years, beginning upon the execution of this Lease by the Parties ("Term Beginning Date") and ending upon the conveyance and delivery of the deed (or deeds) for the Leased Premises to VVEDA or at midnight (12:00 p.m.) on the day which is twenty-five (25) years from the Term Beginning Date, whichever first occurs, unless sooner terminated in accordance with the provisions of this Lease. VVEDA shall have the right to extend this Lease for a like term as to any part of the Leased Premises for which a deed has not been executed by the expiration date of the primary term of this Lease.

CONDITION 2

EASEMENTS AND RIGHTS-OF-WAY

2.1. This Lease is subject to all outstanding easements and rights-of-way for any purpose with respect to the Leased Premises. (See Exhibit A.) The holders of such easements and rights-of-way ("outgrants") shall have reasonable rights of ingress and egress over the Leased Premises, consistent with Lessee's right to quiet enjoyment of them under this Lease, in order to carry out the purpose of the outgrant. These rights may also be exercised by workers engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located on the outgrants and by any Federal, State or local official engaged in the official inspection thereof.

2.2. The United States and any successor or successors in interest in or to any property owned or controlled by the Government and not included in the Leased Premises shall have the right of access to and from such property or any portion thereof to the nearest public road or public way along the Airport roadways open to public use and the use of the roadways described in Exhibit A. in common with other users of the leased premises and all necessary and convenient rights of access to such roadways from contiguous parcels upon such reasonable terms and conditions as the Lessee may impose.

CONDITION 3

CONDITION OF LEASED PREMISES

3.1. The Lessee has inspected, knows and accepts the condition and state of repair of the Leased Premises. It is understood and agreed that they are leased in an "as is, where is" condition without any representation or warranty by the Government concerning their condition and without obligation on the part of the Government to make any alterations, repairs or additions. The Government shall not be liable for any latent or patent defects in the Leased Premises. The Lessee acknowledges that the Government has made no representation or warranty concerning the condition and state of repair of the Leased Premises nor any agreement or promise to alter, improve, adapt, or repair them which has not been fully set forth in this Lease.

3.2. Prior to the Term Beginning Date the following reports will be prepared by the Government and attached as exhibits and made a part of this Lease:

a. A Physical Condition Report ("PCR") of the Leased Premises signed by representatives of the Government and the Lessee, an inspection and report of the condition of personal property, and a videotaped report of the Leased Premises will be attached as Exhibit C. The written and videotaped reports document the condition of the Leased Premises with respect to physical appearance and condition on the Term Beginning Date as determined from the joint inspection of the Leased Premises by the Parties.

b. An Environmental Condition Report ("ECR") signed by representatives of the Government and the Lessee will be attached as Exhibit D. The report sets forth the agreed

condition of the Leased Premises with respect to environmental matters on the Term Beginning Date as determined from the joint environmental inspection.

CONDITION 4

RENTAL

4.1. The Lessee shall pay to the United States nominal cash rent in the amount of ONE DOLLAR (\$1.00), the receipt of which is hereby acknowledged, for the term of this Lease.

4.2. The Lessee shall pay to the Government on demand any sum which may have to be expended after the termination of this Lease in restoring the Leased Premises to the condition required by Condition 9. Compensation in such case shall be made payable to the Treasurer of the United States and forwarded by the Lessee directly to:

AFDW/FMAO
6001 Air Force Pentagon, Room 5E1016
Washington, DC 20330-6001

A copy of the payment instrument or letter of transmittal for the payment instrument will be provided to the Site Manager ("SM").

4.3. The Lessee also shall provide protection and maintenance and assume sole operating responsibility for the Leased Premises in accordance with the provisions of this Lease, subject to Condition 4.4 below.

4.4. The Parties specifically understand and agree that:

a. Except as otherwise provided in this Lease, the Government will not provide any services, functions, protection or maintenance to any portions of or any buildings, facilities or other improvements on the Leased Premises that are occupied or used by VVEDA or its sublessees, licensees or assignees under or pursuant to this Lease or any prior lease entered into between the Parties.

b. The Government shall have the exclusive right to continue using, at no rental cost to the Government, those facilities identified in Exhibit E (Phasing of Responsibility for Functions and Services). The Government will continue to maintain and will retain responsibility for the listed facilities until they are turned over to the Lessee as indicated in Exhibit E.

c. The Air Force and the Lessee shall have joint use of the fire station, Building 724. The Lessee shall take responsibility for crash, fire and rescue activities, including fire prevention and response, associated with its airfield operations as well as responsibility for structural fires on the Leased Premises for those facilities on the Leased Premises. The Air Force will retain fire responsibility for the remainder of the base property. The Lessee will be responsible for and pay an equal share of the fire station building maintenance and utility expenses. The Lessee will be solely responsible for and pay all of Lessee's operational and equipment maintenance costs. The Air Force will retain its control of the fire station until such time as it has disposed of all remaining Air Force property or otherwise arranged for the protection of remaining Air Force property.

CONDITION 5

OTHER AGREEMENTS

5.1. The Lessee has submitted to the Government an Application for Airport Public Benefit Transfer ("Application"). The FAA has reviewed and supports the Application and the Air Force executed acceptance of the Application ("Acceptance"). The Application and Acceptance are both attached hereto as Exhibit F and incorporated in this Lease by reference.

a. In the event of any inconsistency between the provisions of the Application and Acceptance and any provisions of this Lease, the provisions of the Application will control.

b. The Operating Agreement attached hereto as Exhibit H is incorporated into this Lease by reference. The Operating Agreement may be modified in writing from time to time, by mutual agreement of the Parties to this Lease. The SM, AFBCA OL-S, is delegated authority to enter into, amend, or modify the Operating Agreement on behalf of the Air Force. In the event of amendment or modification, the modified form of the Operating Agreement will be deemed to be incorporated into this Lease in lieu of the current version. In the event of any inconsistency between the provisions of this Lease and of the Operating Agreement, as it presently exists or as may be amended in the future, the provisions of this Lease will control.

CONDITION 6

USE OF LEASED PREMISES

6.1. The Leased Premises shall be used only for public airport purposes, for the use and benefit of the public, subject to and in accordance with all of the terms and conditions set out in the Application and Acceptance identified in Condition 5 above of this Lease. The term "airport purposes" as used in this Condition 6.1 shall have the same meaning as that ascribed to such term under 14 C.F.R. § 154.1(d) and shall include the use of property to produce sources of revenue from nonaviation business at the Airport and all uses in connection with airport purposes contemplated within the scope of the Final Environmental Impact Statement, Disposal and Reuse of George AFB, California (March 1992) ("FEIS"), the Record of Decision dated January 14, 1993, and Supplemental Record of Decision dated September 1993 (including attachments thereto) ("ROD").

6.2. The Lessee acknowledges that it has read the FEIS and the ROD and understands that the operations described in the FEIS and ROD are the only ones that have been assessed in compliance with the National Environmental Policy Act of 1969 ("NEPA") and, subject to the provisions of Condition 6.1, are the only ones that constitute permitted uses under this Lease. The Lessee agrees that, during the term of this Lease, any operation, type and quantity of chemicals used or emissions caused by employees, vehicle trips, aircraft activity, or any other parameters contained in the FEIS and ROD (collectively, "FEIS/ROD parameters") which might have environmental impact or are regulated by Federal or State environmental laws shall not be exceeded without the prior written consent of the Government and such other approvals as required by law. The FEIS and ROD are on file at George AFB. The SM will make copies available, on request.

6.3. The Lessee acknowledges that environmental conditions on portions of the Leased Premises require that certain restrictions be imposed on the use of such portions and agrees that the use of the Leased Premises is subject to the restrictions contained in Conditions 10, 17, and 26 below.

CONDITION 7

DEFAULT AND TERMINATION

7.1. With the exception of the provisions in Condition 23.2.n, the Lessee shall be in default if there is a failure by the Lessee to comply with any provision of this Lease, as to all or any portion of the Leased Premises, where such failure to comply continues for thirty (30) days after delivery of written notice thereof by the Government to the Lessee specifying with sufficient detail those facts and circumstances giving rise to the assertion by the Government that a default and breach of this Lease has occurred. However, if the time required to return to compliance exceeds the thirty (30) day period, the Lessee shall not be deemed to be in default if the Lessee, within such thirty (30) day period, shall commence the actions necessary to bring it into compliance with this Lease by the submittal of a compliance schedule reasonably acceptable to the Government and by diligently pursuing such actions to completion in accordance with such compliance schedule.

7.2. This Lease may be terminated, as to all or any portion of the Leased Premises, by the Deputy Assistant Secretary of the Air Force for Installations at any time, after the expiration of the cure period provided for in Condition 7.1, upon written notice of termination delivered by the Government to the Lessee in the event any such default and breach of this Lease by the Lessee has not been cured within the applicable period of time or cure has not commenced as set forth above. Such written notice of termination shall be effective as of a day to be specified

therein which shall be at least thirty (30) days after receipt by the Lessee if all breaches have not been cured to the satisfaction of the Government prior to the effective date of such termination.

7.3. No default or breach shall be deemed to have occurred for any period of time during which the Parties are attempting to resolve a dispute, pursuant to the procedures provided for in Condition 19, in relation to the actions or inactions which are the subject of the alleged default or breach. If pursuant to dispute resolution, the default or breach is determined to have occurred, the Lessee's period for cure shall not begin until the day after the final decision on the dispute is issued.

CONDITION 8

TAXES

8.1. The Lessee shall pay to the proper authority, when and as the same become due and payable, all taxes, assessments, and similar charges which, at any time during the term of this Lease may be imposed upon the Lessee and any sublessee with respect to all or any portion of the Leased Premises. Title 10 U.S.C. § 2667(e) contains the consent of Congress to the taxation of the Lessee's and sublessee's interest in the Leased Premises, whether or not the Leased Premises are in an area of exclusive Federal jurisdiction. Should Congress consent to taxation of the Government's interest in the property, this Lease will be renegotiated to place responsibility on the Lessee for the payment of such taxes.

8.2. The Lessee, or if applicable, any sublessee, shall have the right at any time delinquency occurs to contest or object to the amount or validity of any such tax, assessment and similar charges by appropriate legal proceedings. This right shall not be deemed or construed in any way as relieving, modifying or extending Lessee's or any sublessee's agreement to pay any

such tax, assessment and similar charges unless Lessee or any sublessee shall have obtained a stay of such proceedings. The Government shall not be required to join in or assist the Lessee or any sublessee in any such proceedings.

CONDITION 9

SURRENDER OF LEASED PREMISES

9.1. The Lessee shall vacate and surrender the Leased Premises to the Government upon termination of this Lease pursuant to Condition 7 above. In the event the Lessee is obligated to vacate and surrender the Leased Premises in accordance with the preceding sentence, the Lessee shall, if required by the Government, vacate the Leased Premises, remove its property from the Leased Premises and restore the land, improvements, facilities, and equipment included herein, to as good condition on such date of termination as when received ordinary wear and tear excepted, subject to Conditions 15 and 17. If the Lessee shall fail or neglect to remove its property and to restore the land, improvements, facilities and equipment included herein, then, at the option of the Government, said property shall either become the property of the United States without compensation therefor, or the Government may cause it to be removed and the Leased Premises to be restored, subject to the exceptions set forth above, at the expense of the Lessee, and no claim for damages against the United States or its officers, employee, or agents shall be created by or made on account of such removal and restoration.

CONDITION 10

ENVIRONMENTAL PROTECTION

10.1. The Lessee and any sublessee or licensee shall at all times promptly observe and comply, at its sole cost and expense, with all applicable Federal, State, interstate, and local environmental laws and regulations, and all other Federal, State, interstate, and local laws, regulations, and standards that may become applicable to Lessee's activities on the Leased Premises.

10.2. The Lessee and any sublessee or licensee shall be solely responsible for obtaining at its cost and expense any environmental permits required for its operations under this Lease, independent of any existing George AFB permits.

10.3. The Lessee and any sublessee or licensee shall, to the extent permitted under State law, save, indemnify and hold harmless the Government from any damage, costs, expenses, liabilities, fines, or penalties resulting from discharges, emissions, spills, storage, disposal, or any other acts or omissions by the Lessee, its officers, agents, employees, contractors or sublessees, or the invitees of any of them, giving rise to Government liability, civil or criminal, or responsibility under Federal, State, interstate, or local environmental law. This Condition 10.3 shall survive the expiration or termination of this Lease, and the Lessee's and any sublessee's or licensee's obligations hereunder shall apply whenever the Government incurs costs or liabilities for the Lessee's or any sublessee's or licensee's actions giving rise to liability under this Condition 10.3.

10.4. The Government's rights under this Lease specifically include the right for Government officials to inspect upon reasonable notice the Leased Premises for compliance with

environmental, safety, and occupational health laws and regulations, whether or not the Government is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections. The Government normally will give the Lessee or sublessee twenty-four (24) hours prior notice of its intention to enter the Leased Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. The Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, or contractor thereof.

10.5. Except as provided in Condition 10.6 below, the Government is not responsible for any removal or containment of asbestos. If the Lessee and any sublessee or licensee intends to make any improvements or repairs that require the removal of asbestos, an appropriate asbestos disposal plan must be incorporated in the plans and specifications and submitted to the SM. The asbestos disposal plan will identify the proposed disposal site for the asbestos, or in the event the site has not been identified, will provide for disposal at a licensed facility authorized to receive it.

10.6. The Government shall be responsible for the removal or containment of asbestos or asbestos containing material (collectively, "ACM") existing in the Leased Premises on the Term Beginning Date as identified in the ECR attached hereto as Exhibit D, when such ACM is damaged or deteriorated. The Government agrees to abate all such existing damaged or deteriorated ACM as provided in this Condition 10.6 and Condition 10.7 below. The Government may choose the most economical means of abating any damaged or deteriorated ACM, which may include removal or containment, or a combination of removal and containment. The foregoing Government obligation does not apply to ACM which is not damaged or deteriorated to the extent that it creates a potential source of airborne fibers at the time Lessee takes possession of the Leased Premises and which may become damaged or deteriorated by the Lessee's or sublessee's activities. ACM which later during the period of this

Lease becomes damaged or deteriorated through the passage of time, or as a consequence of the Lessee's or any sublessee's activities under this Lease, including but not limited to any emergency, will be abated by the Lessee at its sole cost and expense. Notwithstanding Condition 10.5 above, in an emergency, the Lessee will notify the Government as soon as practicable of its emergency ACM responses. The Lessee shall be responsible for monitoring the condition of existing ACM on the Leased Premises for deterioration or damage and accomplishing repairs pursuant to the applicable conditions of this Lease.

10.7. Notwithstanding any other provision of this Lease, the Lessee and its sublessees and licensees do not assume any liability or responsibility for environmental impacts and damage caused by the use by the Government, including any agency or agent thereof, of toxic substances, or hazardous waste, hazardous substances, or hazardous materials, or oil, or petroleum products, as such terms are defined by applicable law, on any portion of George AFB, prior to the Term Beginning Date. The Lessee and its sublessees and licensees have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release from, any portion of George AFB, including any portion of or any building, facility or other improvement on the Leased Premises, of any toxic substances, or hazardous wastes, hazardous substances, or hazardous materials prior to the earlier of the first day of Lessee's occupancy or use of each such portion of such building, facility or other improvement on the Leased Premises under any instrument entered into between the Parties or the Term Beginning Date. Appendix C, Tables C-1 and C-2 of the Environmental Baseline Survey ("EBS") which is attached to Exhibit F, identifies the locations where hazardous substances were stored, released, or disposed of. "Occupancy" or "use" shall mean any activity or presence (including preparation and construction) in or upon such portion of, or such building, facility or other improvement on the Leased Premises. This Condition 10.7 shall survive the expiration or termination of this Lease and does not relieve the Lessee and its sublessees and

licensees of any obligation or liability they might have or acquire with regard to third parties or regulatory authorities by operation of law.

10.8. The Government acknowledges that George AFB has been identified as a National Priorities List site under the CERCLA. The Lessee acknowledges that the Government has provided it with a copy of the George AFB FFA entered into by Region IX of the Environmental Protection Agency ("EPA"), the State of California, and the Air Force on October 11, 1990, and will provide the Lessee with a copy of any amendments thereto. The Lessee agrees that should any conflict arise between the terms of FFA, as it presently exists or may be amended and the provisions of this Lease, the terms of the FFA will take precedence (see Condition 3.3). The Lessee further agrees that notwithstanding any other provision of this Lease, the Government assumes no liability to the Lessee or its sublessees or licensees should implementation of the FFA interfere with the Lessee's or any sublessee's or licensee's use of the Leased Premises. The Government agrees to minimize, to the extent possible, any disruption to the Lessee or its sublessees or licensees use of the Leased Premises and where practicable, will consult with the Lessee as to activities which may affect Lessee's operation. The Lessee however, shall have no claim on account of any such interference against the United States or any officer, agent, employee or contractor thereof.

10.9. The Air Force, the EPA and the California Environmental Protection Agency ("Cal/EPA") and their officers, agents, employees, contractors, and subcontractors have the right, upon reasonable notice to the Lessee and any sublessee or licensee, to enter upon the Leased Premises for the purposes enumerated in this subparagraph and for such other purposes consistent with any provision of the FFA:

a. To conduct investigations and surveys, including, where necessary, drilling, testpitting, testing soil borings and other activities related to the George AFB Installation Restoration Program ("George AFB IRP") or the FFA;

b. To inspect field activities of the Air Force and its contractors and subcontractors in implementing the George AFB IRP or the FFA;

c. To conduct any test or survey required by the EPA or Cal/EPA relating to the implementation of the FFA or environmental conditions at the Leased Premises or to verify any data submitted to the EPA or Cal/EPA by the Air Force relating to such conditions;

d. To construct, operate, maintain or undertake any other response or remedial action as required or necessary under the George AFB IRP or the FFA, including, but not limited to monitoring wells, pumping wells and treatment facilities.

10.10. The Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or the FFA during the course of any of the above-described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by the Lessee and any sublessee or licensee. The Lessee and any sublessees or licensees shall have no claim as a result of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

10.11. The Lessee further agrees that in the event of any assignment, sublease or license of the Leased Premises, pursuant to Condition 21 of this Lease, it shall provide to the EPA and Cal/EPA by certified mail a copy of the agreement of assignment, sublease or license of the Leased Premises (as the case may be) within fourteen (14) days after the effective date of such

transaction. The Lessee may delete the financial terms and any other proprietary information from the copy of any agreement of assignment, sublease or license furnished pursuant to this Condition.

10.12. The Lessee shall strictly comply with the hazardous waste permit requirements under the Resource Conservation and Recovery Act ("RCRA"), and any applicable California equivalent. The Lessee must provide at its own expense such hazardous waste facilities, complying with all laws and regulations, as it may need for storage. Government hazardous waste storage facilities, whether formerly or presently in use, will not be available to the Lessee.

10.13. Government accumulation points for hazardous and other wastes will not be available to the Lessee. Neither will the Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of the Air Force.

10.14. The Lessee shall have a completed and approved plan for responding to hazardous waste, fuel, and other chemical spills prior to commencement of operations on the Leased Premises. Such plan shall comply with all applicable requirements, will be representative of the activities to be conducted by the Lessee on the Leased Premises and shall be updated from time to time as operations increase or are altered or as may be required to comply with changes in site conditions or applicable requirements and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of any similar plan of the Air Force as may then be in effect for George AFB. The Lessee shall not rely on use of Base personnel or equipment in the execution of its plan. The Lessee shall file a copy of the approved plan and approved amendments thereto with the SM within fifteen (15) days of approval. Notwithstanding the foregoing, should the Government provide any personnel or equipment, whether for initial fire response and/or spill containment, on request of the Lessee, or because the Lessee was not, in the opinion of the SM, adequately addressing the emergency situation, the

Lessee agrees to reimburse the Government for its costs in accordance with all applicable laws and regulations.

10.15. The Lessee further agrees that it shall provide, or shall require its sublessee or licensee to provide, the Air Force, EPA and Cal/EPA with prior written notice accompanied by a detailed written description of all proposals for any alterations (as defined in Condition 17.1) which may impede or impair any activities under the FFA or are to be undertaken in certain areas of the Airport identified as "Areas of Special Notice" in Exhibit G-1 (Restrictions on Use of Leased Premises) hereto. These Areas of Special Notice consist of IRP sites. The notice and accompanying written description of proposals shall be provided to the Air Force, EPA and Cal/EPA sixty (60) days in advance of the commencement of any such alterations. In addition, alterations shall not commence until Lessee has complied with the provisions of Condition 17.3. The detailed written description of said proposals shall include a description of the effect such planned work may have with respect to site soil and groundwater conditions and the cleanup efforts contemplated under the FFA. Notwithstanding the preceding three sentences, the Lessee or its sublessees or licensees shall be under no obligation to provide advance written notice of any alterations that will be undertaken (i) totally within any structure located on the Leased Premises, or (ii) in portions of the Leased Premises that are in areas outside the Areas of Special Notice, provided that such work will not impede or impair any activities under the FFA. However, any work below the floor of any such structure within Areas of Special Notice that will involve excavation in and/or disturbance of concrete flooring, soil and/or groundwater or will impede or impair any activities under the FFA will be subject to the sixty (60) day notice requirement imposed by this Condition.

10.16. Notwithstanding any other provision of this Lease, the Lessee agrees it shall coordinate all alterations and any other work, if required pursuant to the notice requirement imposed by Condition 10.15, with the Air Force, EPA and Cal/EPA, in accordance with the FFA.

All alterations and other work shall be performed in a manner that does not impede or impair any activities under the FFA or exacerbate then existing conditions.

10.17. The Lessee agrees that the Government assumes no liability to the Lessee or its sublessees should hazardous waste cleanup requirements, whether imposed by law, regulatory agencies, the Air Force or the Department of Defense, interfere with the Lessee's use of the Leased Premises. The Lessee shall have no claim on account of any such interference against the United States or any officer, agent, employee or contractor thereof.

10.18. The Lessee and any sublessees must comply with all Federal, State, and local laws, regulations, and other requirements relating to occupational safety and health, the handling and storage of hazardous materials, and the proper generation, handling, accumulation, treatment, storage, disposal, and transportation of hazardous wastes. The Lessee or its sublessees will not accomplish any treatment, storage, or disposal of hazardous waste unless the Lessee is in possession of a valid permit issued to it under RCRA, as amended. The Lessee shall not treat, store, or dispose of any hazardous waste under, pursuant to, or in reliance upon any permit issued to the United States Air Force. The Lessee shall be liable for any violations of these requirements by its sublessees. The Lessee shall be liable for the cost of proper disposal of any hazardous waste generated by its sublessees in the event of failure by the sublessees to properly dispose of such wastes. Neither the Lessee nor any of its sublessees shall use or make use of any Air Force hazardous waste treatment or storage facilities, accumulation points, or other facilities relating to the proper generation, handling, disposal, and transportation of hazardous wastes.

10.19. The Lessee and any sublessees must maintain and make available to the Air Force all records, inspection logs, and manifests that track the generation, handling, storage, treatment and disposal of hazardous waste, as well as all other records required by applicable laws and requirements. The Air Force reserves the right to inspect the facility, Lessee, and sublessee

records for compliance with Federal, State, interstate, and local laws, regulations, and other requirements relating to the generation, handling, storage, treatment and disposal of hazardous waste, as well as to the discharge or release of hazardous substances. Violations will be reported by the Air Force to appropriate regulatory agencies, as required by applicable law. The Lessee and its sublessees will be liable for the payment of any fines and penalties which may accrue as a result of the actions of Lessee or its sublessees.

10.20. The Lessee shall comply with all requirements of the Federal Water Pollution Control Act, the National Pollutant Discharge Elimination System ("NPDES"), and any applicable State or local requirements. If the Lessee discharges waste water to a publicly owned treatment works, the Lessee or its sublessees must submit an application for its discharge (pretreatment permit application) to the City of Victorville, prior to commencing such discharges. The Lessee or sublessees will be responsible for meeting all applicable waste water discharge permit standards. The Lessee will not discharge waste water under the authority of any NPDES Permit, Pretreatment Permit or any other such Permit issued to the Base. The Lessee or its sublessees shall make no use of any septic tank installed on Base; further, the Lessee or its sublessees shall not install any septic tank without the express written permission of the Air Force.

10.21. George AFB air emissions offsets will not be made available to the Lessee. The Lessee shall be responsible for obtaining all permits and any air pollution credits which may be required to offset emissions resulting from its activities under this Lease.

10.22. The Lessee shall not conduct or permit its sublessees to conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of the Government.

10.23. The Lessee must notify the SM of Lessee's intent to possess, store, or use any licensed or licensable source or by-product materials, as those terms are defined under the Atomic Energy Act and its implementing regulations; of Lessee's intent to possess, use, or store radium; and of Lessee's intent to possess or use any equipment producing ionizing radiation and subject to specific licensing requirements or other individual regulation, at least sixty (60) days prior to the entry of such materials or equipment upon the Base. Upon notification, the SM may impose such requirements, including prohibition of possession, use, or storage, as deemed necessary to adequately protect health and the human environment. Thereafter, the Lessee must notify the SM of the presence of all licensed or licensable source or by-product materials, of the presence of all radium, and of the presence of all equipment producing ionizing radiation and subject to specific licensing requirements or other individual regulation; provided, however, that the Lessee need not make either of the above notifications to the SM with respect to source and by-product material which is exempt from regulation under the Atomic Energy Act. Lessee shall not, under any circumstances, use, own, possess or allow the presence of special nuclear material on the Leased Premises.

10.24. The Lessee acknowledges that lead-based paint may be present in and on facilities and equipment within the leased area. The Air Force may conduct surveys to determine the existence and extent of any possible lead-based paint. The Lessee will be notified if the Air Force determines there is lead-based paint in or on the leased facilities or equipment. Prior to beginning any alteration or modification, the Lessee or any sublessee must test any paint which would be disturbed unless a conclusive determination has been made that lead-based paint is not present. If the paint is lead-based, the Lessee or any sublessee is required to handle it in accordance with all applicable Federal, State, and local laws and regulations at its own expense. The Lessee is required to ensure that any lead-based paint is maintained in good condition.

CONDITION 11

MAINTENANCE OF LEASED PREMISES

11.1. The Lessee, at no expense to the Government, shall at all times protect, preserve, and maintain (or require its sublessees and licensees to maintain) the Leased Premises (or applicable subleased or licensed premises), including any improvements located thereon, in good order and condition, and exercise due diligence in protecting the Leased Premises against damage or destruction by fire and other causes, subject to the applicable provisions of Conditions 4, 10, 15 and 17. At a minimum, the Lessee agrees to maintain or to require its sublessees and licensees to maintain the Leased Premises to the extent required by the FAA conditions of transfer identified in Condition 23 below and the Application identified in Condition 5.1 above. The Lessee shall comply (and shall require its sublessees and licensees to comply) with the provisions of Condition 17 of this Lease in conducting any maintenance activities required to be performed hereunder.

CONDITION 12

DAMAGE TO NON-LEASED GOVERNMENT PROPERTY

12.1. Any real or personal property of the United States, not leased under this Lease, damaged or destroyed by the Lessee incident to the Lessee's use and occupation of the Leased Premises shall be promptly repaired or replaced by the Lessee to the satisfaction of the SM. In lieu of such repair or replacement the Lessee shall, if so required by the SM, pay to the United States money in an amount sufficient to compensate for the loss sustained by the Government by reason of damage or destruction of Government property

CONDITION 13

ACCESS AND INSPECTION

13.1. Any agency of the United States, its officers, agents, employees, and contractors, may enter upon the Leased Premises, at all reasonable times for any official purposes not inconsistent with Lessee's quiet use and enjoyment and control of airport operations under this Lease, including but not limited to the purpose of inspection. The Government normally will give the Lessee or sublessee or licensee twenty-four (24) hours prior notice of its intention to enter the Leased Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. The Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, or contractor thereof.

CONDITION 14

GENERAL INDEMNIFICATION BY LESSEE

14.1. The United States shall not be responsible for damages to property or injuries or death to persons which may arise from or be attributable or incident to the condition or state or repair of the Leased Premises, or the use and occupation thereof, or for damages to the property of the Lessee, or for damages to the property or injuries or death to the person of the Lessee's officers, agents, servants or employees, or others who may be on the Leased Premises at their invitation or the invitation of any one of them. This provision shall not apply to those facilities the Air Force has retained occupancy pursuant to Condition 4.4.b for the period those facilities are actually so retained by the Air Force.

14.2. The Lessee agrees to assume all risks of loss or damage to property and injury or death to persons by reason of or incident to the possession and/or use of the Leased Premises, or the activities conducted by the Lessee under this Lease. The Lessee expressly waives all claims against the Government for any such loss, damage, personal injury or death caused by or occurring as a consequence of such possession and/or use of the Leased Premises or the conduct of activities or the performance of responsibilities under this Lease. The Lessee further agrees, to the extent permitted under State law, to indemnify, save, hold harmless, and defend the Government, its officers, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgments, costs and attorneys' fees arising out of, or in any manner predicated upon personal injury, death or property damage resulting from, related to, caused by or arising out of the possession and/or use of the Leased Premises or any activities conducted or services furnished in connection with or pursuant to this Lease. The agreements contained in the preceding sentence do not extend to claims for damages caused solely by the gross negligence or willful misconduct of officers, agents or employees of the United States, without contributory fault on the part of any person, firm or corporation. The Government will give the Lessee notice of any claim against it covered by this indemnity as soon after learning of it as practicable.

CONDITION 15

RISK OF LOSS AND INSURANCE

15.1. The Lessee shall in any event and without prejudice to any other rights of the Government bear all risk of loss or damage or destruction to the Leased Premises, including any building(s), improvements, fixtures or other property thereon, arising from any causes whatsoever.

15.2. The Lessee shall have the option to self-insure, in whole or in part, the risk of loss borne by Lessee under Condition 15.1 above. In addition, during the entire period this Lease shall be in effect, the Lessee shall require, subject to availability on reasonable terms and conditions, sublessees and licensees of substantial portions of this Leased Premises to carry and maintain at their expense the following:

a. Property insurance coverage against loss or damage by fire and lightning and against loss or damage or other risks embraced by coverage of the type now known as the broad form of extended coverage (including but not limited to riot and civil commotion, vandalism, and malicious mischief and earthquake) in an amount not less than 100 percent of the full replacement cost of the buildings, building improvements, improvements to the land, and personal property on the Leased Premises, but not to exceed the fair market value of the property. The policies of insurance carried in accordance with this Condition shall contain a "Replacement Cost Endorsement." Such full replacement cost shall be determined from time to time, upon the written request of the Government or the Lessee, but not more frequently than once in any twenty-four (24) consecutive calendar month period (except in the event of substantial changes or alterations to the Leased Premises undertaken by the Lessee or any sublessee or licensee as permitted under the provisions of the Lease).

b. Comprehensive general liability insurance, including but not limited to general operation and airport liability insurance endorsed for hangar-keeping and products and completed operations and, where applicable, hangar-keeping liability insurance, on an "occurrence basis" against claims for "personal injury," including without limitation, bodily injury, death or property damage, occurring upon, in or about the subleased premises including any buildings thereon and the ramp area and adjoining sidewalks, streets, and passageways, such insurance to afford immediate minimum protection at the time of the Term Beginning Date, and at all times during the term of this Lease, to commercially reasonable limits (and deductibles)

with respect to damage to property and with respect to personal injury or death to any one or more persons. Such insurance shall also include coverage against liability for bodily injury or property damage arising out of the acts or omissions by or on behalf of the sublessee or any other person or organization, or involving any owned, nonowned, leased or hired automotive equipment in connection with the sublessee's activities.

c. If and to the extent required by law, workers' compensation and employer's liability or similar insurance in form and amounts required by law.

15.3. During the entire period this Lease shall be in effect, the Lessee, or any sublessee or licensee shall carry and maintain the insurance required below at its expense, or require any contractor performing work on the Leased Premises to carry and maintain insurance at no expense to the Government:

a. The comprehensive general liability and property damage insurance provided for in subparagraph 15.2.a above shall be maintained for the limits specified thereunder and shall provide coverage for the mutual benefit of the Government and the Lessee as additional insureds in connection with any construction or work permitted pursuant to this Lease;

b. Fire and any other applicable insurance provided for in this Condition 15 which, if not covered under the provisions of existing policies, shall be covered by special endorsement thereto in respect to any alterations, including all materials and equipment therefore incorporated in, on or about the Leased Premises; and

c. Workers' compensation or similar insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims

could be asserted against the Government, the Lessee or the Leased Premises in form and amounts required by law.

15.4. All policies of insurance which this Lease requires the Lessee or any sublessee or licensee to carry and maintain or cause to be carried or maintained pursuant to this Condition 15 shall be effected under valid and enforceable policies, in such forms and amounts as may, from time to time, be required under this Lease, issued by insurers of recognized responsibility. All such policies of insurance shall be for the mutual benefit of the Government and the Lessee and, if applicable, any sublessee or licensee as additional insured as well as any mortgagee to the extent allowed under this Lease. Each such policy shall provide that: (i) any losses shall be payable notwithstanding any act or failure to act or negligence of the Lessee or the Government or any other person; (ii) no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least sixty (60) days after receipt by the Government of written notice thereof; (iii) the insurer shall have no right of subrogation against the Government and be reasonably satisfactory to the Government in all other respects. In no circumstances will the Lessee be entitled to assign to any third party rights-of-action which the Lessee may have against the Government. Notwithstanding the foregoing, any cancellation of insurance coverage based on nonpayment of the premium shall be effective upon ten (10) days written notice to the Government. The Lessee understands and agrees that cancellation of any insurance coverage required to be carried and maintained by the Lessee or any sublessee under this Condition 15 will constitute a failure to comply with the terms of the Lease, and the Government shall have the right to terminate this Lease for all or any applicable portion of the Leased Premises, pursuant to Condition 7, upon receipt of any such cancellation notice, but only if the Lessee fails to cure such noncompliance to the extent allowed under Condition 7.

15.5. The Lessee shall deliver or cause to be delivered upon execution of this Lease (and thereafter not less than fifteen (15) days prior to the expiration date of each policy furnished

pursuant to this Condition 15) to the Government a certificate of insurance evidencing the insurance required by this Lease.

15.6. In the event that any item or part of the Leased Premises (other than alterations or other improvements made or authorized by the Lessee subsequent to the Term Beginning Date) shall be damaged or destroyed, the risk of which is assumed by the Lessee under Condition 15.1 above, the Lessee shall promptly give notice thereof to the Government. The Lessee shall have the election either to repair and restore the damaged or destroyed property or to continue to occupy or use the same without any obligation to repair or replace such damage other than repairs that may be required for safety reasons.

a. In the event the Lessee elects not to repair and restore the damaged or destroyed property, all applicable insurance proceeds relative to the damaged or destroyed property shall be applied first to removing any debris from and restoring the damaged area to a reasonably clean condition, and any remaining balance shall be retained by the Lessee for use at the Airport for airport purposes. Notwithstanding the immediately preceding sentence, in the event applicable terms of a leasehold mortgage on the Leased Premises, or any portion of the Leased Premises (as that term is defined in Condition 21) require the balance of such insurance proceeds to be paid first to a leasehold mortgagee(s) (as that term is defined in Condition 22), all such insurance proceeds shall be so paid and any remaining balance shall then be allocated as set forth in said sentence.

b. In the event the Lessee shall elect to repair and restore the damaged or destroyed property, it shall provide written notice of such election to the Government within ninety-five (95) days after the occurrence of such damage or destruction and thereafter shall promptly repair and restore the damaged or destroyed property to its condition immediately prior to the occurrence.

c. All repair and restoration work under this Condition 15.6 shall comply with the provisions of Conditions 10, 17, and 26 applicable to alterations and any other work subject to the notice requirements imposed by Condition 10.15.

15.7. Notwithstanding any other provision of this Lease, the Lessee may allow Federal, State and local governmental sublessees to self-insure, in whole or in part, any of the risks within the scope of this Condition 15.

CONDITION 16

COMPLIANCE WITH APPLICABLE LAWS

16.1. The Lessee will at all times during the existence of this Lease promptly observe and comply, at its sole cost and expense, with the provisions of all applicable Federal, State, interstate, and local laws, regulations, and standards, and in particular those provisions concerning the protection of the environment and pollution control and abatement.

16.2. The Lessee shall comply with all applicable Federal, State and local laws, ordinances, and regulations with regard to construction, sanitation, licenses or permits to do business, and all other matters. The Lessee shall be responsible for determining whether it is subject to local building codes or building permit requirements, and for compliance with them to the extent they are applicable.

16.3. The Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.4. Nothing in this Lease shall be construed to constitute a waiver of Federal Supremacy or Federal sovereign immunity.

16.5. Responsibility for compliance as specified in this Condition 16 rests exclusively with the Lessee, or with respect to any subleased premises with the appropriate sublessee. The Department of the Air Force assumes no enforcement or supervisory responsibility except with respect to matters committed to its jurisdiction and authority. The Lessee or appropriate sublessee shall be liable for all costs associated with compliance, defense of enforcement actions or suits, payment of fines, penalties, or other sanctions and remedial costs related to Lessee's or any sublessee's or licensee's use of the Leased Premises.

16.6. The Lessee or its sublessees or licensees shall have the right to contest by appropriate proceedings diligently conducted in good faith, without cost or expense to the Government, the validity or application of any law, ordinance, order, rule, regulation or requirement of the nature referred to in this Condition 16. The Air Force shall not be required to join in or assist the Lessee or its sublessees or licensees in any such proceedings.

CONDITION 17

DEVELOPMENT AND ALTERATIONS

17.1. The Lessee shall have the right to develop (or allow the development of) undeveloped or underdeveloped areas of the Leased Premises; to otherwise alter (or allow the alteration of) all or any portion of the Leased Premises; and to place, construct or demolish (or allow to be placed, constructed or demolished) any improvements, structures, alterations or additions or other changes in, to or upon the Leased Premises, subject to Conditions 10, 17.2 to

17.8, inclusive, and 26. All of the activities in the preceding sentence shall be referred to cumulatively as "Alterations."

17.2. The Lessee shall make (or shall require its sublessees and licensees to make) all Alterations in compliance with all applicable governmental laws, regulations, codes, standards or other requirements and the provisions of Condition 10 of this Lease. This obligation shall include compliance with all applicable provisions of the FFA.

17.3. The Lessee shall not construct or make, or permit its sublessees or licensees to construct or make, any Alterations which may impede or impair any activities under the FFA or are to be undertaken in Areas of Special Notice (as defined in Condition 10.15) without the prior written consent of the Air Force. Requests for such consent require review by the Director, AFBCA, and will be forwarded promptly by the SM through channels with the pertinent supporting documentation and comments. Such consent may include a requirement for written approval by the Remedial Project Managers appointed under the FFA and will provide that such approved Alterations shall become Government property when annexed to the Leased Premises, except as provided in Condition 17.4. Detailed written descriptions shall be submitted in accordance with the provisions of Condition 10.15. Within thirty (30) days of receipt of the detailed written description, the Government may request the Lessee to provide more detailed information as necessary to complete its review. The Air Force review process for any proposed Alterations shall be completed within sixty (60) days of the receipt of the documents required to complete its review. In the event that problems are detected during review, immediate notice shall be provided by telephone to the Lessee.

17.4. The Lessee shall not make, permit, or suffer any Alterations to the Airport which constitute any major structural change or changes unless such change or changes are consistent with the George AFB IRP, the FFA, the provisions of Condition 23.2.J, approved Airport Layout

Plan, and the ROD. Any other additions, alterations or improvements constituting a major structural change or changes shall require the prior written consent of the Administrator of the FAA or his or her successor in function. Title to alterations shall vest in the United States unless the consent of the Administrator of the FAA or his or her successor in function provides specifically that title thereto shall vest in the Lessee (or sublessee or licensee as applicable), and shall be subject to the provisions of Condition 9 and all other terms and conditions of this Lease. The Lessee agrees to the extent permitted by law to indemnify and save harmless the United States from mechanics' and materialmen's liens arising from any Alterations effected by the Lessee.

17.5. Any contractor or subcontractor of the Lessee or of any sublessee or licensee shall maintain or cause to be maintained the insurance required pursuant to Condition 15.3.

17.6. All Alterations, other construction and construction-related work, excavation and demolition performed by the Lessee (or permitted to be performed by any sublessee or licensee) shall be without cost to the Government.

17.7. All Alterations, other construction and construction-related work, excavation, demolition and restoration performed by the Lessee (or permitted to be performed by a sublessee or licensee) shall be consistent with the applicable requirements of Conditions 10, 16, 17 and 26 and shall comply with all applicable provisions of the FFA. For purposes of this Condition, the term "construction and construction-related work" shall include without limitation repairs, maintenance, alterations and additions.

17.8. The Lessee shall maintain MYLAR as-built drawings (or their equivalent) when Alterations authorized hereunder are completed.

17.9. In matters of ingress and egress, contractor haul routes, construction activity and disposition of excavated material, in connection with the privileges herein granted, shall be coordinated with the Air Force.

CONDITION 18

UTILITIES

18.1. The Lessee will be responsible for, and will require its sublessees and licensees to be responsible for, all utilities, janitorial services, building maintenance and grounds maintenance for the Leased Premises (or subleased or licensed premises) without cost to the Government. The Lessee will (or will cause its sublessees or licensees to) purchase, install, and maintain meters without cost or expense to the Government within thirty (30) days of occupancy. The Lessee will pay the charges for any utilities and services furnished by the Government which the Lessee may require in connection with its use of the Leased Premises. It is expressly understood and agreed that the Government in no way warrants the continued availability, maintenance or adequacy of any utilities or services furnished by it to the Lessee. The Government shall not under any circumstances provide telephone service to the Lessee, and it is the Lessee's sole responsibility to obtain such services on its own behalf and at its own expense.

a. Procurement of Government Utilities: The Lessee may purchase from the Government the following utility services: electricity, water, and sewage so long as the Government is still producing, generating, or procuring the service for George AFB. The Lessee agrees to enter into a separate contract for each utility service under this Condition 18 at rates computed in accordance with 10 U.S.C. § 2481 and Air Force Regulation 91-5 or any successor regulation or instruction.

b. Procurement of Commercial Utilities: The Lessee may procure utilities direct from a commercial provider. The charges and method of payment for each utility or service so procured will be determined in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

18.2. Nothing herein shall require the Lessee or utility suppliers to continue to utilize any existing utility systems, provided that the Lessee makes adequate provision, or requires the applicable utility supplier to make adequate provision, for a transition to an alternate system or systems that prevents to the extent practicable any disruption to utility services to the Air Force or its successors. Any planned disruption must be coordinated with the Air Force.

CONDITION 19

DISPUTES

19.1. Except as otherwise provided in this Lease, any dispute concerning a question of fact, submitted by the Lessee to the SM's attention, in writing, arising under this Lease which is not disposed of by mutual agreement shall be decided by the SM. The SM shall reduce the decision to writing and mail or otherwise furnish a copy to the Lessee. The decision of the SM shall be final and conclusive unless, within thirty (30) days from the date of receipt of such copy, the Lessee mails or otherwise furnishes to the SM a written appeal addressed to the Secretary of the Air Force, to be forwarded through the Director, AFBCA. The decision of the Secretary or his or her duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this Condition, the Lessee shall be afforded an opportunity to be heard and to offer evidence in support of its appeal.

Pending final decision of a dispute hereunder, the Lessee shall proceed diligently with the performance of the Lease in accordance with the decision of SM. This Condition does not preclude consideration of questions of law in connection with decisions provided for in this Condition 19.1. Nothing in this Condition, however, shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

19.2. In the alternative, before proceeding under Condition 19.1 above, either Party may choose to submit the dispute to arbitration pursuant to the Administrative Disputes Resolution Act ("Act"), 5 U.S.C. §§ 571-576, or as amended, by giving notice to the other Party.

a. Within fifteen (15) days following receipt of notice, the receiving Party shall submit to the other Party the names of three arbitrators, experienced in the field of the matter in dispute, selected from a roster maintained by the Federal Mediation and Conciliation Service or any comparable organization. The initiating Party will then have fifteen (15) days to select one of the three arbitrators and provide notice to the receiving Party of the selected arbitrator. The initiating Party will promptly notify the arbitrator of his or her selection and arrange for his or her employment jointly by the Parties.

b. The arbitrator will arbitrate the dispute according to the Act and any rules of the American Arbitration Association not in conflict with the Act or any other Federal statute. The arbitrator will convene the arbitration hearing within fifteen (15) days after being hired and render a decision within thirty (30) days after the hearing unless both Parties agree to an extension of time. The Government and the Lessee agree to share the costs of the arbitrator equally, subject to the availability to the Government of appropriated funds.

c. Pending final decision of a dispute hereunder, the Lessee shall proceed diligently with the performance of this Lease in accordance with the decision of the SM.

d. Pursuant to the Act, the authority of a Federal agency to use dispute resolution proceedings under the Act shall terminate on October 1, 1995, as to disputes arising on or after that date; however, consistent with the Act, the Air Force may elect to continue then pending dispute resolution proceedings. If authority to use alternative dispute resolution is not reenacted, this clause shall be of no force and effect on and after October 1, 1995. If the Act is extended or reenacted in modified form, but continues to authorize alternative dispute resolution by Federal agencies, the provisions of this Lease shall be deemed to be modified to be consistent with the amended statutory procedures.

e. In the event an arbitration award is made which is contrary to the Government's position and the Secretary of the Air Force subsequently vacates the award pursuant to 5 U.S.C. § 580(c), the Lessee may proceed, by agreement of the Parties hereby entered, pursuant to Condition 19.1 above. In such case, the evidence, position of the Parties, and the arbitrator's decision shall not be admissible or considered in any proceedings under Condition 19 or any subsequent judicial proceedings.

CONDITION 20

NOTICES

20.1. Whenever the Government or the Lessee shall desire to give or serve upon the other any notice, demand, order, direction, determination, requirement, consent or approval, request or other communication with respect to this Lease or with respect to the Leased Premises, each such notice, demand, order, direction, determination, requirement, consent or approval, request or other communication shall be in writing and shall not be effective for any purpose unless same shall be given or served by personal delivery to the Party or Parties to whom such

notice, demand, order, direction, determination, requirement, consent or approval, request or other communication is directed or by mailing the same, in duplicate, to such Party or Parties by certified mail, postage prepaid. return receipt requested, addressed as follows:

If to the Lessee:

Executive Director
Victor Valley Economic Development Authority
P.O. Box 3007
Victorville, CA 92393-3007

If to the Government:

Operating Location Site Manager, OL-C
Air Force Base Conversion Agency
Building 321
George AFB, CA 92394

or at such other address or addresses as the Government or the Lessee may from Time-to-time designate by notice given by certified mail.

20.2. Every notice, demand, order, direction, determination, requirement, consent or approval, request or communication hereunder sent by mail shall be deemed to have been given or served as of the second business day following the date of such mailing.

CONDITION 21

ASSIGNMENTS, SUBLEASES AND LICENSES

21.1. The Lessee shall neither transfer nor assign this Lease, except as otherwise may be allowed under Condition 23.2 of this Lease.

21.2. The Lessee may enter into any sublease or license or otherwise authorize the use of any portion of the Leased Premises (collectively, "Use Authorization"), subject to the provisions of subparagraphs (a), (b), (c), and (d) below in this Condition 21.2. Subject to the foregoing and prior written approval of the FAA, nothing contained in this Condition 21.2 shall prevent or limit the Lessee from subleasing all or any portion of the Leased Premises to the State of California, any unit or local government, political subdivision or other agency or instrumentality or local government, including but not limited to, a joint powers financing authority, nonprofit development corporation, or other nonprofit corporation or entity, for the purpose of structuring any public or private financing or any municipal financing arrangement.

a. The use of the Leased Premises associated with any Use Authorization must be allowable under Condition 6.

b. Any Use Authorization granted by the Lessee shall comply (or in the case of a transaction by a sublessee, licensee or other authorized user (collectively, "Authorized User"), shall be required to comply) with the provisions of Condition 10, including the notice requirements of Section 21 of the FFA, and shall be consistent with all other terms and conditions of this Lease and the Application and Acceptance identified in Condition 5.1 above, except that the Lessee may rent or impose other types of charges for the subleased, licensed or

other authorized use area (collectively, "Authorized Use Area") at rates or levels that are deemed appropriate by the Lessee and consistent with FAA standards and requirements.

c. The instrument used by the Lessee to grant any Use Authorization must include the covenants, conditions, restrictions, and reservations contained in Conditions 23.2a to 23.2.o, inclusive.

d. In the event of any conflict between the provisions of the Use Authorization and the provisions of this Lease, the provisions of this Lease will control. In the event of any conflict between the provisions of the Use Authorization and the provisions of the Application and Acceptance, the Application and Acceptance will control. Copies of this Lease and the Application and Acceptance must be attached to the Use Authorization instrument.

21.3. Unless otherwise expressly agreed to by the Government in writing, no Use Authorization shall relieve the Lessee of any of its obligations under this Lease.

CONDITION 22

LIENS AND MORTGAGES

22.1. Except as provided in this Condition 22, the Lessee shall not: (i) engage in any financing or other transaction creating any mortgage upon the Leased Premises; (ii) place or suffer to be placed upon the Leased Premises any lien or other encumbrance; or (iii) suffer any levy or attachment to be made on the Lessee's interest in the Leased Premises, other than such levy or attachment as may result from a foreclosure of a mortgage on any portion of the Leased Premises. Any such mortgage, encumbrance, or lien shall be deemed to be a violation of this

covenant and constitute a failure to comply with the terms of the Lease on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

22.2. During the term of this Lease, the Lessee may encumber its interest in the Leased Premises or any portion thereof, by way of one or more loans secured by a mortgage to provide financing for the cost of capital improvements or other development of the Leased Premises, subject to the prior written approval of the FAA and Condition 22.3 below. The proposed holder of any mortgage must be approved by the Government prior to the execution of such loan. Any loan with respect to the Leased Premises, or any portion thereof, may be further secured by a conditional assignment of this Lease by the Lessee to the mortgagee. The Government agrees to execute an Estoppel Certificate and any other similar documentation as may reasonably be required by the mortgagee so as to give its consent to the conditional assignment of this Lease and to certify as to the status of this Lease and to the performance of the Lessee hereunder as of the date of such certification.

22.3. No mortgage shall extend to or affect the fee, the reversionary interest or the estate of the Government in the Leased Premises. No mortgage shall be binding upon the Government in the enforcement of its rights and remedies under this Lease and by law provided, unless, and until a copy thereof shall have been delivered to the Government and such mortgage is authorized in accordance with the provisions of this Condition 22.

22.4. Promptly after assigning or encumbering the Leased Premises, or any portion thereof, the Lessee shall furnish the Government a written notice setting forth the name and address of such mortgagee. Further, the Lessee shall notify the Government promptly of any lien or encumbrance which has been created or attached to the Leased Premises or the Lessee's interest in the Leased Premises whether by act of the Lessee or otherwise, of which the Lessee has notice.

22.5. If a mortgagee or purchaser at foreclosure of the mortgage shall acquire the Lessee's interest in the Leased Premises, or any portion thereof, by virtue of the default of the Lessee under the mortgage or otherwise, this Lease shall continue in full force and effect so long as the mortgagee or purchaser at foreclosure is not in default hereunder. The mortgagee or purchaser at foreclosure may not appoint an agent or nominee to operate and manage any portion of the Leased Premises on its behalf without first obtaining the prior written approval of the FAA. Such approval may include, but is not limited to, a determination by the FAA that the proposed agent or nominee has demonstrated experience or expertise in the development, management, and operation of facilities similar to the Leased Premises. For the period of time during which the mortgagee or any purchaser at foreclosure of a mortgage holds the Lessee's interest in the Leased Premises, the mortgagee or such purchaser shall become liable and fully bound by the provisions of this Lease.

22.6. With respect to the mortgagees of the Leased Premises, the Government agrees that the following shall apply:

a. If requested by a mortgagee which shall have duly registered in writing with the Government its name and address, any notice from the Government to the Lessee shall be simultaneously delivered to such mortgagee at its registered address, and in the event of any such registration, no notice of default or termination of this Lease given by the Government to the Lessee shall be deemed legally effective until and unless like notice shall have been given by the Government to the mortgagee.

b. Such mortgagee entitled to such notice shall have any and all rights of the Lessee with respect to the curing of any default hereunder by the Lessee.

c. The Government will not enter into any material modification of this Lease without the prior written consent thereto of each mortgagee who shall become entitled to notice as provided in Condition 22.4 above. The foregoing shall not apply or be construed to apply to any right the Government may have to terminate this Lease pursuant to its terms. It is also agreed that the Lessee shall provide any such mortgagee with notice of any proposed modification.

d. If the Government shall elect to terminate this Lease by reason of any default by the Lessee, the mortgagee that shall have become entitled to notice as provided in this Condition 22.6 shall not only have any and all rights of the Lessee with respect to curing of any default, but also shall have the right to postpone and extend the specified date for the termination of this Lease ("Mortgagee's Right to Postpone") in any notice of termination by the Government to the Lessee ("Termination Notice"), subject to the following conditions:

(1) Such mortgagee shall (i) give the Government written notice of the exercise of the Mortgagee's Right to Postpone prior to the date of termination specified by the Government in the Termination Notice, and (ii) simultaneously pay to the Government all amounts required to cure all defaults then existing (as of date of the exercise of Mortgagee's Right to Postpone) which may be cured by the payment of a sum of money.

(2) Such mortgagee shall (i) pay any sums and charges which may be due and owing by the Lessee, and (ii) promptly undertake to cure, diligently prosecute and, as soon as reasonably possible, complete the curing of all defaults of the Lessee which are susceptible of being cured by such mortgagee.

(3) The Mortgagee's exercise of its Right to Postpone shall extend the date for the termination of this Lease specified in the Termination Notice for a period of not more than six (6) months.

(4) If, before the date specified for the termination of this Lease as extended by such mortgagee's exercise of Mortgagee's Right to Postpone, (i) the assumption of performance and observance of the covenants and conditions herein contained on the Lessee's part to be performed under this Lease shall be delivered to the Government by the mortgagee, or its nominee; and (ii) the mortgagee shall have complied with all obligations on the Lessee's part to be performed under this Lease and no further defaults shall have occurred which shall not have been cured within the periods of time after notice above provided for, then and in such event, all defaults under this Lease shall be deemed to have been cured, and the Government's Termination Notice shall be deemed to have been withdrawn.

e. Nothing herein contained shall be deemed to impose any obligation on the part of the Government to deliver physical possession of the Leased Premises to such holder of a mortgage.

f. If more than one mortgagee shall seek to exercise any of the rights provided for in this Condition 22.6, the holder of the mortgage having priority of lien over the other mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among mortgagees regarding the priority of lien, the mortgagees must prove to the satisfaction of the Government that they have settled that dispute.

g. The mortgagee may not appoint an agent or nominee to operate and manage the Leased Premises on its behalf without first obtaining the written approval of the FAA. Such approval shall require a determination by the FAA that the proposed agent or

nominee has demonstrated experience or expertise in the development, management, and operation of facilities similar to the Leased Premises.

22.7. During the term of this Lease, the Lessee may authorize a sublessee to encumber its interest in the subleased premises by way of one or more loans secured by a mortgage to provide financing for the cost of capital improvements or other development of the subleased premises, subject to Condition 22.8 below. The proposed holder of any mortgage must be approved by the Lessee prior to the execution of such loan. Any loan with respect to subleased premises may be further secured by a conditional assignment of the applicable sublease by the sublessee to the mortgagee. The Government agrees to execute an Estoppel Certificate and any other similar documentation as may reasonably be required by the mortgagee so as to give its consent to the conditional assignment of the sublease and to certify as to the status of this Lease and to the performance of the Lessee hereunder as of the date of such certification.

22.8. No mortgage shall extend to or affect the fee, the reversionary interest or the estate of the Government in the Leased Premises. No mortgage shall be binding upon the Government in the enforcement of its rights and remedies under the Lease and by law provided, unless, and until a copy thereof shall have been delivered to the Government and such mortgage is authorized in accordance with the provisions of this Condition 22.

22.9. Promptly after authorizing a sublessee to assign or encumber any subleased premises, the Lessee shall require its sublessee to furnish the Government a written notice setting forth the name and address of such mortgagee. Further, the Lessee shall require its sublessee to notify the Government promptly of any lien or encumbrance which has been created or attached to the sublessee's interest in the subleased premises whether by act of the sublessee or otherwise, of which the Lessee or sublessee has notice.

22.10. If a mortgagee or purchaser at foreclosure of the mortgage shall acquire the sublessee's interest in the subleased premises, by virtue of the default of the sublessee under the mortgage or otherwise, the applicable sublease shall continue in full force and effect so long as the mortgagee or purchaser at foreclosure is not in default thereunder. The mortgagee or purchaser at foreclosure may not appoint an agent or nominee to operate and manage any portion of the subleased premises on its behalf without first obtaining the written approval of the Lessee and FAA. Such approval shall require a determination by the Lessee that the proposed agent or nominee has demonstrated experience or expertise in the development, management, and operation of facilities similar to the subleased premises. For the period of time during which the mortgagee or any purchaser at foreclosure of a mortgage holds the sublessee's interest in the subleased premises, the mortgagee or such purchaser shall become liable and fully bound by the provisions of the applicable sublease.

22.11. With respect to the mortgagees of the subleased premises, the Government agrees that the following shall apply:

a. If requested by a mortgagee which shall have duly registered in writing with the Government its name and address, any notice from the Government to the Lessee affecting the subleased premises shall be simultaneously delivered to the applicable sublessee and such mortgagee at its registered address, and in the event of any such registration, no notice of default or termination of this Lease affecting the subleased premises given by the Government to the Lessee shall be deemed legally effective until and unless like notice shall have been given by the Government to such sublessee and mortgagee.

b. Such mortgagee entitled to such notice shall have any and all rights of the sublessee with respect to the curing of any default hereunder by the Lessee.

c. The Government will not enter into any material modification of this Lease affecting the subleased premises without the prior written consent thereto of each mortgagee who shall become entitled to notice as provided in Condition 22.9 above. The foregoing shall not apply or be construed to apply to any right the Government may have to terminate this Lease pursuant to its terms. It is also agreed that the Lessee shall require the sublessee to provide any such mortgagee with notice of any proposed modification.

d. If the Government shall elect to terminate this Lease by reason of any default by the Lessee with respect to the subleased premises, the mortgagee that shall have become entitled to notice as provided in this Condition 22.11 shall not only have any and all rights of the sublessee with respect to curing of any default with respect to the subleased premises, but also shall have the right to postpone and extend the specified date for the termination of this Lease ("Mortgagee's Right to Postpone) in any notice of termination by the Government to the Lessee ("Termination Notice"), subject to the following conditions:

(1) Such mortgagee shall (i) give the Government written notice of the exercise of the Mortgagee's Right to Postpone prior to the date of termination specified by the Government in the Termination Notice, and (ii) simultaneously pay to the Government all amounts required to cure all defaults then existing (as of date of the exercise of Mortgagee's Right to Postpone) which may be cured by the payment of a sum of money.

(2) Such mortgagee shall (i) pay any sums and charges which may be due and owing by the Lessee, and (ii) promptly undertake to cure, diligently prosecute and, as soon as reasonably possible, complete the curing of all defaults of the Lessee and sublessee with respect to the subleased premises which are susceptible of being cured by such mortgagee.

(3) The Mortgagee's exercise of its Right to Postpone shall extend the date for the termination of this Lease specified in the Termination Notice for a period of not more than six (6) months.

(4) If, before the date specified for the termination of this Lease as extended by such mortgagee's exercise of Mortgagee's Right to Postpone, (i) the assumption of performance and observance of the covenants and conditions herein contained on the Lessee's part to be performed under the Lease with respect to the subleased premises shall be delivered to the Government by the mortgagee, or its nominee; and (ii) the mortgagee shall have complied with all obligations on the Lessee's and sublessee's part to be performed with respect to the subleased premises under the Lease and no further defaults with respect to the subleased premises shall have occurred which shall not have been cured within the periods of time after notice above provided for, then and in such event, all defaults under this Lease with respect to the subleased premises shall be deemed to have been cured, and the Government's Termination Notice shall be deemed to have been withdrawn.

e. Nothing herein contained shall be deemed to impose any obligation on the part of the Government to deliver physical possession of the Leased Premises to such holder of a mortgage.

f. If more than one mortgagee shall seek to exercise any of the rights provided for in this Condition 22.11, the holder of the mortgage having priority of lien over the other mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among mortgagees regarding the priority of lien, the mortgagees must prove to the satisfaction of the Government that they have settled that dispute.

g. The mortgagee may not appoint an agent or nominee to operate and manage the subleased premises on its behalf without first obtaining the written approval of the Lessee and FAA. Such approval shall require a determination by the Lessee that the proposed agent or nominee has demonstrated experience or expertise in the development, management, and operation of facilities similar to the subleased premises.

CONDITION 23

FEDERAL AVIATION ADMINISTRATION REQUIREMENTS

23.1. By acceptance of this Lease, the Lessee for itself, its successors and assigns, agrees that the transfer of the Leased Premises by this Lease is accepted subject to the following restrictions set forth in subparagraphs a and b of this Condition 23.1.

a. That, except as provided in subparagraph 23.2.b below, the property transferred by this Lease shall be used for public airport purposes for the use and benefit of the public, 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 the term "exclusive right" as used in subparagraph 23.2.d below.

b. That, except as provided in subparagraph 23.2.b, the entire landing area, as defined in Section 101 of the Federal Aviation Act of 1958, as amended, and Federal Aviation Regulations pertaining thereto, and all structures, improvements, facilities and equipment in which this instrument transfers any interest, shall be maintained for the use and benefit of the public at all times in safe and serviceable condition, so as to ensure its efficient operation and use provided, however, that such maintenance shall be required as to structures, improvements, facilities and equipment only during the useful life thereof, as determined by the Administrator of

the FAA or successor in function ("Administrator"). In the event materials are required to rehabilitate or repair certain of the aforementioned structures, improvements, facilities or equipment, they may be procured by demolition of other structures, improvements, facilities or equipment transferred hereby and located on the above land which have outlived their usefulness as airport property in the opinion of the Administrator. Notwithstanding any other provision of this Lease: (i) with the prior written approval of the FAA, the Lessee may close or otherwise limit use or access to any portion of the Airport that it deems appropriate if such closure or use limitation is related to airport operating considerations or is based upon insufficient demand for such portion of the Airport; and (ii) with respect to any such portion of the Airport, the Lessee shall be under no obligation to maintain the same other than as may be required to maintain adequate public safety conditions.

23.2. Further, by acceptance of this Lease or any rights hereunder, the Lessee for itself, its successors and assigns, assumes the obligation of, covenants to abide by and agree to, and this Lease is made subject to, the following reservations and restrictions set forth below in subparagraphs 23.2.a to 23.2.n, inclusive, of this Condition 23.2 provided, that the property transferred hereby may be successively transferred or assigned only with the prior written consent of the Administrator of the FAA, or his successor, to successors and assigns of the Lessee only with the provision that any such subsequent transferee assumes all the obligations imposed upon the Lessee by the provisions of this Lease.

a. There is hereby reserved to the Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the above described real property, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from, or operating on George AFB.

b. No property included in the Airport shall be used, leased, sold, salvaged, or disposed of by the Lessee for other than airport purposes without the written consent of the Administrator. This consent shall be granted only if the Administrator determines that the property can be used, leased, sold, salvaged, or disposed of for other than airport purposes without materially and adversely affecting the development, improvement, operation, or maintenance of the Airport. The term "property" as used herein, is deemed to include revenues or proceeds (including any insurance proceeds) derived from the Airport.

c. Property transferred for the development, improvement, operation or maintenance of the Airport shall be used and maintained for the use and benefit of the public on fair and reasonable terms, without unjust discrimination. In furtherance of this covenant (but without limiting its general applicability and effect), the Lessee specifically agrees: (1) that it will keep the Airport open to all types, kinds, and classes of aeronautical use without discrimination between such types, kinds and classes; provided, that the Lessee may establish such fair, equal, and not unjustly discriminatory conditions to be met by all users of the Airport as may be necessary for the safe and efficient operation of the Airport and provided, that the Lessee may prohibit or limit any given type, kind, or class of aeronautical use of the Airport if such action is necessary for the safe operation of the Airport or necessary to serve the civil aviation needs of the public; (2) that, in its operation and the operation of facilities on the Airport, neither it nor any person or organization occupying space or facilities thereupon, will discriminate against any person or class of persons by reason of race, color, creed, disability, age, sex, or national origin in the use of any of the facilities provided for the public at the Airport; (3) that, in any agreement, contract, lease, or other arrangement under which a right or privilege at the Airport is granted to any person, firm or corporation to conduct or engage in any aeronautical activity for furnishing services to the public at the Airport, the Lessee will insert and enforce provisions requiring the contractor: (i) to furnish said service on a fair, equal and not unjustly

discriminatory basis to all users thereof; and (ii) to charge fair, reasonable, and not unjustly discriminatory prices for each unit for service, provided, that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers; (4) that the Lessee will not exercise or grant any right or privilege which would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own employees (including, but not limited to maintenance and repair) that it may choose to perform; and (5) that, in the event the Lessee itself exercises any of the rights and privileges referred to in subparagraph (3) above, the services involved will be provided on the same conditions as would apply to the furnishing of such services by contractors or concessionaires of the Lessee under the provisions of such subparagraph (3) of this Condition 23.2.

d. The Lessee will not grant or permit any exclusive right for the use of the Airport which is forbidden by Section 308 of the Federal Aviation Act of 1958, as amended, by any person or persons to the exclusion of others in the same class and will otherwise comply with all applicable laws. In furtherance of this covenant (but without limiting its general applicability and effect), the Lessee specifically agrees that, unless authorized by the Administrator it will not, either directly or indirectly, grant or permit any person, firm or corporation the exclusive right to conduct any aeronautical activity on the Airport, including but not limited to, charter flights, pilot training, aircraft rental and sight-seeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity. The Lessee further agrees that it will terminate as soon as possible and no later than the earliest renewal, cancellation, or expiration date applicable thereof, any exclusive right existing at any Airport owned or controlled by the Lessee or hereinafter acquired and that, thereafter, no such right shall be granted.

However, nothing contained herein shall be construed to prohibit the granting or exercise of an exclusive right for the furnishing of nonaviation products and supplies or any services of a nonaeronautical nature or to obligate the Lessee to furnish any particular nonaeronautical service at the Airport.

e. The Lessee shall, insofar as it is within its powers and to the extent reasonable, adequately clear and protect the aerial approaches to the Airport. The Lessee will, either by the acquisition and retention of easements or other interests in or rights for the use of land airspace, or by the adoption and enforcement of zoning regulations, prevent the construction, erection, alteration, or growth of any structure, tree, or other object in the approach areas of the runways of the Airport which would constitute an obstruction to air navigation according to the criteria or standards prescribed in Part 77 of the Federal Aviation Regulations, as applicable, according to the currently approved airport layout plan. In addition, the Lessee will not erect or permit the erection of any permanent structure or facility which would interfere materially with the use, operation, or future development of the Airport, in any portion of a runway approach area in which the Lessee has acquired, or may hereafter acquire, a property interest permitting it to so control the use made of the surface of the land. Insofar as is within its power and to the extent reasonable, the Lessee will take action to restrict the use of the land adjacent to or in the immediate vicinity of the Airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft.

f. The Lessee will operate and maintain in a safe and serviceable condition, as deemed reasonably necessary by the Administrator, the Airport and all facilities thereon and connected therewith which are necessary to service the aeronautical users of the Airport, other than facilities owned or controlled by the United States, and will not permit any activity thereon which would interfere with its use for airport purposes. Nothing contained herein shall be construed to require that the Airport be operated for aeronautical uses during: (1) temporary

periods when snow, flood, or other climatic conditions interfere with such operation and maintenance; or (2) repair, restoration or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the Lessee in compliance with Condition 15.6.

g. Except as otherwise agreed to between the Lessee and any agency of the United States, the Lessee will make available all facilities of the Airport at which the property described herein is located or developed with Federal aid, and all those usable for the landing and taking off of aircraft, to the United States at all times, without charge, and for use by aircraft of any agency of the United States in common with other aircraft, except that if the use by aircraft of any agency of the United States in common with other aircraft, is substantial, a reasonable share, proportional to such use, of the cost of operating and maintaining facilities so used, may be charged. Unless otherwise determined by the FAA, or otherwise agreed to by the Lessee and the using Federal agency, substantial use of an airport by United States aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the FAA, would unduly interfere with use of the landing area by other authorized aircraft or; that during any calendar month either: (1) five (5) or more aircraft of any agency of the United States are regularly based at the airport or on land adjacent thereto; or (2) the total number of movements (counting each landing as a movement and each take-off as a movement) of aircraft of any agency of the United States is three hundred (300) or more; or (3) the gross accumulative weight of aircraft of any agency of the United States using the airport (the total movements of such federal aircraft multiplied by gross certified weights thereof) is in excess of five million (5,000,000) pounds.

h. During any national emergency declared by the President of the United States of America or the Congress thereof, including any existing national emergency, the United States shall have the right to make exclusive or nonexclusive use and have exclusive or

nonexclusive control and possession, without charge, of the Airport at which the surplus property applied for herein is located or used, as it then exists, or of such portion thereof as it may desire. However, the United States shall be responsible for the entire cost of maintaining such part of the Airport as it may use exclusively, or over which it may have exclusive possession or control, during the period of such use, possession or control and shall be obligated to contribute a reasonable share, commensurate with the use made by it, of the cost of maintenance of such property as it may use nonexclusively or over which it may have nonexclusive control and possession. The United States shall also pay a fair rental for use, control or possession, exclusively or nonexclusively, of any improvements to the Airport made without United States aid and never owned by the United States.

i. The Lessee does hereby release the Government, and will take whatever action may be required by the Administrator, to assure the complete release of the Government from all liability the Government may be under for restoration or other damage under any lease or other agreement covering the use by the Government of the Airport, or part thereof, owned, controlled or operated by the Lessee, upon which, adjacent to which, or in connection with which, any property transferred by this instrument was located or used, provided, that no such release shall be construed as depriving the Lessee of any right it may otherwise have to receive reimbursement under Section 17 of the Federal Airport Act for the necessary rehabilitation or repair of public airports heretofore, or hereafter substantially damaged by a Federal agency. The Parties to this Lease acknowledge that there is no property at George AFB to which this provision applies.

j. Whenever so requested by the FAA, the Lessee will furnish, without cost to the Federal Government, for construction, operation and maintenance of facilities for air traffic control activities, or weather reporting activities, or communication activities related to air traffic control, such areas of the property described herein or rights in buildings on the Airport as the

FAA may consider necessary or desirable for construction at Federal expense of space or facilities for such purposes, and the Lessee will make available such areas or any portion thereof for the purposes provided herein within four (4) months after receipt of written request from the FAA, if such are or will be available.

k. The Lessee will: (1) furnish the FAA with annual or special airport financial and operational reports as may be reasonably requested using either forms furnished by the FAA or in such manner as the Lessee elects so long as the essential data are furnished; and (2) upon reasonable request of the FAA, make available for inspection by any duly authorized representative of the FAA, the Airport, and all Airport records and documents affecting the Airport, including deeds, leases, operation and use agreements, regulations, and other instruments and (3) furnish to the FAA a certified true copy of any such document which may be reasonably requested.

l. The Lessee will not enter into any action which would operate to deprive it of any of the rights and powers necessary to perform or comply with any or all of the covenants and conditions set forth herein unless by such transaction the obligation to perform or comply with all such covenants and conditions is assumed by another public agency found by the FAA to be eligible as a public agency as defined in the Airport and Airway Improvement Act of 1982, as amended (P.L. 97-248), to assume such obligation and have the power, authority, and financial resources to carry out all such obligations. If an arrangement is made for management or operation of the Airport by any agency or person other than the Lessee, the Lessee shall reserve sufficient rights and authority to ensure that such Airport will be operated and maintained in accordance with these covenants and conditions, any applicable Federal statute, and applicable provisions of the Federal Aviation Regulations.

m. The Lessee will at all times keep an up-to-date airport layout plan of the Airport showing: (1) the boundaries of the Airport and all proposed additions thereto, together with the boundaries of all off-site areas owned or controlled by the Lessee for airport purposes and proposed additions thereto; (2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars, and roads), including all proposed extension and reductions of existing airport facilities; and (3) the location of all existing and proposed nonaviation areas and all existing improvements thereon and uses made thereof. The airport layout plan and each amendment, revision, or modification thereof, shall be subject to the approval of the FAA, which approval shall be evidenced by the signature of a duly authorized representative of the FAA on the face of the airport layout plan. The Lessee will not make or permit the making of any changes or alterations in the Airport or any of its facilities other than in conformity with the airport layout plan as so approved by the FAA, if such changes or alterations might adversely affect the safety, utility, or efficiency of the Airport.

n. If at any time it is determined by the FAA that there is any outstanding right or claim of right in or to the Airport property described herein, the existence of which creates an undue risk of interference with the operation of the Airport or the performance or compliance with covenants and conditions set forth herein, the Lessee will, to the extent practicable, acquire, extinguish, or modify such right or claim of right in a manner acceptable to the FAA.

o. In the event that any of the terms, conditions, reservations under which the property is disposed of, or restrictions of this Condition 23, are not met, observed, or complied with by the Lessee or any subsequent transferee, whether caused by the legal inability of said Lessee or subsequent transferee to perform any of the obligations herein set out or otherwise, the title, right of possession and all other rights transferred by this instrument to the Lessee, or any portion thereof, shall at the option of the Government terminate and revert to the Government in

its then-existing condition sixty (60) days following the date upon which demand to this effect is made in writing by the Administrator of the FAA or successor in function, unless within said sixty (60) days such default or violation shall have been cured and all such terms, conditions, reservations and restrictions shall have been met, observed, or complied with, or if the Lessee shall have commenced the actions necessary to bring it into compliance with this Condition 23 in accordance with a compliance schedule approved by the Administrator, in which event said termination of Lease and reversion shall not occur and title, right of possession, and all other rights transferred hereby, except such, if any, as shall have previously terminated and reverted, shall remain vested in the Lessee, its transferees, successors and assigns.

p. 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 reservation or restrictions in question shall be construed instead merely as conditions, the breach of which the United States may exercise its option to cause the title, interest, right of possession, and all other rights transferred to the Lessee, or any portion thereof, to terminate and revert to it, and the application of such reservations or restrictions as covenants in any other instance and the construction of the remainder of such reservations and restrictions as covenants shall not be affected thereby.

23.3. Lessee further agrees and understands by and between the Parties hereto and the Lessee, by its acceptance of this Lease, acknowledges its understanding of the agreement, and agrees that, as part of the consideration for this Lease, the Lessee covenants and agrees for itself, its successors and assigns, that:

a. The program for or in connection with which this Lease is made will be conducted in compliance with, and the Lessee, its successors and assigns will comply with all requirements imposed by or pursuant to the regulations of the United States Department of

Transportation as in effect on the date of this Lease (49 C.F.R. § 21) issued under the provisions of Title VI of the Civil Rights Act of 1964, as amended;

b. This covenant shall be subject in all respects to the provisions of said regulations;

c. The Lessee, its successors and assigns, will promptly take and continue to take such action as may be necessary to effectuate this covenant;

d. The United States shall have the right to seek judicial enforcement of this covenant; and

e. The Lessee, its successors and assigns, will: (1) obtain from any person, including any legal entity, who, through contractual or other arrangements with the Lessee, its successors and assigns, is authorized to provide services or benefits under said program, a written agreement pursuant to which such other person shall, with respect to the services or benefits which he is authorized to provide, undertake for himself the same obligations as those imposed upon the Lessee, its successors and assigns, by this covenant; (2) furnish the original of such agreement to the Administrator, upon his or her request therefore and shall in any event, without regard to technical classification or designation, legal or otherwise, be binding to the fullest extent permitted by law and equity for the benefit of, and in favor of the Government against the Lessee, its successors, and assigns.

23.4. The operation of the Airport shall be subject to such regulations as may be prescribed by the Administrator of the FAA or his or her successor in function from time to time, and the Lessee shall comply with all pertinent laws, ordinances, rules, orders, or other applicable regulations and to the extent permitted by law, indemnify and hold the United States harmless

from any liability or penalty which may be imposed by reason of any asserted violation thereof by the Lessee.

23.5. The Parties understand and agree that in the event of any conflict between any of the provisions in this Condition 23 and any other provisions of this Lease, the provisions in Condition 23 shall control.

CONDITION 24

SPECIAL PROVISIONS

24.1. The Lessee acknowledges that it understands that the Government property outside these Leased Premises on George AFB will remain closed to the public prior to its complete disposal and accepts that Lessee's operation may from time to time be hampered by temporary restrictions on access, such as identity checks and auto searches. The Lessee further acknowledges that it understands that the Air Force strictly enforces Federal laws and Air Force regulations concerning controlled substances (drugs) and agrees that the Government will not be responsible for lost time or costs incurred due to delays in entry, temporary loss of access, barring of individual employees from the base under Federal laws authorizing such actions, limitations or withdrawal of an employee's on-base driving privileges, or any other security action that may cause employees to be late to or unavailable at their work stations, or delay arrival of parts and supplies. The Air Force and the Lessee have entered into an Operating Agreement, found at Exhibit H, which covers the Lessee's access to the Leased Premises through George AFB.

24.2 The Lessee will be responsible at its cost and expense for any improvements, renovations and repair of the parking area included in the Leased Premises. The Lessee also will

provide at its expense any physical security it deems necessary for the privately-owned vehicles of its employees, contractor and subcontractors.

CONDITION 25

GENERAL PROVISIONS

25.1. **Covenant Against Contingent Fees.** The Lessee warrants that no person or agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide commercial agencies maintained by the Lessee for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this Lease without liability, or in its discretion to require the Lessee to pay, in addition to the lease rental or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.

25.2. **Officials Not to Benefit.** No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit to arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

25.3. **Nondiscrimination.** The Lessee shall use the Leased Premises in a nondiscriminatory manner to the end that no person shall, on the ground of race, color, religion sex, age, handicap or national origin, be excluded from using the facilities or obtaining the services provided thereon, or otherwise be subjected to discrimination under any program or activities provided thereon.

a. As used in this Condition 25, the term "facility" means lodgings, stores, shops, restaurants, cafeterias, restrooms, and any other facility of a public nature in any building covered by, or built on land covered by, this Lease.

b. The Lessee agrees not to discriminate against any person because of race, color, religion, disability, sex, or national origin in furnishing, or refusing to furnish, to such person the use of any facility, including all services, privileges, accommodations, and activities provided on the Leased Premises. This does not require the furnishing to the general public the use of any facility customarily furnished by the Lessee solely to tenants or to Air Force military and civilian personnel, and the guests and invitees of any of them.

25.4. Gratuities. The Government may, by written notice to the Lessee, terminate this Lease if it is found after notice and hearing, by the Secretary of the Air Force or duly authorized representative, that gratuities in the form of entertainment, gifts, or otherwise, were offered or given by the Lessee, or any agent or representative of the Lessee, to any officer or employee of the Government with a view toward securing an agreement or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such agreement; provided that the existence of the facts upon which the Secretary of the Air Force or duly authorized representative makes such finding, shall be an issue and may be reviewed in any court of competent jurisdiction. In the event this Lease is so terminated, the Government shall be entitled to: (a) pursue the same remedies against the Lessee as it could pursue in the event of a breach of this Lease by the Lessee; and (b) a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary of the Air Force or duly authorized representative) which shall be not less than three (3) nor more than ten (10) times the costs incurred by the Lessee in providing any such gratuities to any such officer or employee. The rights and remedies of the Government

provided in this Condition shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Lease.

25.5. No Joint Venture. Nothing contained in this Lease will make, or will be construed to make, the Parties hereto partners or joint venturers with each other, it being understood and agreed that the only relationship between the Government and the Lessee is that of landlord and tenant. Neither will anything in this Lease render, or be construed to render, either of the Parties hereto liable to any third party for the debts or obligations of the other Party hereto.

25.6. Records and Books of Account. The Lessee agrees that the Comptroller General of the United States or the Auditor General of the United States Air Force or any of their duly authorized representatives shall, until the expiration of three (3) years after the expiration or earlier termination of this Lease, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Lessee involving transactions related to this Lease. The Lessee further agrees that any sublease of the Leased Premises (or any part thereof) will contain a provision to the effect that the Comptroller General of the United States or the Auditor General of the United States Air Force or any of their duly authorized representatives shall, until three (3) years after the expiration or earlier termination of this Lease, have access to and the right to examine any directly pertinent books, documents, papers, and records of the sublessee involving transactions related to the sublease.

25.7. Failure of Government to Insist on Compliance. The failure of the United States to insist in any one or more instances, upon strict performance of any of the terms, covenants or conditions of this Lease shall not be construed as a waiver or a relinquishment of the Government's rights to the future performance of any such terms, covenants or conditions, but the obligations of the Lessee with respect to such future performance shall continue in full force and effect.

25.8. Headings or Titles. The brief headings or titles preceding each condition are merely for purposes of identification, convenience, and ease of reference, and will be completely disregarded in the construction of this Lease.

25.9. Counterparts. This Lease is executed in three (3) counterparts, each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

25.10. Personal Pronouns. All personal pronouns used in this Lease, whether used in the masculine, feminine or neuter gender, will include all other genders.

25.11. Entire Agreement. It is expressly agreed that this written instrument embodies the entire agreement between the Parties in writing and signed by each of the Parties hereto, regarding the use of the Leased Premises by the Lessee, and there are no understandings or agreements, verbal or otherwise, between the Parties except as expressly set forth herein. This instrument may only be modified or amended by mutual agreement of the Parties in writing and signed by each of the Parties hereto.

CONDITION 26

RESTRICTIONS ON USE OF LEASED PREMISES

26.1. The Lessee shall not install (nor permit its sublessees or licensees to install) any new drinking water or other wells in any location on the Leased Premises without the prior written approval of the Air Force. Notwithstanding the foregoing, qualified employees of Lessee (or any sublessee or licensee) or their environmental consultants may install groundwater

monitoring wells in support of site assessments or investigations in locations shown in Exhibit G-1 upon prior notice and written approval of the Air Force and the Remedial Project Managers appointed under the FFA.

26.2. The Lessee shall not conduct (or permit its sublessees or licensees to conduct) any subsurface excavation, digging, drilling or other disturbance of the surface at the locations specified in Exhibit G-1 hereto without the provision of notice to the Air Force, EPA and Cal/EPA in accordance with Condition 10.15 and the prior written approval of the Air Force in accordance with Condition 17.3. Requests for each approval will be made in accordance with Condition 17 of this Lease. Exhibit G-1 will be updated as appropriate. The Lessee will be provided a copy of the updated Exhibit G-1 within seven (7) days of the update completion.

26.3. The Lessee shall not occupy or conduct (or permit its sublessees or licensees to occupy or conduct) any activities in any facility or portion thereof as specified in the Basewide EBS, Section 3.4, Table 3-7 included in Exhibit D until such time as any damaged or deteriorated exposed friable asbestos existing in them has been remediated by the Government in accordance with Conditions 10.5 and 10.6.

26.4. The Lessee may use (or permit its sublessees or licensees to use) the areas identified in Exhibit G-1 subject to the limitations set forth in such exhibit.

26.5. The Lessee will minimize the destruction, loss, or degradation of wetlands found in the Leased Premises and identified in Exhibit G-2 ("Sensitive Habitats") hereto. Before locating new construction in jurisdictional wetlands, the Lessee shall find in writing that there is no practicable alternative for such new construction and that the construction includes all practicable measures to minimize harm to the wetlands from such use. In making that finding, the Lessee may take into account economic, environmental and other pertinent factors. In

— addition, the Lessee shall provide an opportunity for early public review of any plan or proposal for new construction in jurisdictional wetlands. Before locating new construction in the jurisdictional wetlands, the Lessee shall contact the United States Army Corps of Engineers and obtain a permit or waiver under Section 404 of the Clean Water Act. For purposes of this Condition, the term "new construction" includes structures, facilities, draining, dredging, channelizing, filling, diking, impounding, and related activities.

— 26.6. The Lessee will consult with the Department of Agriculture, U.S. Fish and Wildlife Service ("USFWS") to determine if a mitigation/compensation package for endangered species habitat losses resulting from Lessee's development and operations is required. Pursuant to Section 7 of the Endangered Species Act, the Air Force will consult with the USFWS on the compensation package. The Lessee shall implement any mitigation/compensation package approved by the USFWS. Endangered or threatened species, and their habitats, located on the Leased Premises are identified in Exhibit G-2.

— 26.7. The National Historic Preservation Act ("NHPA") is the primary law governing actions affecting cultural resources. In compliance with NHPA, the Air Force conducted an architectural inventory and evaluation of George AFB, including the Leased Premises. The Air Force has completed its consultation with the California Historic Preservation Officer ("SHPO"). The California SHPO has concurred with the finding that there are no structures on George AFB eligible for listing in the National Register for Historic Places. As prior studies indicated there are no significant properties or paleontological resources on George AFB, reuse activities will not impact protected cultural resources. If such resources are identified in the future, the Lessee shall comply will all applicable laws regarding the impact of its activities on such resources.

CONDITION 27

GOVERNMENT REPRESENTATIVES AND THEIR SUCCESSORS

27.1. The Operating Location SM at George AFB, has been duly authorized to administer this Lease.

27.2. Except as otherwise specifically provided, any reference herein to "Site Manager" shall include his or her duly appointed successors and his or her authorized representatives.

CONDITION 28

AMENDMENTS

28.1 This Lease may be amended at any time by mutual agreement of the Parties in writing and signed by a duly authorized representative of each of the respective Parties hereto. Amendments to this Lease executed on behalf of the Air Force must be signed by an authorized representative of the Secretary of the Air Force.

CONDITION 29

EXHIBITS

29.1. Eight (8) exhibits are attached to and made a part of this Lease, as follows:

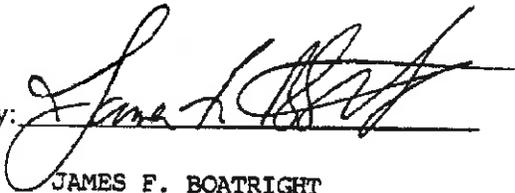
- Exhibit A Description of Leased Premises, Outstanding Easements and Rights-of-Way, and Personal Property
- Exhibit B Map of the Leased Premises
- Exhibit C Physical Condition Report and Personal Property Condition Report
- Exhibit D Environmental Condition Report
- Exhibit E Phasing of Responsibility for Functions and Services
- Exhibit F Application for Airport Public Benefit Transfer and Acceptance
- Exhibit G Restrictions on Use of Leased Premises
- Exhibit H Operating Agreement

CONDITION 30

REPORTING TO CONGRESS

30.1. Pursuant to the Defense Authorization Amendments and Base Closure and Realignment Act ("BCRA"), P. L. 100-526, this Lease is not subject to 10 U.S.C. § 2662.

IN WITNESS WHEREOF I have hereunto set my hand by authority of the Secretary of the Air Force this 29th day of April, 1994.

By: 

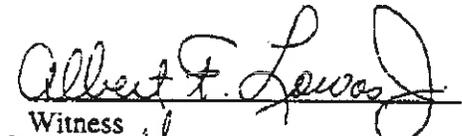
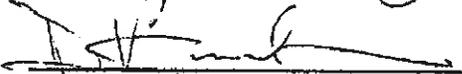
JAMES F. BOATRIGHT
Deputy Assistant Secretary
Title: of the Air Force (Installations)

STATE OF VIRGINIA
COUNTY OF ARLINGTON

On the ___ day of _____, 1994, before me, _____ the undersigned Notary Public, personally appeared _____, personally known to me to be the person whose name is subscribed to the foregoing Lease, and personally known to me to be the _____.

Notary Public in and for said County and State

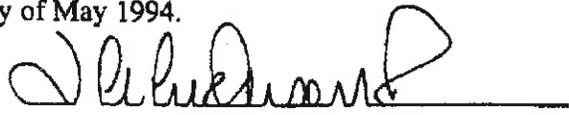
My commission expires _____


Witness

Witness

STATE OF VIRGINIA
COUNTY OF ARLINGTON

I, J. A. Anderson, Sr., a Notary Public for the county aforesaid, in the State of Virginia, do certify that the execution of the writing above bearing the date on 29th day of April 1994 by James F. Boatright, whose name is signed thereto, was proved before me in my county aforesaid, by the evidence on oath of Albert F. Lowas and Derence V. Fivehouse, subscribing witnesses to said writing.

Given under my hand this 12th day of May 1994.



Notary Public in and for said County and State

Embossed Hereon Is My
Commonwealth of Virginia Notary Public Seal
My Commission Expires July 31, 1997
J. A. ANDERSON, SR.

EXHIBIT "A"

LEGAL DESCRIPTION FOR PROPERTY TO BE
LEASED BY VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

Those portions of Sections 10, 13, 14, 15, 22, 23, 24, 26, and 27; Township 6 North, Range 5 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, more particularly described as follows:

Beginning at the Southeast corner of said Section 27 as shown on Record of Survey recorded in Book 65, Pages 98 through 102 of records of survey; thence South 89°33'56" West a distance of 2668.68 feet along the South section line to the South ¼ corner thereof; thence continuing along said section line South 89°33'37" West a distance of 2001.17 feet; thence North 0°37'29" West a distance of 2649.16 feet; thence North 89°29'06" East a distance of 620.27 feet as shown on Official Map 1003; thence North 44°09'26" East a distance of 3308.16 feet; thence North 0°50'09" West a distance of 2503.60 feet; thence South 89°09'51" West a Distance of 900.00 feet; thence North 0°50'09" West a distance of 1100.00 feet; thence North 89°09'51" East a distance of 900.00 feet; thence North 0°50'09" West a distance of 2003.00 feet to the South line of Section 15; thence South 89°18'02" West a distance of 301.99 feet along said Section line to a point, said point lying South 89°18'07" West a distance of 537.00 feet from the South ¼ corner thereof as shown on Record of Survey recorded in Book 65, Pages 98 through 102 of Records of Survey; thence North 0°20'13" West a distance of 5330.23 feet to the North line of said Section 15; thence North 89°09'00" East a distance of 136.22 feet along the North line of said Section 15; thence North 0°09'21" East a distance of 1068.60 feet; thence North 88°59'16" East a distance of 728.81 feet; thence North 1°00'44" West a distance of 380.01 feet; thence North 88°59'16" East a distance of 100.00 feet; thence South 1°00'44" East a distance of 380.01 feet; thence North 88°59'16" East a distance of 1141.35 feet; thence South 1°13'19" East a distance of 1074.04 feet to the Northeast corner of said Section 15; thence South 0°23'15" East a distance of 2694.60 feet along the East section line to the East ¼ corner of said Section; thence continuing along said East line South 0°02'40" West a distance of 2641.44 feet to the Southeast corner of said section; thence North 89°54'05" East a distance of 2638.01 feet along the South line of

89°08'57" West a distance of 771.58 feet to the beginning of a tangent curve concave to the Southeast having a radius of 50.00 feet; thence Southwesterly along said curve through a central angle of 89°40'04" an arc distance of 78.25 feet; thence South 0°31'07" East a distance of 36.44 feet; thence South 89°27'01" West a distance of 286.56 feet; thence South 0°05'35" East a distance of 2718.93 feet to a point on the South line of said Section 26; thence North 89°34'41" West a distance of 47.38 feet along said South line to the Southwest corner of said Section and the Point of Beginning.

Legal description prepared by me or under my direction

 2-17-94
JON B. ROBERTS LS 5965 Expires 12-31-96



2,192.50 acres

REVISED 18 FEB 94

Supplemental Related Personal Property
to Real Estate in Parcels A & C
Airfield Opewrations

Building 700 Control Tower

Nomenclature	Stock Number	Valuation Unit Price
Radio Receiver 800420	5820 01 034 6139	\$6,130.56
Coupler 522-147	5985 00 504 6724ZX	6,016.60
Console Communications	5805 01 108 6606	155,000.00
Recorder Reprod	5835 01 205 6614	11,793.50
Recorder Sound	5835 01 205 6612	4,377.50
Amp Cntl An/Gra	5820 00 134 5368	453.90
Radio Set	5820 01 090 0614	20,342.50
Transmitter	5820 01 022 6399	7,904.22
Transmitter	5820 01 022 3003	8,427.46
Receiver radio	5820 01 028 8035	2,566.00
Light Traffic	6210 00 299 5826	558.83
Degausser Tape	7045 01 057 1322	2,000.00
Power Source (2)	6130 01 222 0475	2,348.40

Buildings 844/845

Base Mast	6625 01 111 4731	1,683.40
Instrument Land	5825 01 046 1381	158,500.00

Building 691

Generator Set (2)	6115 01 123 7589	97,396.35
Generator Set (2)	6115 01 158 7472	28,547.00
Portable Halon Fire Ext (12)	PH43AAU1140	1,921.97
Platform 54J634	1730 00 294 8883	2,170.00
Platform 47R164	1730 00 390 5618	2,451.40
50 Gal LOX Tank	3655 01 066 6214	6,692.94
Staircase Aircraft	1730 00 295 0863	37,996.70

BUILDING NUMBER	PARCELA & C			PERSONAL PROPERTY			TOTAL		
	553	558	683	691	701	707		720	724
PARCEL	C	C	C	C	C	C	C	C	C
* TYPE	O	A	O	O	O	A	O	F	S
ARTICLE									
FAN	1								1
TELEPHONE STAND					5		1		6
SEATING W/TABLE/CHAIR	4								4
ENTERTAINMENT CENTER				1					1
BULLETIN BOARD							2		2
TV								2	2
VCR					1				1
PUBLIC ADDRESS SYS BOX							1		1
ELECTRIC LANTERN				1					1
RACK TAPE				2					2
CART, TRANSPORT TAPE	3			3					6
SPEAKERS								2	2
MAP STAND							1		1
HAND CART							2		2
COMPUTER RACK		2							2
DISHWASHER								1	1
FOOTSTOOL				1					1
EXTENDER		2							2
MAGAZINE RACK	3			3					6
GENERATOR SET				4					4
PORTABLE HALON FIRE EXT				12					12
PLATFORM 54J634				1					1
PLATFORM 47R164				1					1
50 GAL LOX TANK				1					1
STAIRCASE AIRCRAFT				1					1
TOTAL	11	0	4	30	6	0	7	3	63

VEHICLES (BUILDING 691) George Air Force Base

Rev 10/14/93

Type	Reg Number	Make	Color
Sweeper	79D369	INT	Green
Tel Mnt 3/4 ton	80C857	GMC	Blue
1/4 ton PU	84B3783	FORD	Blue
Dump Trk	84C148	INT	Green
1/4 ton PU	84B6535	FORD	Blue
Sedan	86B4720	PLY	Blue
Sedan	86B4723	PLY	Blue
1/2 ton PU	85B2777	DODGE	Blue
Blazer 4x4	85B10207	CHV	Green
1/2 ton PU	87B1925	DODGE	Blue
10K F/L	82E399	WAUKESHA	Green
1/2 ton PU	85B1266	DODGE	Blue
1/4 ton PU	85B6124	DODGE	Blue
1/2 ton PU	87B1975	DODGE	Blue
1/2 ton PU	83B938	FORD	Blue
1/2 ton PU 4x4	83B2775	DODGE	Blue
1/2 ton PU	85B5405	DODGE	Blue
1/4 ton PU	85B6118	DODGE	Blue
6 Pax 4x2	86B5268	CHV	Blue
6 Pax 4x4	85B5105	CHV	Blue
1/4 ton PU	85B6122	DODGE	Blue
Panel Van	85B6712	DODGE	Blue
Panel Van	85B6713	DODGE	Blue
Panel Van	85B3369	DODGE	Blue
Panel Van	85B3370	DODGE	Blue
B Pax Van	87B1467	DODGE	Blue
B Pax Van	88B482	CHV	Blue
8 Pax Van	88B484	CHV	Blue
Ambulance 4x4	76B273	JEEP	Green
Ambulance 4x4	82B1470	GMC	Blue
Trac	80B1678	GMC	Blue
Trac	80B1697	GMC	Blue
40 ft Trlr	69B4147	TRANSPORT	Blue
P-8	70L687	FORD	Yellow
P-4	73L590	OSHKOSH	Yellow
P-4	74L16	OSHKOSH	Yellow
P-4	75L353	OSHKOSH	Yellow
Bobtail	82C687	FORD	Green
Bobtail	82C688	FORD	Green
Bobtail	82C706	FORD	Green
Bobtail	82C770	FORD	Green
High reach	73C249	INT	Blue

42 total

over-sized maps
to follow via
Fed Ex

EXHIBIT C

Physical Condition Report

and

Personal Property Condition Report

Evie Wheeler

From: Mary Morgan [Mmorgan@CI.VICTORVILLE.CA.US]
Sent: Monday, February 04, 2002 10:28 AM
To: 'Evie Wheeler'
Subject: RE: Juliana Stamato

Evie:

Have not heard from Ms. Stamato yet on her request. We found out the Physical Condition Report is the video library that AFBCA gave us. It is about 25 or 30 video tapes of the different buildings at SCLA. Not sure how we can actually give her copies of that. Still trying to find out what the Environmental Conditions Report is.

Thank you,
Mary Morgan
SCLA

o:-)

-----Original Message-----

From: Evie Wheeler [mailto:ewheeler@gdqlaw.com]
Sent: Monday, February 04, 2002 10:32 AM
To: Mary Morgan (E-mail)
Subject: Juliana Stamato

Have you had a chance to talk to Harold Reid about Exhibit C (Physical Condition Report) and Exhibit D (Environmental Conditions Report) to the PBT Lease that Ms. Stamato was looking for? Did she ever contact you about the Environmental Baseline Survey and the Federal Facilities Agreement with EPA?

This communication may contain information that is legally privileged, confidential or exempt from disclosure. If you are not the intended recipient, please note that any dissemination, distribution or copying of this communication is strictly prohibited. Anyone who receives this message in error should notify the sender immediately by telephone or by return e-mail and delete it from his or her computer.

Evie Wheeler
Green, de Bortnowsky & Quintanilla, LLP
23801 Calabasas Road, Suite 1015
Calabasas, CA 91302
Telephone: (818) 704-0195
Fax: (818) 704-4729

02/04/2002

ewheeler@gdqlaw.com
<http://www.gdqlaw.com>

ENVIRONMENTAL CONDITION REPORT

CERTIFICATION:

The information contained in the Environmental Baseline Survey dated December, 1993 is true and complete to the extent of the knowledge of the preparers.

The physical condition of the premises and property that are the subject of this Lease are as described in the attached Environmental Baseline Survey at the time of signing of this certification. Furthermore, it is understood that the property described in the Environmental Baseline Survey is as described in Exhibit A.

THE UNITED STATES AIR FORCE

Denise R. Caron

DATE 18 March 1994

REVIEW AND AGREEMENT

I have reviewed and agree that the description and information contained in the Environmental Baseline Survey dated December, 1993 is accurate and complete to the extent set forth herein.

LESSEE:

Richard D'Arcy

DATE 29 April 1994

Exhibit D

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY
Building 388, Eagle Street
George Air Force Base, California 92394

APPLICATION FOR AIRPORT PROPERTY BY STATE, POLITICAL SUBDIVISION,
MUNICIPALITY, OR TAX-SUPPORTED INSTITUTION PURSUANT TO THE
SURPLUS PROPERTY ACT OF 1944

Application is hereby made to the Department of the Air Force by the Victor Valley Economic Development Authority, California, a joint powers authority established under the laws of the State of California (hereinafter referred to as the "Applicant") for the transfer to it, pursuant to Section 13(g) of the Surplus Property Act of 1944, as amended (50 U.S.C. app. § 1622(g)), upon the terms and conditions herein set forth, of surplus property consisting of portions of George Air Force Base, California, including certain personal property, all as more particularly described in Schedules "A" and "B" of this Application (hereinafter referred to as the "Airport"). It is the intent of the Applicant and the Air Force that this Application, when accepted by the Air Force, will constitute a contract for the transfer of the Airport to the Applicant, setting forth terms and conditions to be included in the deed effecting the final disposition of the Airport.

TERMS AND CONDITIONS

1. This Application and its acceptance by the Department of the Air Force (hereinafter referred to as the "Air Force" or "Government") and the related lease agreement attached to the Application as Schedule "D" (hereinafter referred to as the "Related Lease") to be executed contemporaneously herewith shall constitute the entire agreement between the Applicant and the Air Force, unless modified in writing signed by both parties. The followin

a. Information and Covenants Required Pursuant to 42 U.S.C. § 9620(h)(3).

If any hazardous substance was stored for one year or more, known to have been released or disposed of on the real property, each deed entered into for the transfer of such property by the Government to the Applicant shall contain, pursuant to 42 U.S.C. § 9620(h)(3), the following:

(1) To the extent such information is available on the basis of a complete search of Air Force files: (a) a notice of the type and quantity of such hazardous substances; (b) notice of the time at which such storage, release or disposal took place; and (c) a description of the remedial action taken, if any;

(2) If the Applicant is not a potentially responsible party with respect to the real property, a covenant warranting that: (a) all remedial action necessary to protect human health and the environment with respect to any such substance remaining on the property has been taken before the date of such transfer; and (b) any additional remedial action found to be necessary after the date of such transfer shall be conducted by the Government; and

(3) A clause granting the United States access to the property in any case in which remedial action or corrective action is found to be necessary after the date of such transfer.

b. Reservations to the Government. The Government reserves title to the facilities until all necessary environmental remediation has been taken in accordance with 42 U.S.C. § 9620(h)(3) (CERCLA § 120(h)(3)). This reservation includes access rights for the Government and environmental regulators and employees or contractors of theirs, and access and utility easements necessary for the environmental remediation of those facilities. This reservation may also include necessary use restrictions on the property to protect human health and the environment and the environmental investigation and remediation process, until all

4. From the time the Air Force gives notice of acceptance of the Application, the Applicant shall bear all risks and shall bear any and all losses sustained by reason of damage or injuries that may be suffered by the Airport property, and notwithstanding such losses, damage or injuries, each and all of the provisions of the agreement formed by acceptance of this Application shall remain unimpaired and in full force and effect.

5. Upon receipt of Notice of Acceptance of the Application by the Air Force, the Applicant may, with the approval of the FAA, enter into the Related Lease with the Air Force, and immediately enter into possession of the Airport, more particularly described in Schedules "A" and "B," and use, operate, and maintain the same subject to, and in accordance with, all of the terms and conditions set out herein and in the Related Lease. In addition, for the period prior to final disposition of the Airport by deed conveying legal title to the Applicant, the exercise of the right of immediate possession of the Airport shall be subject to, and in accordance with, the additional provisions and conditions contained in Section 5.a. - d., inclusive, and the Related Lease.

a. Environmental Protection. Prior to the implementation of any project authorized under the Lease, the Applicant will complete the environmental analysis for such proposed action in accordance with the California Environmental Quality Act ("CEQA"). The Applicant shall diligently complete all steps necessary to comply with CEQA. The Applicant anticipates that such actions will be completed by September 1, 1994. The Applicant may elect not to implement any project permitted under the Lease which, as determined from environmental analysis, would have adverse environmental effects or which would require implementation of mitigation measures or adoption of an environmentally superior alternative to reduce such adverse effects. If the Applicant has not satisfied CEQA requirements necessary to implement the projects authorized under the Related Lease within one year of lease execution,

of the FAA or his or her successor in function, pay to the United States money in an amount sufficient to compensate for the loss sustained by the United States or any of its agencies.

6. The Applicant agrees to enter into possession of the Airport under the provisions and conditions of possession set out above and in the Related Lease as soon after acceptance of its Application by the Air Force as practicable, but not later than sixty (60) days after acceptance of its Application by the Air Force.

7. The Air Force may assign or transfer its right, title and interest in the agreement formed by its acceptance of the Application to any other branch or agency of the United States, and upon such assignment or transfer, such branch or agency shall succeed to all the rights, powers, privileges, immunities, duties and obligations of the Air Force hereunder, and the Air Force shall cease to have any duties or obligations hereunder.

8. Neither the agreement formed by acceptance of the Application nor any interest therein shall be assigned or transferred by the Applicant to any other party without the prior written consent of the Government.

9. Schedule "D," attached hereto, contains a notice of hazardous substances that have been stored for one year or more, or known to have been released, or disposed of, on certain portions of the real property, and the date(s) that such storage, release or disposal took place, as required by 42 U.S.C. § 9620(h)(1) and 40 C.F.R. § 373. 40 C.F.R. § 373.3(b) requires that the following statement be prominently displayed with information provided in Schedule "D": "The information contained in this notice is required under the authority of regulations promulgated under Section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or "Superfund"), 42 U.S.C. § 9620(h)."

Dated this 29 day of APRIL, 1994.

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

Marcsha Turnei

VVEDA Chairman

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

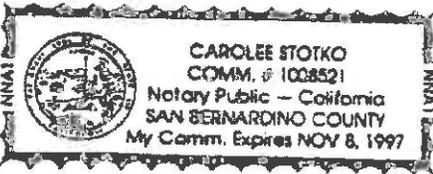
State of California

County of San Bernardino

On 4-29-94 before me, Carolee Stotko, Notary Public

personally appeared Marcsha Turnei

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



WITNESS my hand and official seal.

Carolee Stotko
SIGNATURE OF NOTARY

OPTIONAL SECTION

CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary fill in the data below, doing so may prove invaluable to persons relying on the document.

- INDIVIDUAL
- CORPORATE OFFICER(S)
- TITLE(S)
- PARTNER(S) LIMITED GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

OPTIONAL SECTION

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

TITLE OR TYPE OF DOCUMENT CAFR Lease, Airport Applicat
NUMBER OF PAGES 10 DATE OF DOCUMENT 4-29-94
SIGNER(S) OTHER THAN NAMED ABOVE Sec. of Air Force

EXHIBIT E

PHASING OF RESPONSIBILITIES FOR FUNCTIONS AND SERVICES

GENERAL - The Lessee must allow the Air Force to continue to operate in certain facilities and to perform certain functions for a specified period of time after the Lease is signed. The purpose of this Exhibit is to specify the time limits and to list the functions and services involved.

FUNCTIONS - The Air Force will continue to operate, maintain and control the Fire Station (Building 724), associated parking areas, the gas pumps and associated auxiliary equipment until such time as it is determined that there is no longer an Air Force need. The Air Force agrees that the Lessee has a need to share the fire station. The Lessee will be billed for a pro rata share of the expenses involved in the maintenance and upkeep of the Fire Station when the Lessee begins any period of occupancy and/or use. The details concerning the sharing of the Fire Station will be included in the Operating Agreement. The Air Force will relinquish all fire protection and fire prevention responsibilities and all responsibilities to respond to any portion of the leased premises on 1 April at 2400 hours. The Lessee will assume all fire protection and response responsibilities at 0001 on 2 April, 1994. All mutual response agreements now in effect between the George AFB Fire Station and other parties will become null and void at 2400 hours on 1 April, 1994. All personal property now used by the Air Force in the operation of the Fire Station to include vehicles, furniture, cooking devices, saws, ladders, etc., will remain the property of the Air Force and will all be removed and properly disposed of when the Air Force vacates the Fire Station.

The Air Force will continue to operate the ozalid machine in Building 667 and maintain sole access to the building until such time as the Air Force no longer has a need for the ozalid machine. All of the property associated with the ozalid machine to include all files, blueprints, reference materials, desks, cabinets, tables, chairs, and all other equipment shall remain the exclusive property of the Air Force until such time as the facility is no longer required. At that time all personal property shall be removed and disposed of by the Air Force.

Exhibit G
Restrictions on Use of Leased Premises
At George AFB, CA

VVEDA a&c 25 yr
21 Feb 94

Exhibit G
Restrictions on Use of Leased Premises
At George AFB, CA

Environmental Notifications/Restrictions Affecting Use of Leased Premises

1.0 Polychlorinated Biphenyl (PCBs)

There are thirty-four (34) PCB-containing transformers located near twenty-one (21) of the one hundred and sixty-eight (168) facilities proposed for lease. The PCB concentrations of fluid in these transformers range between 5 and 49 parts per million (ppm). None are Federally regulated PCB items but would be State regulated hazardous waste in the event any transformers are taken out of service and disposed.

Notifications. The Lessee is being notified that should it become necessary to dispose of the transformers or the dielectric fluid from those units that have PCB concentrations between 5 and 49 ppm, Lessee is responsible for the proper disposal of State regulated PCBs according to applicable laws and regulations. Upon request from the Site Manager, Lessee will be provided size, location and test results for any transformers identified as PCB items within Parcels A and C.

2.0 Wastewater Treatment and Discharge

Facilities in the lease area are connected to a sanitary sewer system which connects to the Victor Valley Wastewater Reclamation Authority (VWVRA). The base has no industrial waste treatment system.

Notifications. Lessee/sublessee is being notified of the VWVRA requirement to consult with them and gain their approval before commencing any discharges to the sanitary sewer system. Lessee is required to obtain permit or approval from VWVRA before occupancy.

3.0 Lead-Based Paint (LBP)

The Air Force acknowledges that lead-based paint (LBP) may be present in all facilities constructed prior to 1978. One hundred four of the 168 facilities in the lease area were constructed prior to 1978. Air Force policy requires that potential recipients of base closure property be provided notice of the presence of LBP.

Notifications/Restrictions. The Lessee is being notified of the possible presence of LBP in the 104 lease facilities constructed before 1978. No construction, alteration or modification to any leased facility, to include paint stripping or sanding, will be allowed without prior Air Force approval.

4.0 Remedial Actions/Hazardous Material/Hazardous Waste Management

During active George AFB operations, 63 of the 168 lease facilities handled hazardous materials and 54 of the 168 facilities handled hazardous wastes. Thirty two of the 168 facilities proposed for lease have planned remedial investigation and/or remedial actions under the Installation Restoration Program (IRP) for which the Air Force will require continuing access. The Northeast Disposal Area Trichloroethylene Extraction, Treatment and Disposal System and the JP-4 Free Product Extraction and Treatability Study Site are both currently located within the lease area. In addition to these sites, there are 45 former hazardous waste accumulation points and 99 other areas of concern that will be investigated by the Air Force.

Notifications/Restrictions. The Lessee is being notified of the locations of planned remedial actions/investigations and will reserve Air Force right of access to conduct these activities. Lessee access to IRP sites will be restricted in the lease documents to ensure that the lessee does not disturb areas of suspected IRP contamination. The Lessee will be notified of historical hazardous substance handling and stored on George AFB in the December 1993, Basewide EBS. If the Lessee becomes a hazardous waste generator then, the Lessee will be responsible for Resource Conservation Recovery Act (RCRA) compliance resulting from lease operations. The Lessee is required to submit for Air Force approval, a Hazardous Waste Management Plan (HWMP) and a Spill Prevention Control and Countermeasures (SPCC) Plan, to include a hazardous substance storage plan, before commencement of hazardous material management activities. The Lessee will not be allowed to occupy or use former hazardous waste accumulation points until after completion of Air Force remedial investigations, and upon Air Force approval.

5.0 Underground Storage Tanks and Aviation Fuel Distribution System

There are 26 underground storage tanks (USTs) remaining at 9 facilities in the lease area. Twenty of these tanks will be removed by the Air Force before the end of Fiscal Year 1994. The Air Force will remove the underground aviation fuel distribution system in the same time frame. The remaining 6 USTs have secondary containment and leak detection and are thus in compliance with 1998 USEPA UST requirements. These 6 tanks are not leaking and will be left in place.

Notifications/Restrictions. The Lessee is being notified of the location of all USTs associated with leased facilities, to include those scheduled for removal and the remaining 6 complying USTs being retained for reuse. The Lessee will be notified by the Site Manager of USTs scheduled for removal. Lessee must allow the Air Force access to the property to conduct removal activities. Lessee will be allowed to install USTs for use that comply with Federal, State and local environmental regulations on a case by case basis subject to prior Air Force approval.

6.0 Oil Water Separators

There are 22 oil/water separators (OWSs) in the lease area. These were drained and plugged before base closure, and will be removed by the Air Force.

Notifications/Restrictions. The Lessee is being notified of the location of all OWSs associated with lease facilities. Lessee is being notified that these OWSs are prohibited from reuse. Lessees must allow the AF access to the property to conduct OWS removals. Lessee will be allowed to install OWSs for use that comply with Federal, State and local environmental regulations on a case by case basis subject to prior Air Force approval.

7.0 Above Ground Storage Tanks

There are 15 above ground storage tanks (ASTs) in the lease area.

Notifications/Restrictions. Lessee is required to inspect and maintain the ASTs in accordance with all applicable Federal, State and local regulations to ensure that they remain leak free. Construction or modifications at or near ASTs by Lessee is restricted without prior Air Force approval. Lessee will be required to include provisions for ASTs in the SPCC Plan.

8.0 Asbestos

A partial basewide asbestos survey was conducted between 1990 and 1992. Only 5 of the 168 facilities in the lease area have been surveyed. Three contain non-friable asbestos (facilities 670, 673, & 683). Building 676 has no asbestos containing materials (ACM). Facility 723, the old fire station, has friable asbestos which will be abated by the Air Force before access is given to the Lessee. The Air Force began a comprehensive ACM survey in February 1994 to identify all ACM. The survey is anticipated to be complete by October 1994. In the meantime, unsurveyed facilities are assumed by the Air Force to contain ACM.

Notifications/Restrictions. Lessee is being notified of the presence of ACM in facilities 670, 673, 683, and 723 and that the Air Force assumes that all unsurveyed facilities contain ACM. Lessee is restricted from any new construction, major modifications or other potentially ACM disturbing activities until completion of the Air Force ACM survey and without prior Air Force approval. Lessee will reserve Air Force right of access to all unsurveyed facilities during 1994 for visual surveys, taking samples for testing, and for any abatement activities that may be necessary.

9.0 Threatened and Endangered Species

Undeveloped areas to the north and east of the crosswind runway and areas to the south and southwest of the main runway are known to be desert tortoise (*Gopherus agassizii*) habitat. All undeveloped portions of the installation are considered by the California

Department of Fish and Game to be within the range of the Mojave ground squirrel (*Spermophilus mohavensis*). The Mojave ground squirrel is listed by the state of California as threatened and is a Category 2 candidate for Federal listing. The U. S. Fish and Wildlife Service, in a March 6, 1993, informal consultation with the Air Force pursuant to Section 7 of the Endangered Species Act (ESA), requested that the Air Force provide notice of the presence of the desert tortoise habitat and that "take" (capture, killing or displacement) is prohibited by the ESA.

Notifications/Restrictions. Lessee is being notified of the presence and locations of desert tortoise habitat and other species of concern. Lessee is being notified of the ESA prohibitions against "take" of endangered species such as the desert tortoise. Lessee is prohibited from ground disturbing activities, such as grading, off road vehicle traffic, or construction in these areas without prior approval of the Air Force.

10.0 Sensitive Habitats/Wetlands

Sensitive habitats include wetlands, plant communities that are unusual or of limited distribution, and important seasonal use areas for wildlife. In the lease area, one non jurisdictional wetland area concern. This wetland is located in the drainage channel adjacent to the cross-wind runway and is approximately 0.87 acres in size.

Notifications/Restrictions. The Lessee is being notified of the presence and location of the wetland described above. The Lessee is prohibited from filling this wetland without prior approval of the Air Force.

11.0 Biomedical Wastes

IRP site FT-19 within the lease area contains an area contaminated with human blood related biomedical waste from the late 1960s (sharps, tubing, test tubes, etc.). In addition, this area is contaminated with high levels of diesel fuel. The Air Force plans to clean close this site by excavation and removal to off-site disposal by the end of 1994.

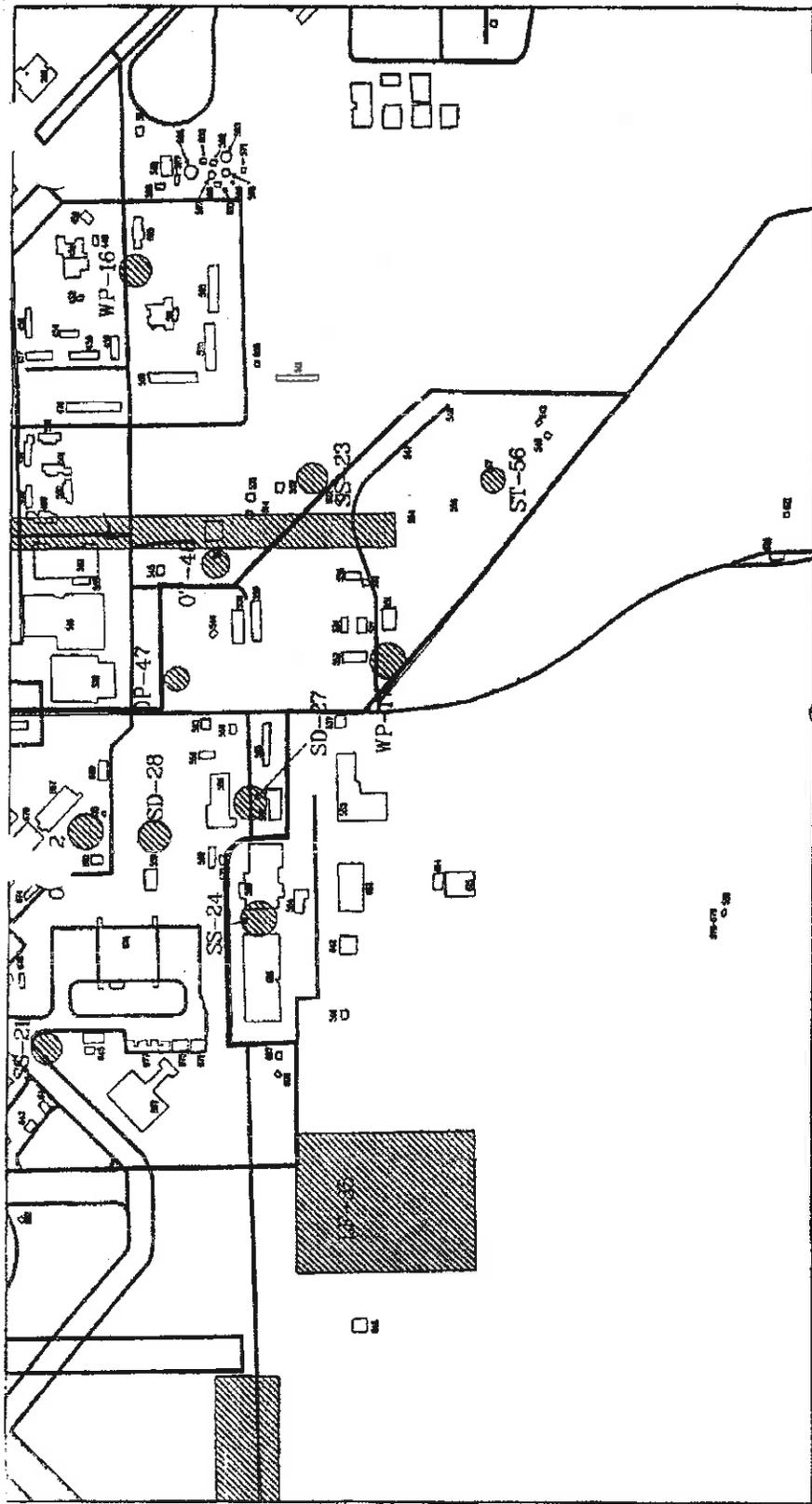
Notifications/Restrictions. The Lessee is being notified of the presence and location of this site. The Lessee is prohibited from entry to the site.

12.0 Explosive Ordnance

The former Explosive Ordnance Disposal (EOD) Branch Proficiency Range is located in the area between the instrument runway and the crosswind runway. This range has a small potential to contain unexploded ordnance in the sub surface. An EOD clearance and evaluation will be accomplished by the Air Force during 1994.

Notifications/Restrictions. The Lessee is being notified of the presence and location of the site. The Lessee is prohibited entry to site until the EOD evaluation and clearance has been completed.

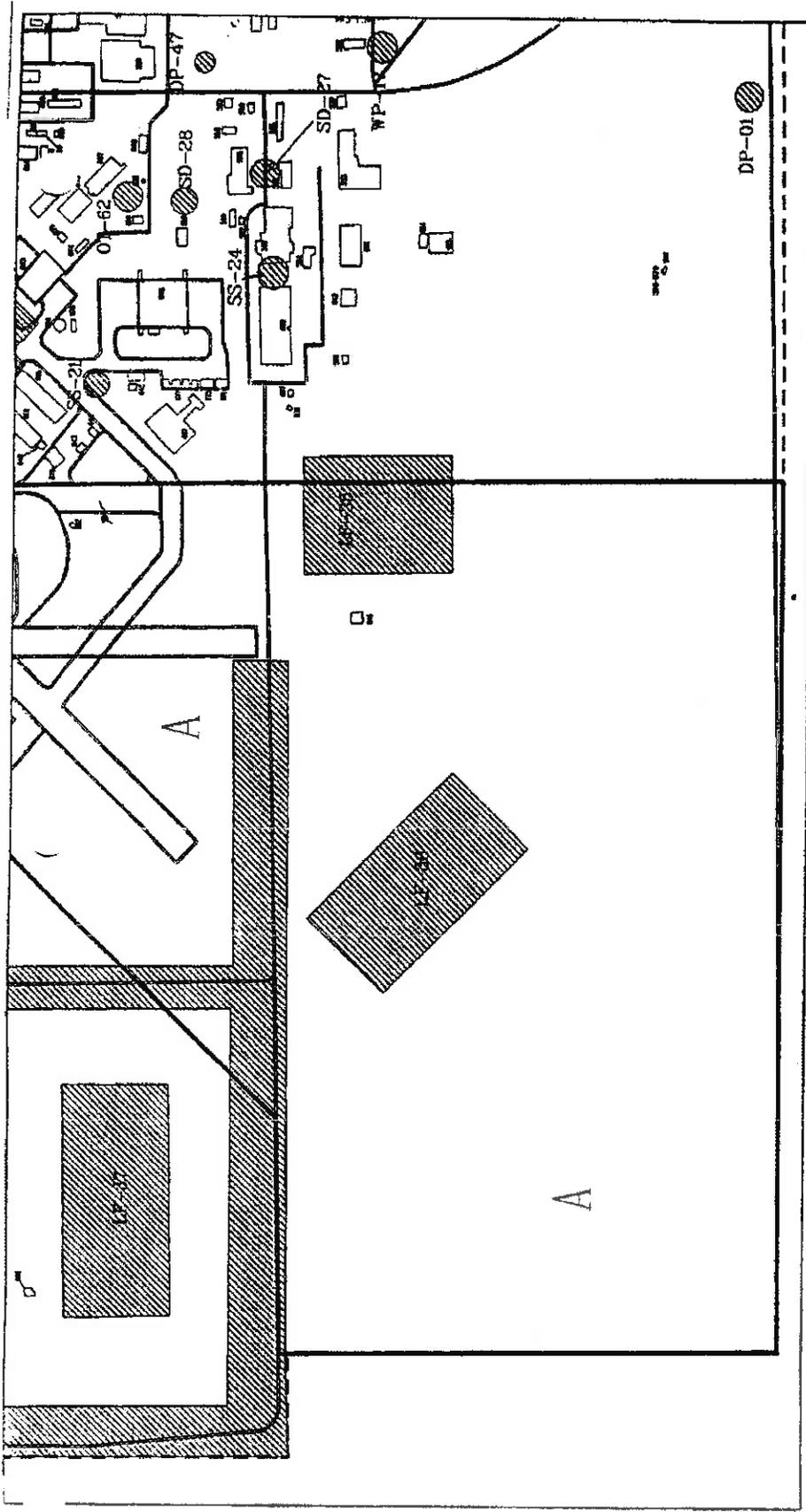
VVEDA a&c 25 yr
21 Feb 94



Parcel 'C' Property
 George AFB
 California

- Explanation**
- // Base Boundary
 - ▨ IRP Sites
 - ~ Pavement
 - ∧ Facility Boundary
 - ∧ Parcel 'C' Boundary

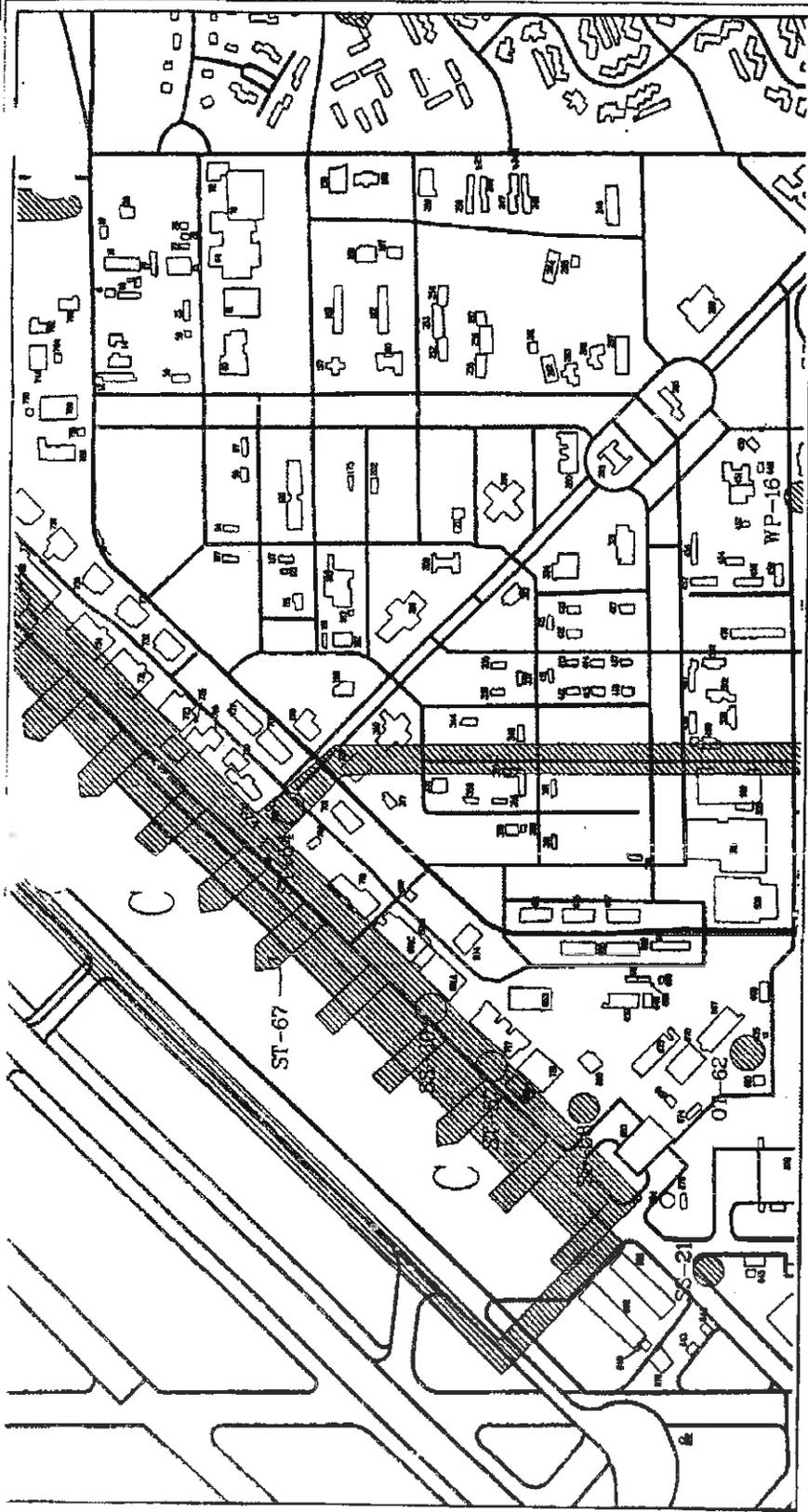




Parcel 'A' Property
 George AFB
 California



- Explanation**
- // Base Boundary
 - ▨ IRP Sites
 - ▨ Parcel
 - ~ Facility Boundary
 - ~ Parcel 'A' Boundary



Parcel 'C' Property
 George AFB
 California



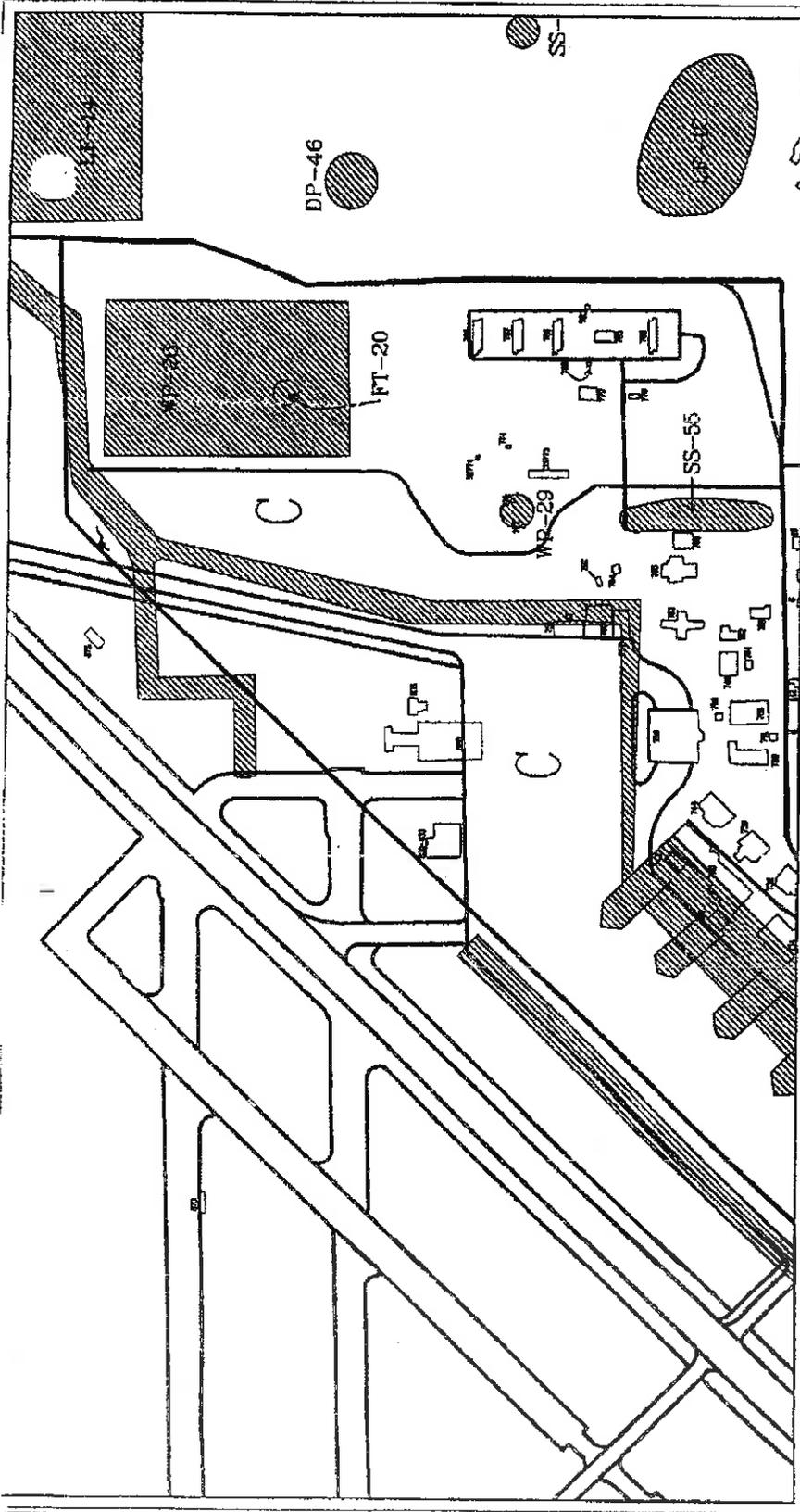
Explanation

- // Base Boundary
- ▨ IRP Sites
- ▭ Pavement
- ~ Facility Boundary
- ▭ Parcel 'C' Boundary

Parcel 'C' Property
George AFB
California



- Explanation**
- // Base Boundary
 - ▨ I&P Sites
 - ~ Pavement
 - ~ Facility Boundary
 - ~ Parcel 'C' Boundary



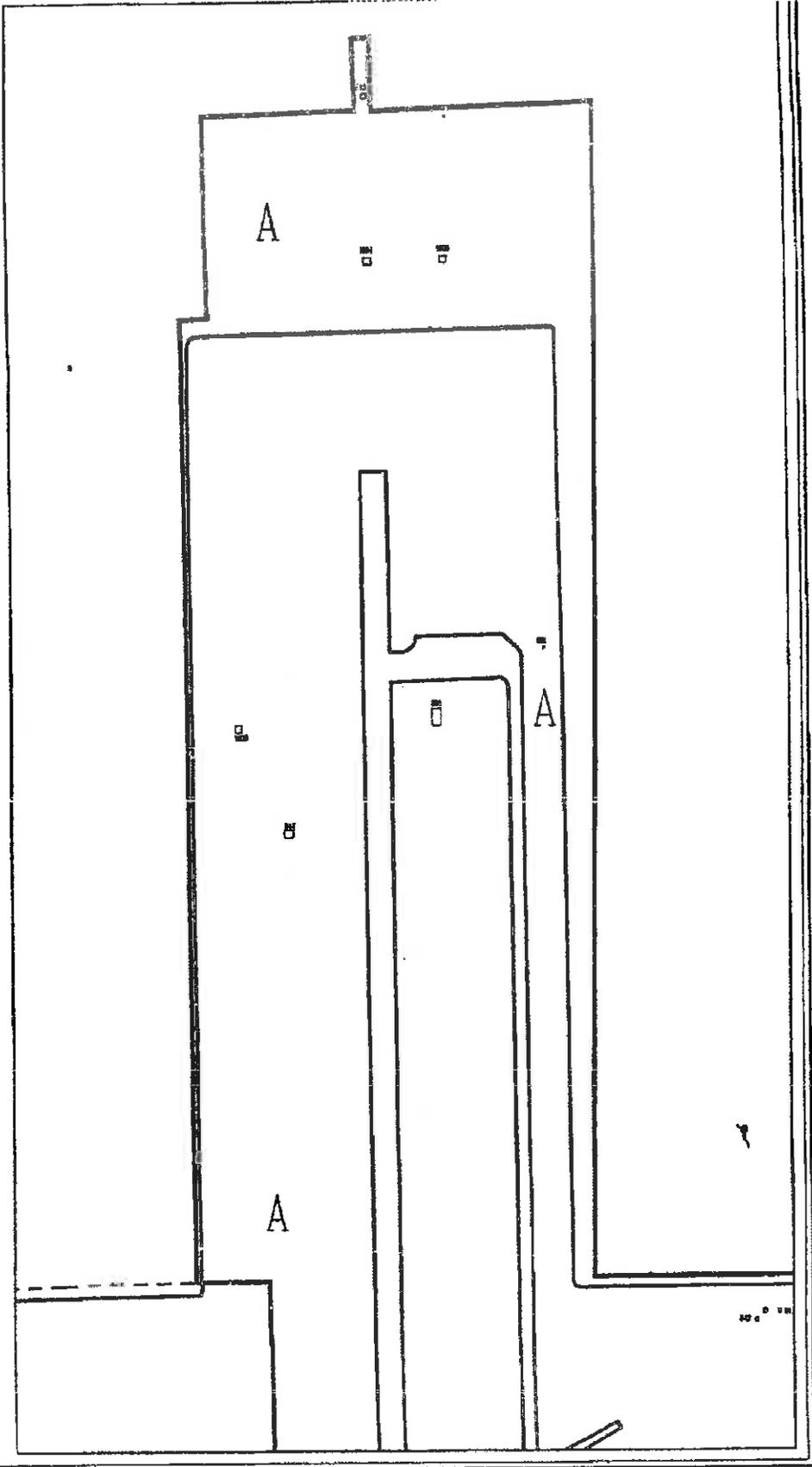
// Base Bo
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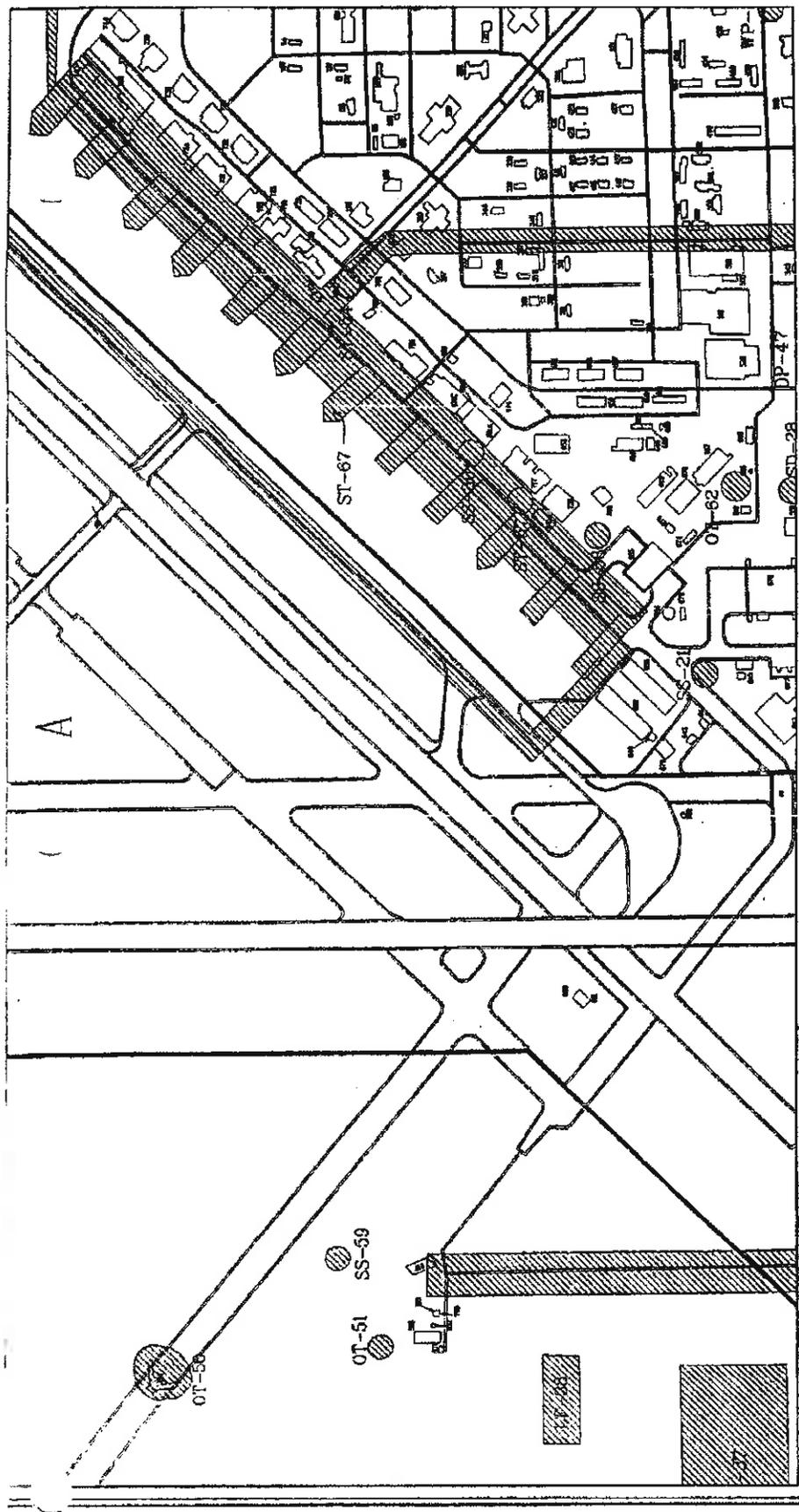
Explanation

 INP Sites



Parcel 'A' Property
 George AFB
 California



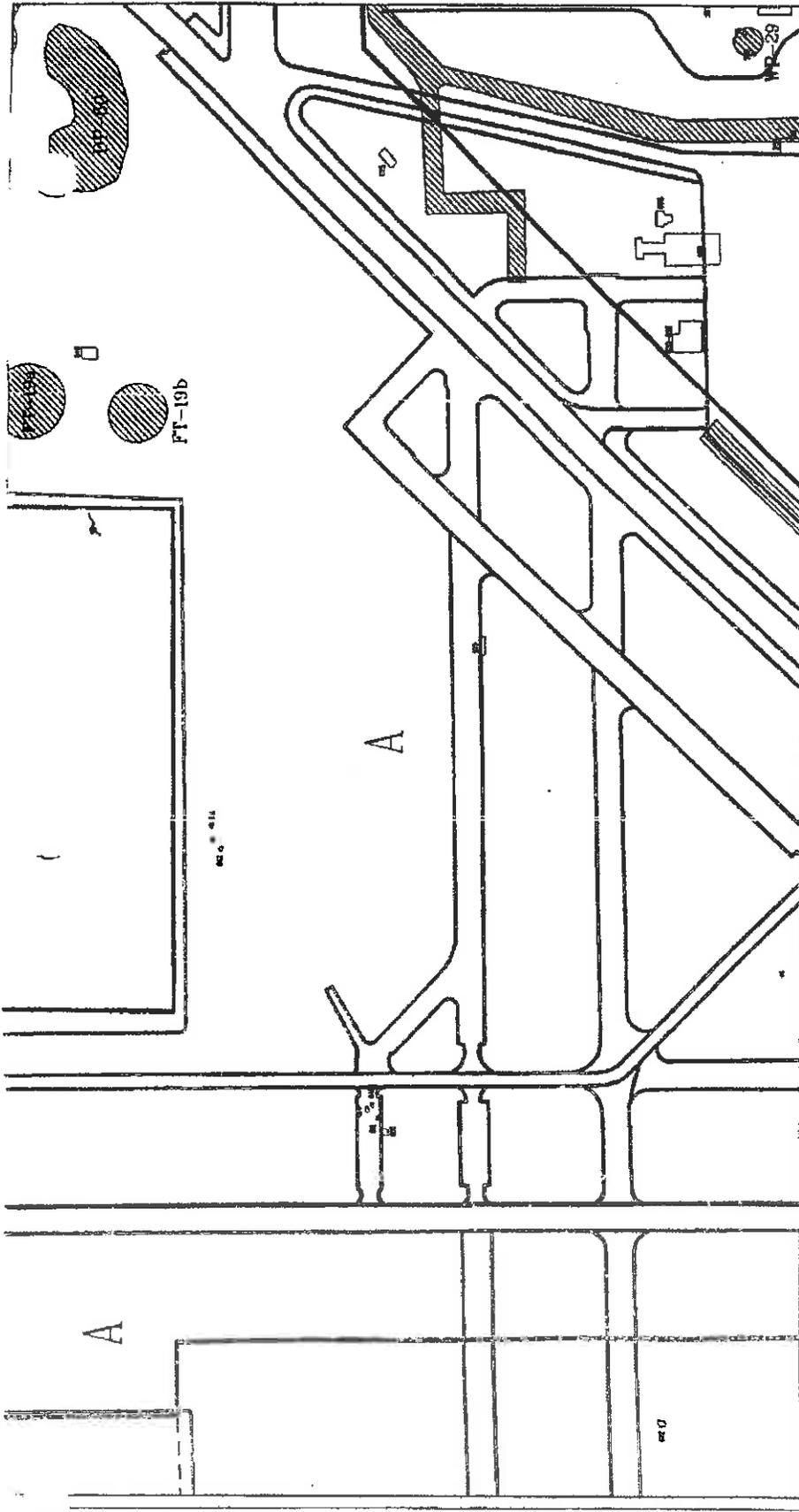


Parcel 'A' Property
 George AFB
 California



Explanation

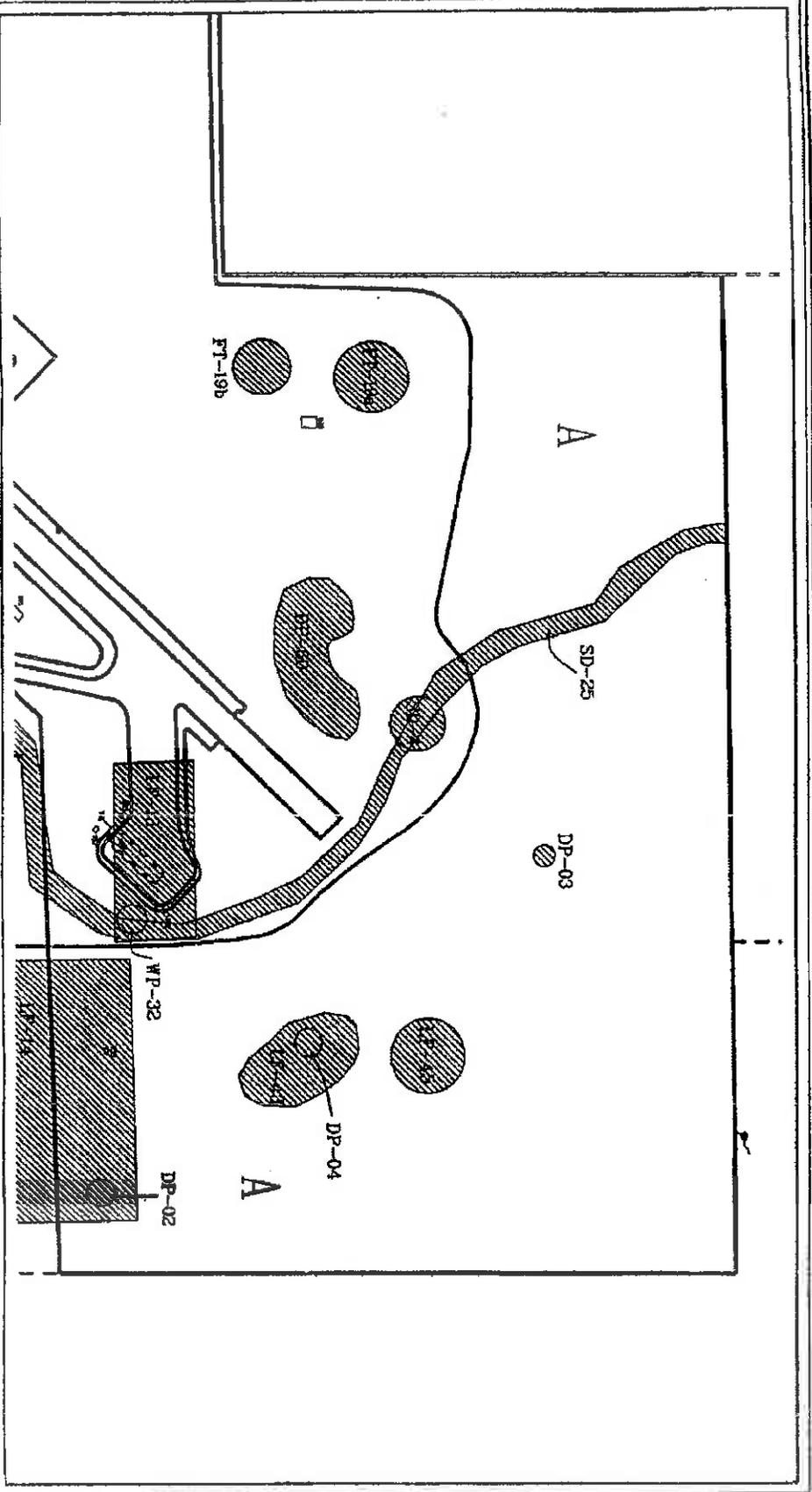
-  IRP Sites
-  Base Boundary
-  Pavement
-  Facility Boundary
-  Parcel 'A' Boundary



Parcel 'A' Property
 George AFB
 California

Explanation

- // Base Boundary
- ▨ IRP Sites
- ▨ Pavement
- ~ Facility Boundary
- ⊕ Parcel 'A' Boundary



Explanation

-- Base Boundary

~ Facility Boundary

W Parcel 'A' Boundary

▨ IRP Sites



Parcel 'A' Property
George AFB
California

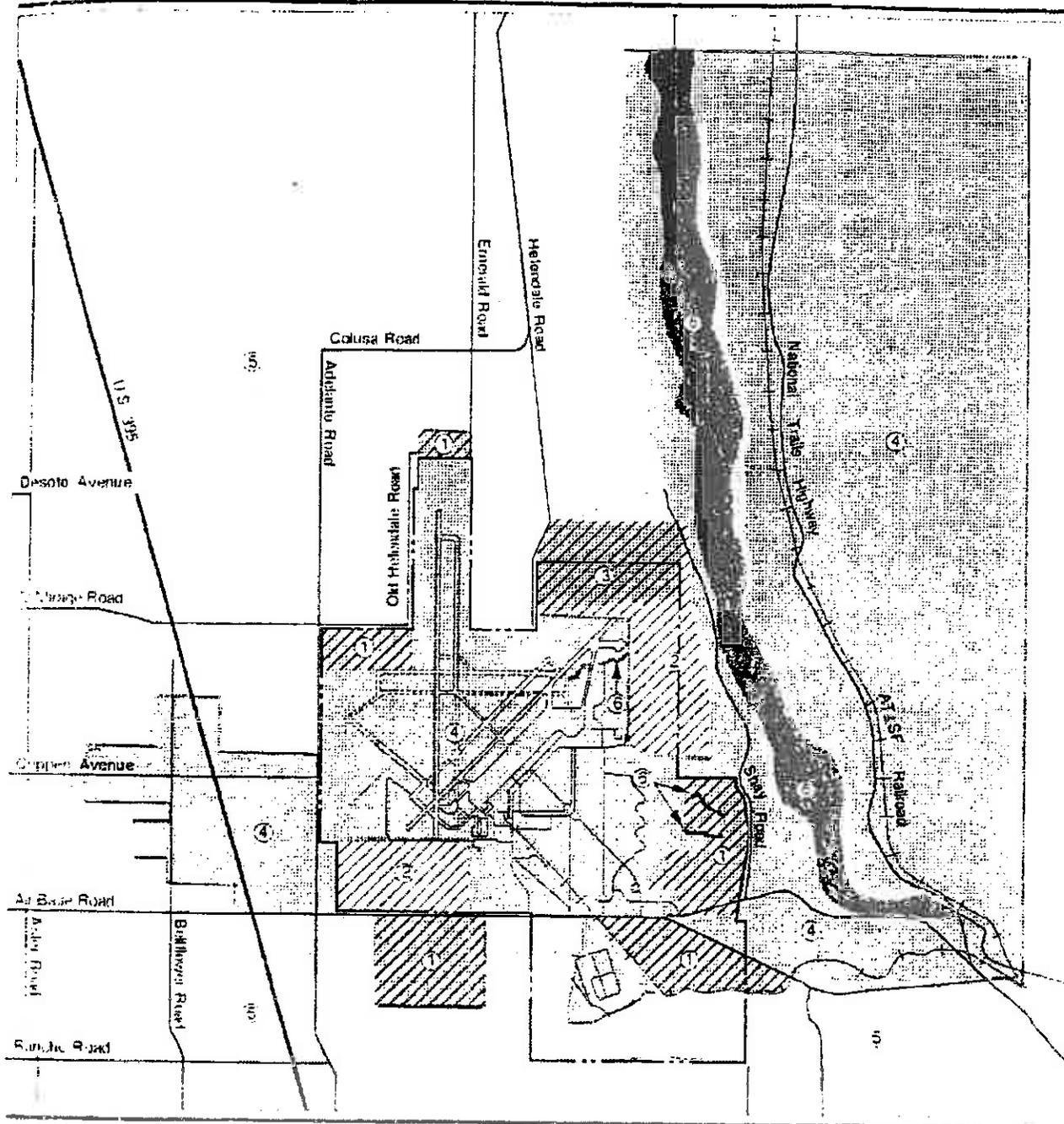
Exhibit G-1
Areas of Special Notice
At George AFB, CA

VVEDA a&c 25 yr
21 Feb 94

**Exhibit G-1a
Sensitive Habitats
At George AFB, CA**

Threatened and Endangered Species

The primary species of concern in the lease area are the desert tortoise (*Gopherus agassizii*) and the Mojave ground squirrel (*Spermophilus mohavenis*). Undeveloped areas to the north and east of the crosswind runway and areas to the south and southwest of the main runway are known to be desert tortoise habitat, see attached excerpt from the George Air Force Base Final Environmental Impact Statement, March 1992. The desert tortoise is Federally-listed. All undeveloped portions of the installation are considered to be Mojave ground squirrel habitat by the California Department of Fish and Game. The Mojave ground squirrel is listed by the State as threatened and is a Category 2 candidate for Federal listing. Habitats associated with these species are presumed sensitive in the lease area.



EXPLANATION

- Surveyed**
- 1. Tortoise
 - 2. Low Density, 20-50 Tortoises/100 Mi.
 - 3. High Density, 50-100 Tortoises/100 Mi.

- Unsurveyed**
- 4. Potential for Tortoise Encounters - High
 - 5. Potential Low Density Substantiated

- 6. Riparian
- 7. Sub-B
- 8. Sub-C

Desert Tortoise Distribution/Wetlands and Riparian Habitat

Sensitive Habitats

Figure 3-3-5

OPERATING AGREEMENT
BETWEEN
THE UNITED STATES AIR FORCE
AND

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

This operating agreement, made and entered into as of the 29th day of April 1994, by and between the United States Air Force (Lessor) and the Victor Valley Economic Development Authority (Lessee).

SECTION I. PURPOSE

This Operating Agreement implements the terms and conditions of Lease No. 6EO-94-0001 entered into as of the 29th day of April, 1994, between the Secretary of the Air Force and the Victor Valley Economic Development Authority for the use of certain premises or property on George Air Force Base (AFB) until its final disposal pursuant to the Base Closure and Realignment Act, P.L. 100-526.

SECTION II. GENERAL

The Lease incorporates this Operating Agreement by reference. In the event of any inconsistency between the provisions of the Lease and those of this Operating Agreement, the provisions of the Lease will govern.

SECTION III. REPRESENTATIVES

1. Authorized Lessor Representative. The authorized representative for executing and amending this Agreement on behalf of the Air Force is the Air Force Base Conversion Agency (AFBCA) Site Manager (SM), or his/her designee.
2. Authorized Lessee Representative. The authorized representative for executing and amending this Agreement on behalf of the Lessee is the Executive Director of Victor Valley Economic Development Authority (VVEDA) or his/her duly appointed representative.
3. On-Site Representative. The Lessee will appoint a full-time readily available on-site representative and an alternate to serve as the Single Point of Contact (SPOC). The SPOC will be available on a twenty-four (24) hour basis.

a. The appointment of an SPOC and alternate, including full names, addresses, work and home telephone numbers will be provided to the SM in writing upon execution of the Lease documents.

b. The SPOC, whether primary or alternate, will have full authority to implement and bring the operations of the Lessee into compliance with the terms and conditions of the Lease and this Operating Agreement. The SPOC will be the point of contact to validate requests to enter the Base.

c. The Lessee will ensure that key personnel are fully trained in emergency procedures and emergency notifications to the SM and appropriate community response agencies.

SECTION IV. PRIMACY OF AFBCA MISSION

The Lessee acknowledges, understands, and accepts that the AFBCA mission on George AFB has priority and primacy over all other operations on Base. This mission may require that the Lessee delay or otherwise alter its activity on the LEASED Premises, as defined in the lease, including the activity of any sublessee. If so directed by the SM, the Lessee will delay or otherwise alter its activities or the activities of its sublessees to accommodate the AFBCA mission. Every effort will be made to avoid potential scheduling problems and to resolve any scheduling problems that may arise. The SM will be the sole determining authority in resolving any conflicts between the operations of the Lessee and the AFBCA mission.

SECTION V. SECURITY

1. Base Entry and Access. The employees, contractors, subcontractors, and visitors of the Lessee shall comply with all George AFB regulations or the requirements of this Operating Agreement regarding entry and access to the Base including the LEASED Premises.

2. Vehicle and Pass Identification System. A pass and ID System is now in effect at George AFB. The employees, contractors, subcontractors, and visitors of the Lessee will comply with the provisions of this system regarding access and entry to the Base. Vehicle operators will be required to show proof of insurance and licensing prior to being issued permanent entry decals. These decals will be displayed on the windshield of the vehicles. All decals no longer required shall be removed. Temporary permits will be issued as needed and justified by the Lessee. These permits shall be returned when exiting the Base or at the time of their expiration.

3. It is understood that all vehicles operated within the confines of George AFB must be legally registered, licensed, and insured. All vehicles operated within the confines of George AFB are subject to search at any time by AFBCA security personnel.

4. Barments. The SM may bar or restrict the access and privileges of the Lessee's employees, contractors, subcontractors, and visitors for violations of Air Force Regulations and Federal or State law. This barment or restriction may include suspending driving privileges or totally

barring individuals from the Base. On request, applicable Air Force Regulations will be provided to the Lessee.

5. Operation of Gates. The AFBCA security force will operate the Housing Gate 24 hours per day seven (7) days per week including holidays. The opening of any additional access gates and access routes to the LEASED Premises will require an amendment to this Agreement.

6. Security in the LEASED Premises. Lessee will provide security for the LEASED Premises and any other premises used by the Lessee under the authority of the Lessor. AFBCA security personnel will be permitted to transit the LEASED Premises and to conduct routine patrols along the perimeter of George AFB base within the LEASED Premises. Investigation of crimes committed within the LEASED Premises is the sole responsibility of the Lessee unless Lessor informs Lessee that a Federal investigation will be conducted. Crime prevention on the LEASED Premises is also the sole responsibility of the Lessee. Requests for search authorization based on probable cause or requests for the arrest or detention of any individual on the LEASED Premises shall be made through AFBCA security personnel. Lessee's request for the prosecution of any crime committed on the LEASED Premises shall be made through the SM to the AFBCA legal staff. Security personnel retained by the Lessee shall not be armed.

SECTION VI. FIRE PROTECTION

The Lessee shall be solely responsible for fire prevention and fire protection for all property on the LEASED Premises. All existing agreements between the George AFB Fire Department and local community firefighting operations shall become null and void the date this Agreement is signed. The Fire Station (Building 724) will be shared by the Lessee and the Lessor. No equipment will be shared. The George AFB Fire Chief will be in charge of the fire station. The sharing of sleeping quarters, lounges, control room, parking bays, kitchen and dining facilities, recreation room, outside parking, locker space, and any other facilities related to the fire station shall be determined by the SM. The Lessee shall be responsible for all aircraft firefighting operations and compliance with Federal Aviation Administration standards. The Lessor shall retain full control of the gasoline pumps in front of the fire station (Building 724).

SECTION VII. DISCLAIMER

The Lessee acknowledges that George AFB, as a closed installation without flight operations, no longer maintains a crash and rescue operation and that its firefighting capabilities are limited. The Lessee also acknowledges that the Lessor may from time-to-time provide emergency structural assistance within the capability of the Lessor only so long as the Lessor retains the capability to do so and only as an addition to the firefighting capability required of the Lessee. The Lessee agrees that it has full responsibility to provide, at its sole expense, a firefighting and crash and rescue service located on the LEASED Premises and that it will have full responsibility to provide, at its sole expense and cost, firefighting and crash and rescue services of a sufficient nature to support all activities and operations on the LEASED Premises and to protect all property on the LEASED Premises. The Lessee expressly agrees to release the Government, its officers, agents and employees from all liability arising out of, or connected with, the use of, or

the failure to use Government crash and rescue, and firefighting and security equipment or personnel for fire control and any crash rescue or emergency security activities and to indemnify the Government, its officers, agents, and employees against all claims arising out of, the use of, or the failure to use Government equipment or personnel.

SECTION VIII. ACCESS

The Lessee shall have immediate and ready access to the leased premises through the Base Housing Gate along Cory Boulevard and from there to Worley Boulevard, and thence to the LEASED Premises. Any additional access routes will require an amendment to this Agreement. The Lessee is granted access to Buildings 803 and 804 for the purpose of providing communications and navigational aid support to the airfield. The Lessee shall assume all maintenance and fire protection responsibility for these two buildings. The Lessor shall have full and continual access to that portion of Building 667 that contains the ozalid machine and Base map files. The Lessee shall have ready access to the remaining portions of Building 667. The Lessee shall have access to the beacon now located on top of the Base water tower. The Lessee shall be responsible for the maintenance and operation of the beacon and shall pay utility costs associated with the operation of the beacon as determined by the SM. Any and all claims that may arise as a result of the use of or the maintenance of the beacon shall be handled in accordance with the terms of this Operating Agreement and the Lease. The Lessor shall have full use of the vehicle wash rack adjacent to the front of Building 676.

SECTION IX. PERMITS

The Lessee will make available, upon request, all applicable permits, licenses, etc., required by Federal, State, or local law for the operation of an airport and airport facilities.

SECTION X. SAFETY AND ENVIRONMENT

1. Accidents. The Lessee will notify the SM of any accident, incident, or flight mishap occurring at George AFB involving their employees and/or any other persons on the Base at the Lessee's invitation as soon after the occurrence as possible. The Lessee will promptly furnish such written reports and or other records and information concerning the occurrence as the SM may require. Copies of any reports concerning accidents, incidents, or flight mishaps forwarded to Federal, State, or local authorities will be provided to the SM at the same time they are provided to the proper authority.

2. Inspections. The AFBCA environmental staff at George AFB will be notified prior to any inspections of the leased premises by Federal, State, or local environmental regulators, and the SM will be notified prior to any inspections on the leased premises by Occupational Safety and Health Administration or California Division of Occupational Safety and Health representatives.

SECTION XI. DISPUTES

The SM and the Lessee's authorized representative are the focal points for informal resolution of any disputes concerning matters under this Operating Agreement. Disputes under this Agreement which cannot be resolved to the satisfaction of both parties shall be governed by the Lease provisions.

SECTION XII NOTICES

All notices under this Operating Agreement from either party shall be sent to the other party at the address specified in the Lease.

SECTION XIII UTILITIES

The Lessee will, at its own expense, install utility meters for gas, electricity, and water. These meters shall be installed in accordance with the terms of the Lease. The Lessee assumes all responsibility for the cost of installation and maintenance of the meters. The Lessee shall pay for all utilities consumed in the support of the leased premises and a pro rata share of the maintenance and utility expenses associated with the operation of the fire station. The Lessee shall also pay for all utility costs associated with the operation of Buildings 803 and 804. All water costs associated with the operation of the leased premises shall be computed in accordance with AFR 91-5 and the Lessee will pay for all water provided. The Lessee will pay a pro rata share of sewer services as computed by the SM at George AFB. In the event that commercial utility companies are not in a position to directly read installed meters and bill the Lessee directly, then the AFBCA caretaker contractor will read the meters and the Lessee will be billed by the Air Force. This procedure will terminate when the utilities are sold and/or transferred. The Lessee shall assume complete responsibility for the maintenance and operation of all utilities infrastructure above and below ground for gas, electricity, water, and sewage systems, and communications lines.

SECTION XIV MAINTENANCE MATERIEL

The Lessor shall retain ownership of and complete access to all maintenance materiel now located within the leased premises. This materiel includes but is not limited to sand, gravel, top soil, cable, and electrical wiring used by the caretaker contractor for the maintenance of the unleased portion of the Base.

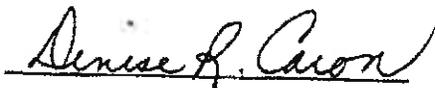
SECTION XV STATIC AIRCRAFT DISPLAYS

The Lessor shall retain ownership and control of the static aircraft display now located on the leased premises. The Lessee agrees that this aircraft shall not be moved nor tampered with in any fashion without the express written authorization of the SM. If this aircraft interferes with the operations of the Lessee then the Lessee will provide written notice to the SM allowing 60 days for corrective action.

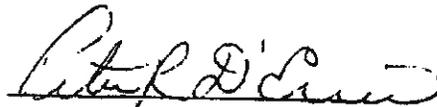
SECTION XVI. TERMINATION AND NOTIFICATION

1. Termination. This Operating Agreement shall remain in effect until the Lease expires or is sooner terminated .

2. Modification. This Operating Agreement may be amended or modified only by mutual agreement of the Air Force and the Lessee in writing and signed by each of the parties hereto. Notwithstanding the foregoing, any amendments or modifications which materially affect the Lease shall not be effective unless and until approved by the Secretary of the Air Force or a designated representative authorized to execute an amendment to the Lease.



for William A. Collins
Site Manager, OL-C (AFBCA)
George Air Force Base, California



Peter R. D'Errico, Director
Victor Valley Economic
Development Authority

Attachment # 6
EDC Agreement

ECONOMIC DEVELOPMENT CONVEYANCE AGREEMENT
BETWEEN THE DEPARTMENT OF THE AIR FORCE
AND THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

THIS AGREEMENT is made between the Secretary of the Air Force, on behalf of the United States of America ("Air Force " or "Grantor") and the Victor Valley Economic Development Authority, a separate legal entity established pursuant to a joint powers agreement by and among the County of San Bernardino, the Cities of Victorville and Hesperia, and the Town of Apple Valley pursuant to the laws of the State of California and recognized by the Secretary of Defense as the Local Redevelopment Authority for the communities in the vicinity of George Air Force Base ("Redevelopment Authority" or "Grantee"). The Air Force and the Redevelopment Authority may be referred to jointly as the "parties" or separately as a "party."

RECITALS

A. George Air Force Base ("AFB") was closed as an active military installation on December 15, 1992, pursuant to the Defense Base Closure and Realignment Act of 1988, Pub. L. No. 100-526 ("BCRA") as amended.

B. The closure of George AFB, without other economic redevelopment, will cause economic hardship for the communities in the vicinity of George AFB.

C. It is in the interest of the United States that the Department of Defense facilitate the economic recovery of communities that experience adverse economic circumstances as a result of the closure or realignment of military installations under the BCRA. To encourage such redevelopment, Congress enacted the "Pryor Amendments" (Title XXIX of the National Defense Authorization Act for Fiscal Year 1994), Pub. L. No. 103-160, which provides for Economic Development Conveyances ("EDCs") of property on military installations closed under the BCRA.

D. The Victor Valley Economic Development Authority has been recognized as a "Redevelopment Authority" by the Secretary of Defense and has requested an EDC of the property described on Exhibit A, attached hereto. The property described in Exhibit A may be referred to as the "EDC Premises."

E. The Air Force reviewed the Redevelopment Authority's request for the EDC and prepared explanations required by Section 2903, Pub. L. No. 103-160. The Secretary of the Air Force has determined that the requested EDC will facilitate the reutilization or redevelopment of George AFB in a beneficial manner or of otherwise revitalizing the impacted communities and the economies of such communities. The Air Force has completed its Environmental Impact Analysis Process and on April 11, 1996, issued a Supplemental Record of Decision supporting the Redevelopment Authority's requested EDC subject to the terms and conditions set forth in this Agreement.

F. The Air Force is required to take all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the EDC Premises as required by Section 120(h)(3)(B) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA) (42 U.S.C. § 9620(h)(3)(B)) before the EDC Premises can be conveyed by deed. Such action has not been completed and the EDC Premises cannot yet be conveyed by deed.

G. The Secretary of the Air Force, under the authority contained in 10 U.S.C. § 2667, has determined that leasing the EDC Premises pending the final disposition of the real and personal property will serve a public interest by facilitating the reutilization or redevelopment of George AFB in a beneficial manner or of otherwise revitalizing the impacted communities and the economies of such communities.

NOW, THEREFORE, the Parties hereby covenant and agree as follows:

1. Entire Agreement. This Agreement, which includes (i) the related lease agreement attached hereto as Appendix 1 ("Related Lease"), (ii) the promissory note in the principal amount of \$28,000,000.00 (TWENTY-EIGHT MILLION DOLLARS) made by the Redevelopment Authority to the order of the Air Force, attached hereto as Appendix 2 ("Promissory Note"), (iii) the deed of trust, with assignment of rents and fixture filing, encumbering the EDC Premises, attached hereto as Appendix 3 ("Deed of Trust"), all of which to be executed contemporaneously with this Agreement, and (iv) the form of the quitclaim deed attached hereto as Appendix 4 ("Quitclaim Deed") shall constitute the entire agreement between the Redevelopment Authority and the Air Force unless modified in writing signed by both parties. The Related Lease, the Promissory Note, the Deed of Trust and the Quitclaim Deed are collectively referred to herein as the "Loan Documents."

2. Condition of EDC Premises. Subject to the provisions of Recital F, above, it is understood and agreed that the EDC Premises will be transferred "as is" and "where is," without any warranty or guarantee, express or implied, of any kind or nature, except as otherwise expressly stated in this Agreement, and the Air Force shall not be responsible for any liability to the Redevelopment Authority or third persons arising from such condition of the EDC Premises. The failure of the Redevelopment Authority to inspect fully the EDC Premises or to be fully informed as to the condition thereof will not constitute grounds for any noncompliance with the terms of this Agreement.

3. Contract for Transfer of EDC Premises. It is the intent of the Redevelopment Authority and the Air Force that this Agreement will constitute a contract for the transfer of the EDC Premises described in Exhibit A to the Redevelopment Authority for TWENTY-EIGHT MILLION DOLLARS (\$28,000,000.00), setting forth the terms and conditions to be included in the deed and other instruments effecting the final disposition of the EDC Premises. Upon compliance with the requirements of CERCLA § 120(h)(3)(B) and other applicable legal and policy requirements, the Air Force will, by one or more quitclaim deeds incorporating the applicable terms and conditions as set out in this Agreement, as specifically set out in Appendix 4, and any other reservations, restrictions, easements, and exceptions, required by law or pursuant to this Agreement, convey to the Redevelopment Authority all of its right, title and interest in and to the EDC Premises, and the Redevelopment Authority will accept the conveyance or conveyances. The terms and conditions of the consideration to be paid for this EDC are set forth in the Promissory Note and Deed of Trust at Appendixes 2 and 3.

4. Tender of Conveyance. Upon compliance with the applicable requirements of CERCLA § 120(h), the Air Force will tender conveyance of the EDC Premises or any identifiable portion of the EDC Premises to the Redevelopment Authority. Upon the Air Force's tender of conveyance of any such property, the Redevelopment Authority shall promptly accept the tender. Notwithstanding the foregoing, at the Redevelopment Authority's request, the Air Force, in its discretion, may agree to defer any conveyance or conveyances for a reasonable period of time in order to create reasonably compact and economically useful parcels. Such deferral shall not extend beyond the date when the requirements of CERCLA § 120(h) have been satisfied as to the entire EDC Premises. Failure of the Redevelopment Authority to accept the proper tender of a deed to any portion of the EDC Premises under this condition shall be deemed to be a breach of this Agreement, and the Air Force may exercise any of the remedies for breach or default set forth in this Agreement or otherwise provided by law. Following the exercise of its available remedies, the Air Force may make the EDC Premises available for negotiated or public sale in accordance with the terms of the Federal Property and Administrative Services Act of 1949 or other applicable law.

5. Conditions of Possession prior to Conveyance. Upon execution of this Agreement, the Redevelopment Authority may, upon execution of the Related Lease, immediately enter into possession of the EDC Premises and use, operate, and maintain the same subject to, and in accordance with, the terms and conditions herein and the Related Lease. In addition, for the period prior to final disposition of the EDC Premises by deed conveying legal title to the Redevelopment Authority, the exercise of the right of immediate possession shall be subject to and in accordance with the additional terms and conditions contained in subsections 5.1 to 5.6 inclusive. In the event of any inconsistency between the provisions of subsections 5.1, 5.2, 5.3, 5.4, 5.5 or 5.6 of this Agreement and any provisions of the Related Lease, the provisions of the Related Lease will control.

5.1. Limitation on Major Structural Changes. The Redevelopment Authority shall be responsible for all costs associated with any major structural change or changes, including those made prior to conveyance by deed. Such additions or improvements shall be subject to all terms and conditions of this Agreement. The Redevelopment Authority agrees, to the extent permitted by applicable law, to indemnify and hold the Air Force harmless from mechanics' and materialmen's liens arising from any additions, improvements, or alterations effected by the Redevelopment Authority.

5.2. Right of Inspection. For the duration of this Agreement, the Air Force or its designated representatives shall have the right to inspect the EDC Premises at all times upon reasonable notice.

5.3. Claim for Damages. The Redevelopment Authority agrees to indemnify, save and hold harmless the United States to the extent allowable under applicable law, against and from any and all claims for damages which may arise from, or in connection with, the privileges herein granted, excepting claims for injuries or death to persons caused by the gross negligence or willful misconduct of the officers, employees, or agents of the Air Force without contributory fault on the part of any person, firm or corporation.

5.4. Payment of Charges Due. The Redevelopment Authority shall assume responsibility for the payment of all taxes and assessments and public utility charges becoming due on the EDC Premises from the date of its entering into possession of the EDC Premises.

5.5. Violation or Neglect of Contract. If the Redevelopment Authority violates or neglects to perform any of the terms or conditions of this Agreement (i) prior to the delivery of a deed conveying title to any portion of the EDC Premises, it will, if required by the Air Force, vacate the EDC Premises, but subject to the rights of Sublessees under the Related Lease, or (ii) prior to the delivery of the Deeds conveying title to all of the EDC Premises to be conveyed, it will, if required by the Air Force, vacate that portion of the EDC Premises which remains encumbered by the Deed of Trust, but subject to the rights of Sublessees under the Related Lease, and, in either event, the Redevelopment Authority, if required by the Air Force, shall remove all property of the Redevelopment Authority therefrom and restore the land, improvements, facilities, and equipment included therein to as good condition on such date of expiration or relinquishment as when received, ordinary wear and tear excepted and subject to the rights of the Sublessees. If the Redevelopment Authority shall fail or neglect to remove such property and to restore the land, improvements, facilities, and equipment included therein, then, at the option of the Air Force, such property shall either become the property of the United States without compensation therefor, or the Air Force may cause such property to be removed and the land, improvements, facilities, and equipment included therein to be so restored at the expense of the Redevelopment Authority, and no claim for damage against the United States or its officers, employees, or agents shall be created by, or made on account of, such removal and restoration.

5.6. When United States Property is Unaccounted For. If, upon removal of the Redevelopment Authority from the EDC Premises prior to its acceptance of delivery of the instruments of transfer conveying title to the EDC Premises, any property, real or personal (other than unsalable supplies and maintenance materials), of the United States is unaccounted for, the Redevelopment Authority shall make replacement to the satisfaction of the Air Force, or in lieu of such replacement, the Redevelopment Authority shall, if so required by the Air Force, pay to the United States money in an amount sufficient to compensate for the loss sustained by the United States or any of its agencies.

6. Conveyance of Personal Property. Upon conveyance of any portion of the EDC Premises by Related Lease to the Redevelopment Authority, Personal Property associated with the EDC Premises shall be conveyed to the Redevelopment Authority by Bill of Sale executed concurrently with such Related Lease.

7. Prohibition Of Certain Transactions. The consideration provisions set forth in the Loan Documents require the Redevelopment Authority to share the revenues generated from leases of the EDC Premises. The Redevelopment Authority shall enter into such leases of the EDC Premises only through negotiations intended to result in bona fide offers to lease at the highest price or rent feasible under the circumstances existing at the time of the transaction. Such transactions shall not be designed to, or have the effect of, circumventing the Air Force's recovery of its share of revenues, provided, however, that nothing in this condition shall preclude the use of economic incentives in such transactions as long as such incentives are arrived at between the Redevelopment Authority and its lessees, through good faith, arms-length negotiations. Such leases must be in conformance with Air Force-approved criteria. The determination of the Air Force as to the propriety of such transaction shall be conclusive, absent fraud or misrepresentation by the Redevelopment Authority. In addition, the following specific provisions shall apply:

7.1. Without the prior written approval of the Air Force, or its designee, the Redevelopment Authority shall not sell or lease or otherwise transfer any interest in real property in any portion of the EDC Premises to any person, corporation, public body, or other transferee, if any employee, officer, board member, or other person in a position of trust or responsibility within the Redevelopment Authority's organization, or family member thereof, has any ownership interest in the person, corporation, public body, or other transferee to which any interest of the EDC Premises may be transferred.

7.2. Should the Redevelopment Authority violate any provision of this condition, the Air Force may, at its option, nullify the violating transaction, require the Redevelopment Authority to account for the transaction as if it had occurred at appraised fair market value, or declare this Agreement in breach and exercise any available remedies set forth in this Agreement or otherwise provided by law.

7.3. Should the Redevelopment Authority sell or lease or otherwise transfer any interest in real property in any portion of the EDC Premises to any agency, public body, municipal corporation, or other public agency which is represented in the organization of the Redevelopment Authority, the consideration for the sale, lease or other transfer of any interest in real property in any portion of the EDC Premises transfer must be for the fair market value or greater, unless approved in writing by the Air Force, which approval shall not be unreasonably withheld.

8. Accounting and Audits.

8.1. In order to verify compliance with the terms and conditions of this Agreement regarding consideration, the Redevelopment Authority, or its successors or assigns, shall submit rent rolls, certified as accurate by the appropriate official within the Redevelopment Authority, for each facility located on the EDC Premises indicating the amount of gross rents received by the Redevelopment Authority during the prior month, which report shall be delivered on or before the 15th day after the end of the calendar month. Such certified rent roll shall be in a form consistent with commercial transactions and shall include, at a minimum, the identity of the rental facility or unit, the name of each renter, the monthly rent collected and delinquencies, if any.

8.2. Records and Books of Account. The Redevelopment Authority agrees that the Comptroller General of the United States or the Auditor General of the United States or the Auditor General of the United States Air Force or any of their duly authorized representatives shall, until the expiration of three (3) years after the expiration or earlier termination of this Agreement, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Redevelopment Authority involving transactions related to this Agreement. The Redevelopment Authority further agrees that any sale, lease, or other transfer of any interest in the EDC Premises (or any part thereof will contain a provision to the effect that the Comptroller General of the United States or the Auditor General of the United States Air Force or any of their duly authorized representatives shall, until three (3) years after the expiration or earlier termination of this Agreement, have access to, and the right to examine, any directly pertinent books, documents, papers, and records of the grantee, lessee, assignee or other successor involving transactions related to the transfer of any interest in the EDC Premises or any part thereof.

9. Presence of Asbestos. The EDC Premises are improved with buildings and facilities and equipment that may contain asbestos-containing materials. The Environmental Baseline Survey, a copy of which the Redevelopment Authority acknowledges having received, discloses the condition and known locations of any asbestos-containing materials.

WARNING!

9.1. The EDC Premises contain asbestos-containing materials. Unprotected or unregulated exposure to asbestos in product manufacturing, shipyard, and building construction workplaces has been associated with asbestos-related diseases. Both the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA) regulate asbestos because of the potential hazards associated with exposure to airborne asbestos fibers. Both OSHA and EPA have determined that such exposure increases the risk of asbestos-related diseases, which include certain cancers and which can result in disability or death.

9.2. The Redevelopment Authority has been invited, urged, and cautioned to inspect the EDC Premises prior to submitting its application for an EDC. More particularly, the Redevelopment Authority was invited, urged and cautioned to inspect the EDC Premises as to its asbestos content and condition and any hazardous or environmental conditions relating thereto. The Air Force has assisted the Redevelopment Authority in obtaining any authorizations which may have been required in order to carry out any such inspections. The Redevelopment Authority shall be deemed to have relied solely on its own judgment in assessing the overall conditions of all or any portion of the EDC Premises, including, without limitation, any asbestos hazards or concerns.

9.3. No warranties, either express or implied, are given with regard to the condition of the EDC Premises including, without limitation, whether the EDC Premises do or do not contain asbestos or are or are not safe for a particular purpose. The failure of the Redevelopment Authority to inspect or to be fully informed as to the condition of all or any portion of the EDC Premises will not constitute grounds for any claim or demand for adjustment or withdrawal by the Redevelopment Authority from this Agreement or rejection of the Air Force's tender of any deed pursuant hereto.

9.4. The description of the EDC Premises set forth in this Agreement and any other information provided therein with respect to the EDC Premises is based on the best information available to the Air Force and is believed to be correct, but an error or omission, including, but not limited to, the omission of any information available to the Air Force or any other Federal agency, shall not constitute grounds or reason for nonperformance of this Agreement or any claim by the Redevelopment Authority against the Air Force including, without limitation, any claim for allowance, refund, deduction, or payment of any kind. The Air Force will, at no expense to it, cooperate in executing and delivering quitclaim deeds necessary to convey omitted land intended to be included in the EDC Premises and to correct any description of the EDC Premises.

9.5. The Air Force assumes no liability for damages for personal injury, illness, disability, or death to the Redevelopment Authority or to the Redevelopment Authority's successors, assigns, employees, invitees, or any other person subject to the Redevelopment Authority's control or direction, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the EDC Premises, whether the Redevelopment Authority, its successors or assigns, has or have properly warned or failed properly to warn the individual(s) injured.

9.6. The Redevelopment Authority further agrees that in its use and occupancy of the EDC Premises it will comply with all applicable Federal, State, interstate, and local laws relating to asbestos.

10. Presence of Lead-based Paint. The EDC Premises includes improvements that are presumed to contain lead-based paint because they are thought or known to have been constructed before 1978. The risks associated with lead-based paint are summarized in the Lead Warning Statement at Appendix 5. The deed or deeds conveying the EDC Premises to the Redevelopment Authority will contain a covenant to insure that the lead-based paint poisoning prevention requirements imposed by Title 24, Code of Federal Regulations, Part 35, are met before any use of the property for residential habitation or by children under seven (7) years of age.

11. Protection of Wetlands. If any portions of the EDC Premises are subsequently determined to be jurisdictional "wetlands" by the United States Army Corps of Engineers or the U.S. Environmental Protection Agency, all construction on those portions of the EDC Premises must comply with WETLAND CONSTRUCTION RESTRICTIONS contained in Title 33, Code of Federal Regulations, Sections 320 through 330, as amended, and any other applicable Federal, State, interstate or local wetlands regulations.

12. Hold Harmless. The Redevelopment Authority and any subsequent grantee, lessee, assignee, or other successor in interest to the EDC Premises or any subdivision thereof, shall, to the extent permitted under applicable law, indemnify, save, and hold harmless the United States from any damages, costs, expenses, liabilities, fines, or penalties resulting from releases, discharges, emissions, spills, storage, disposal of, or any other acts or omissions related to any toxic or hazardous wastes, substances, or materials, or petroleum or petroleum derivatives by the Redevelopment Authority and any subsequent lessee, grantee, assignee, or other successor in interest to the EDC Premises or any subdivision thereof, their officers, agents, employees, contractors, or sublessees or licensees, or the invitees of any of them, giving rise to Air Force liability, civil or criminal, or responsibility under Federal, State, interstate or local environmental laws. This condition shall survive the expiration or termination of this Agreement, and the obligations hereunder of the Redevelopment Authority and any subsequent grantee, lessee, assignee, or other successor in interest to the EDC Premises or any subdivision thereof shall apply whenever the Air Force incurs costs or liabilities for the Redevelopment Authority's actions of the types described in this Section 12.

13. Environmental Cleanup Liability. Notwithstanding any other provision of this Agreement, the Redevelopment Authority and its successors do not hereby assume any liability or responsibility for environmental impacts and damage caused by the Air Force's use of toxic or hazardous wastes, substances, or materials, or petroleum or petroleum derivatives, on any portion of George AFB, including the EDC Premises. The Redevelopment Authority and its successors have no obligation under this Agreement to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any toxic or hazardous wastes, substances, or materials, or petroleum or petroleum derivatives, on or from any part of George AFB, including the EDC Premises, prior to the earlier of the first day of the Redevelopment Authority's occupation or use of each such portion of or such building, facility or other improvement on the EDC Premises under any lease entered into between the Parties on the date of this Agreement.

13.1. For the purposes of this condition, "defense" or "environmental response, remediation, or cleanup" include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. "Occupation" or "use" shall mean any activity or presence (including preparation and construction) in or upon such portion of, or such building, facility or other improvement on the EDC Premises.

13.2. This condition does not relieve the Redevelopment Authority and its successors of any obligation or liability they might have or acquire with regard to third parties or regulatory authorities by operation of law.

13.3. The Air Force recognizes and acknowledges its obligations under Section 330 of the National Defense Authorization Act, 1993, P. L. 102-484, as amended, which provides for indemnification of certain transferees of closing defense property. In accordance with Section 330, The Secretary of Defense shall hold eligible parties harmless, and defend and indemnify them in full from and against any suit, claim, demand or action, liability, judgment, cost or other fee arising out of any claim for personal injury or property damage (including death, illness, or loss of or damage to property or economic loss) that results from, or is in any way predicated upon, the release or threatened release of any hazardous substance, pollutant, or contaminant, or petroleum or petroleum derivative, as a result of Department of Defense activities at any military installation (or portion thereof) that is closed pursuant to a base closure law.

13.4. This condition shall survive the termination of this Agreement.

14. Risk of Loss. From the time this Agreement is executed, and except as otherwise provided above, the Redevelopment Authority shall bear all risks and shall bear any and all losses sustained by reason of damage due to casualty that may be suffered by the EDC Premises and shall bear any and all losses associated therewith, subject to the provisions of the Related Lease and Deed of Trust regarding use of insurance proceeds. Notwithstanding any such losses or damage, each and all of the provisions of this Agreement shall remain unimpaired and in full force and effect.

15. Covenant Against Contingent Fees. The Redevelopment Authority warrants that no person or selling agency has been employed or retained to solicit or secure acceptance of this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or established commercial or selling agencies maintained by the Redevelopment Authority for the purpose of securing business. For breach or violation of this warranty, the Air Force shall have the right to annul this Agreement without liability, or in its discretion, to require the Redevelopment Authority to pay to it the full amount of such commission, percentage, brokerage, or contingent fee.

16. Disputes.

16.1. Except as otherwise provided in this Agreement, any dispute concerning a question of fact arising under this Agreement which is not disposed of by agreement shall be decided by the Director, AFBCA, or his successor in function. The Director, AFBCA, shall reduce the decision to writing and mail or otherwise furnish a copy to the Redevelopment Authority. The decision of the Director, AFBCA, shall be final and conclusive unless, within thirty (30) days from the date of receipt of such copy, the Redevelopment Authority mails or otherwise furnishes to the Director, AFBCA, a written appeal addressed to the Secretary of the Air Force. The decision of the Secretary or the Secretary's duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this condition, the Redevelopment Authority shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Redevelopment Authority shall proceed diligently with the performance of the Agreement in accordance with the decision of the Director, AFBCA.

16.2. In the alternative, before proceeding under subsection 16.1, either party may choose to submit the dispute to arbitration pursuant to the Administrative Disputes Resolution Act ("Act"), 5 U.S.C. §§ 571-583, as amended, by giving notice to the other party.

16.2.1. Within fifteen (15) days following receipt of notice, the receiving party shall submit to the other party the names of three arbitrators, experienced in the field of the matter of dispute, selected from a roster maintained by the Federal Mediation and Conciliation Service or any comparable organization. The initiating party will then have fifteen (15) days to select one of the three arbitrators and provide notice to the receiving party of the selected arbitrator. The initiating party will promptly notify the arbitrator of the selection and arrange for his employment jointly by the parties.

16.2.2. The arbitrator will arbitrate the dispute according to the Act and any rules of the American Arbitration Association not in conflict with the Act or any other Federal statute. The arbitrator will convene the arbitration hearing within fifteen (15) days after being hired and render a decision within thirty (30) days after the hearing unless both parties agree to an extension of time. The Air Force and the Redevelopment Authority agree to share the costs of the arbitrator equally, subject to the availability to the Air Force of appropriated funds.

16.2.3. Pending final decision of a dispute hereunder, the Redevelopment Authority shall proceed diligently with the performance of the Agreement in accordance with the decision of the Director, AFBCA.

16.2.4. Pursuant to the Act, the authority of a Federal agency to use dispute resolution proceedings under the Act shall terminate on October 1, 1995, as to disputes arising on or after that date; however, consistent with the Act, the Air Force may elect to continue then pending dispute resolution proceedings. If authority to use alternative dispute resolution is not reenacted, this clause shall be of no force and effect on and after October 1, 1995, except to the extent the Air Force has elected to continue a then pending dispute resolution proceeding. If the Act is extended or reenacted in modified form, but continues to authorize alternative dispute resolution by Federal agencies, the provisions of this Agreement shall be deemed to be modified to be consistent with the amended statutory procedures.

16.2.5. In the event an arbitration award is made which is contrary to the Air Force's position and the Secretary of the Air Force subsequently vacates the award pursuant to 5 U.S.C. § 580(c), the Redevelopment Authority may proceed, by agreement of the parties hereby entered, pursuant to subsection 16.1. In such case, the evidence, positions of the parties, and the arbitrator's decision shall not be admissible or considered in any proceedings under subsection 16.1 or any subsequent judicial proceedings.

16.3. This subsection does not preclude consideration of questions of law in connection with decisions provided for in subsection 16.1. Nothing in this subsection, however, shall be construed as making final the decision of any administrative official, representative or board on a question of law.

17. Officials Not to Benefit. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom. This provision shall not be construed to extend to this Agreement if made with a corporation for its general benefit.

18. Gratuities. The Air Force may, by written notice to the Redevelopment Authority, terminate this Agreement if it is found after notice and hearing, by the Secretary of the Air Force, or the Secretary's duly authorized representative, that gratuities in the form of entertainment, gifts, or otherwise, were offered or given by the Redevelopment Authority, or any agent or representative of the Redevelopment Authority, to any officer or employee of the Air Force with a view toward securing an agreement or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such agreement; provided that the existence of the facts upon which the Secretary of the Air Force or the Secretary's duly authorized representative makes such finding, shall be an issue and may be reviewed in any competent court. In the event this Agreement is so terminated, the Air Force shall be entitled to pursue the same remedies against the Redevelopment Authority as it could pursue in the event of a breach of this Agreement by the Redevelopment Authority, and as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount as determined by the Secretary of the Air Force or the Secretary's duly authorized representative which shall be not less than three nor more than ten times the costs incurred by the Redevelopment Authority in providing any such gratuities to any such officer or employee. The rights and remedies of the Air Force provided in this condition shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

19. No Joint Venture. Nothing contained in this Agreement will make, or will be construed to make, the parties hereto partners or joint venturers with each other, it being understood and agreed that the only relationship between the Air Force and the Redevelopment Authority is that of landlord and tenant, and lender and borrower. Neither will anything in this Agreement render, or be construed to render, either of the parties hereto liable to any third party for debts or obligations of the other party hereto.

20. Failure of the Air Force to Insist on Compliance. The failure of the Air Force to insist in any one or more instances upon strict performance of any of the terms, covenants or conditions of this Agreement shall not be construed as a waiver or a relinquishment of the Air Force's rights to the future performance of any such terms, covenants or conditions, but the obligations of the Redevelopment Authority with respect to such future performance shall continue in full force and effect.

21. Attorneys' Fees. If either party files any action or brings any proceeding against the other arising from this Agreement, then as between the parties, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, reasonable attorney fees to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorney fees. No sum for attorney fees shall be included in calculating the amount of a judgment for purposes of deciding whether a party is entitled to its costs or attorney fees. All references to "attorneys' fees" in this Agreement shall include without limitation such amounts as may then be charged to such party for legal services furnished by attorneys in the employ of such party, at rates not exceeding those that would be charged by outside attorneys for comparable services.

22. Planning and Development Activities. The Air Force is aware that the Redevelopment Authority is acquiring the EDC Premises for development. Accordingly, the Air Force agrees that it shall cooperate reasonably with the Redevelopment Authority and sign such documents and undertake such other acts, so long as such can be completed without incurring costs or liability, as are necessary for the Redevelopment Authority to complete the planning, zoning and development of the EDC Premises, the resale and marketing of any portion of the EDC Premises, and the formation and operation of special districts, metropolitan districts and other quasi-governmental entities organized for the purpose of providing infrastructure facilities and services to or for the benefit of the EDC Premises.

22.1. The Air Force consents to the inclusion of any portion of the EDC Premises within the boundaries of any special district, metropolitan district, or other political subdivision of the State of California, or other entity organized and operated for the purposes of providing infrastructure facilities or services to or for the benefit of the EDC Premises and empowered to issue bonds or other obligations under the laws of the State of California.

22.2. The Air Force consents to the zoning, masterplanning, subdivision, or other similar land use approval or proceeding initiated or otherwise approved by the Redevelopment Authority and relating to any portion of the EDC Premises, provided, however that any such land use development activities shall be approved by the Board of Directors of the Redevelopment Authority under the Redevelopment Plan and shall not be inconsistent with the Record of Decision.

22.3. Nothing in this Section 22 shall be construed as consent by the Air Force, or its successor, to permit or participate in any action by the Redevelopment Authority which would in any way impair the Air Force's security interest in the EDC Premises or Related Lease.

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23. Temporary Retention of Facilities by the United States. The United States shall retain possession and control and shall be solely responsible for the protection and maintenance of Building 605 and the adjoining parking lot, and Rooms # 219, 220, 224, 229, 237, 239 - 243, 245 - 250, 252, 256, 257, 261, 262, and all restrooms on the second floor, in Building 321 and twenty parking spaces in the adjoining parking lot, as more fully described in Exhibit C, until such time as the Redevelopment Authority shall procure a fair market value rent lessee for such areas. At such time, and upon 30 days written notice, the United States shall, at its own expense, relocate all operations and personnel to Building 701. The Redevelopment Authority shall enter into a standard GSA lease with the United States for Building 701 and the adjoining parking lot with an initial term of five years, renewable at the option of the United States, at no cost. If, prior to the expiration of any lease with the United States, the Redevelopment Authority shall procure a fair market value rent lessee for such property and desires the United States to vacate such property it shall provide substitute space on George AFB of equal size and quality under the same terms and conditions as applied to the lease of Building 701 and shall reimburse the United States for all reasonable costs associated with such relocation. However, in no case shall the United States be requested to relocate prior to its having occupied Building 701 for one year. The conditions governing the United States access to and use of such facilities are set forth in the Operating Agreement at Appendix 6.

24. Cross-Collateralization: Merger. Any default by the Redevelopment Authority under this Agreement shall constitute an event of default under the other Loan Documents, and any default by the Redevelopment Authority as a party under any of the other Loan Documents shall constitute an event of default under this Agreement. Upon the conveyance of any portion of the EDC Premises to the Redevelopment Authority by deed in accordance with this Agreement, the leasehold interest of the Redevelopment Authority under the Related Lease shall merge into the fee interest of the Redevelopment Authority in such part of the EDC Premises so conveyed, and the Related Lease shall terminate as to such parts, provided however, that such conveyance and termination of the Related Lease shall not effect a release of the lien of the Deed of Trust on any such part unless and until the requirements of the reconveyance provisions of the Deed of Trust have been fully satisfied.

25. Headings or Titles. The brief headings or titles which may precede sections of this Agreement are merely for purposes of identification, convenience, and ease of reference, and will be completely disregarded in the construction of this Agreement.

26. Counterparts. This Agreement is executed in two (2) counterparts each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

27. Personal Pronouns. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, will include all other genders.

28. Exhibits and Appendices. The following exhibits and appendices are attached to and made a part of this Agreement:

Exhibit A	Legal Description and Survey of EDC Premises
Exhibit A-1	Narrative Boundary and Facilities Identification
Exhibit B	Personal Property
Exhibit C	United States Retained Areas (Please see Appendix #6)
Appendix 1	Related Lease
Appendix 2	Promissory Note
Appendix 3	Deed of Trust
Appendix 4	Draft Quitclaim Deed
Appendix 5	Lead Warning Statement
Appendix 6	Operating Agreement
Appendix 7	Bill of Sale for Personal Property

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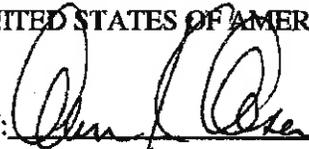
Acknowledged by:
WVEDA

Terry E. Caldwell
Terry E. Caldwell

AFBCA
Albert F. Olsen
Alan K. Olsen 9/24/96

IN WITNESS WHEREOF, the United States, acting by and through the Secretary of the Air Force, has caused these presents to be duly executed for and in its name and behalf by ALAN K. OLSEN, who has this 19th day of June, 1996, set his hand and seal.

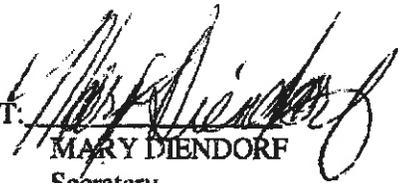
UNITED STATES OF AMERICA

BY: 

ALAN K. OLSEN
Director, Air Force Base
Conversion Agency

Witnessed by:

VICTOR VALLEY ECONOMIC
DEVELOPMENT
AUTHORITY

ATTEST: 
MARY DIENDORF
Secretary

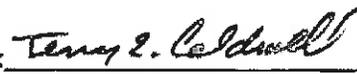
BY: 
Terry E. Caldwell
Chairperson

EXHIBIT "A"

Legal Description

PARCEL 1. All those portions of Sections 22, 23, 24, 25, 26, 27 and 36, Township 6 North, Range 5 West, S.B.M. in the County of San Bernardino, State of California according to Government Survey, and as delineated on Record of Survey filed on December 26, 1986 in Book 65 of Records of Survey, pages 98 through 102 inclusive, Records of said County, lying Northerly of the North line of Parcel K, said line being the Northerly of the Northerly line of that certain Record of Survey filed on March 15, 1995 in Book 102 of Records of Survey, page 27, Records of said County.

Excepting therefrom Parcel I described as; that certain piece of land described in Document No. 94-370874 and as delineated on Record of Survey filed in Book 102 of Records of Survey, page 80, Records of said County.

Also excepting therefrom Parcel E2 described as; that certain piece of land described in Document No. 95-216146 and as delineated on Record of Survey filed in Book 104 of Records of Survey, page 66, Records of said County.

Also excepting therefrom Parcel E1 described as; that certain piece of land described in Document No. 95-203141 and as delineated on Record of Survey filed in Book 104, of Records of Survey, page 65, Record of said County.

Also excepting therefrom Parcel A and C described as; that certain piece of land delineated as Parcel 1 on Official Map No. 1003 as recorded in Book 2 of Official Maps, pages 16 through 20 inclusive, Records of said County.

Also excepting therefrom Parcel SS as shown on Attachment 3 attached hereto, and described as: Beginning at a found 2 inch iron pipe with brass tag, marked "City Vic", accepted as the intersection of the centerline of Phantom Street with the centerline of Mustang Street, as shown on Official Map No. 1003, filed in Book 2 pages 16 through 20, inclusive, of Official Maps, in the Office of the County Recorder of said County, said 2 inch iron pipe bears South 89°11'05" West, 567.89 feet, record and measured, along said centerline of Mustang Street, from a found 2 inch iron pipe with brass tag, marked "City Vic", as shown on said Official Map No. 1003; thence South 76°48'36" East a distance of 2066.31 feet, to the True Point of Beginning; thence North 00°49'11" West, a distance of 219.14 feet; thence North 87°16'56" East, a distance of 151.52 feet; thence North 00°47'36" West, a distance of 49.97 feet; thence North 89°10'31" East, a distance of 118.41 feet; thence South 00°47'36" East, a distance of 250.13 feet to the beginning of a 24.00 foot radius tangent curve, concave Northwesterly, thence Southwesterly, along said curve, through a central angle of 89°58'07", an arc distance of 37.89 feet; thence, tangent to said curve, South 89°10'31" West, a distance of 243.76 feet, to the said True Point of Beginning.

Legal Description EDC
Page 2

Reserving over and across Parcel 1 for the use and benefit of present and future owners of said Parcels I, E2, E1, A and C, and SS rights of vehicular and utility access to and from said Parcels.

Also reserving over and across Parcel 1 for the use and benefit of Southern California Edison easements for power lines, poles, vaults, underground conduits and appurtenances as delineated in Attachment 4 attached hereto.

Also excepting therefrom the existing Water Production and Distribution Facilities.

PARCEL 2. RAILROAD RIGHT OF WAY All those portions of Sections 31 and 32, Township 6 North, Range 4 West S.B.M. in County of San Bernardino, State of California, according to Government Survey as delineated on George Air Force Base Real Estate Map, Tab No. D-5, Sheet 2 of 4, dated 1, January, 1979, prepared by Robert G. Muir & Associates (attached hereto as Attachment 1)

Legal Description prepared by me
or under my direction.

Jon B. Roberts 9-19-96
Jon B. Roberts LS 5965, Exp. 12/31/96



Acknowledged by:

WEDA

AFBCA

Terry E. Caldwell
Terry E. Caldwell

Albert F. Larsen
for Alan K. Olsen 9/20/96

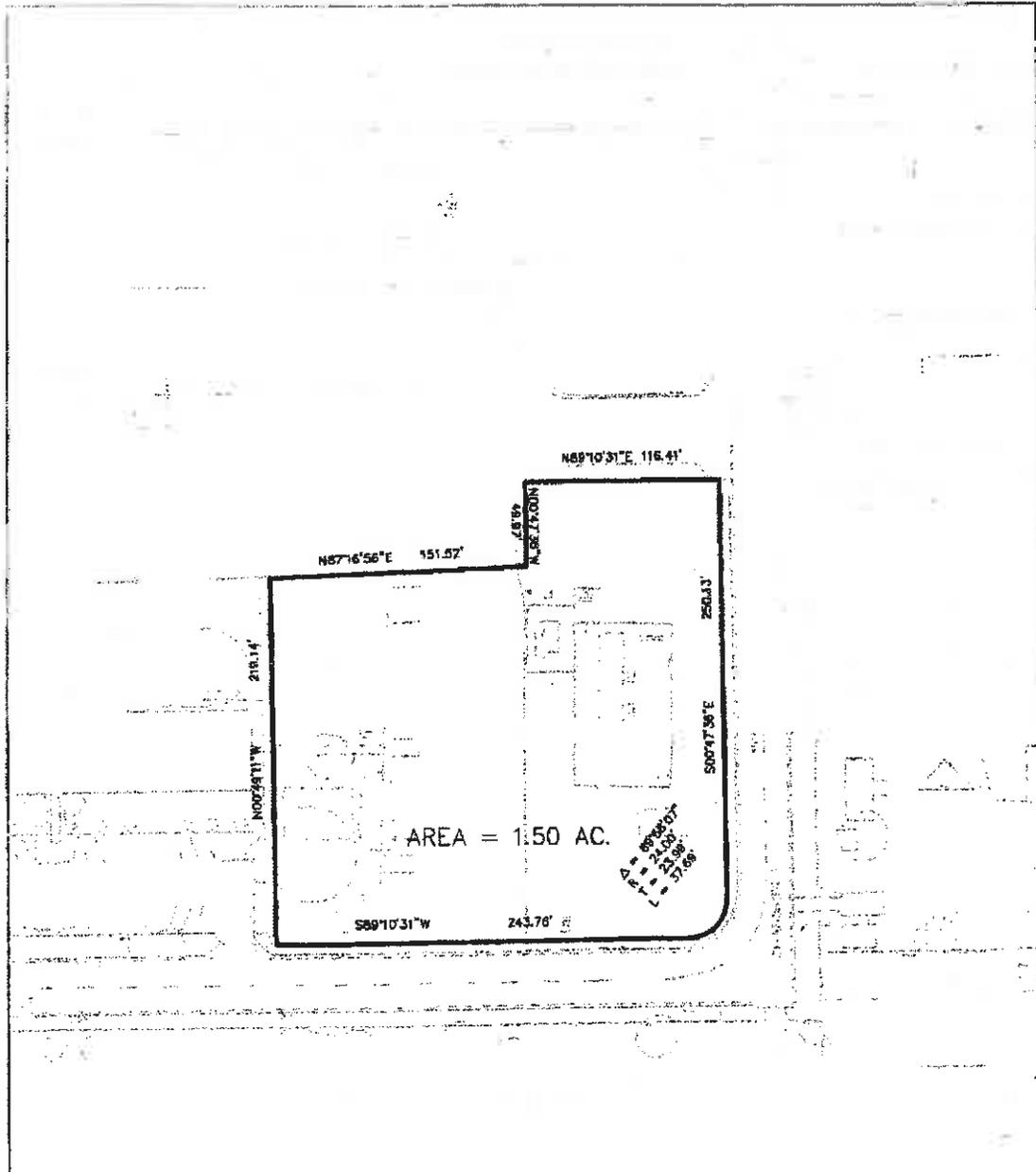
lg@trans.beac

ATTACHMENT 3

EXHIBIT A

PARCEL SS

SCALE 1" = 100'



**EXHIBIT A
ATTACHMENT FOUR**

<p style="text-align: center;">RECORDING REQUESTED BY</p> <p style="text-align: center;">Southern California Edison Company</p>
<p style="text-align: center;">WHEN RECORDED MAIL TO</p> <p>Southern California Edison Company P.O. BOX 410 LONG BEACH, CA 90801</p> <p>ATTN: REAL PROP. AND ADMIN. SVCS. LAND RIGHTS</p>

GRANT OF EASEMENTS

<p>DOCUMENTARY TRANSFER TAX \$ _____</p> <p style="text-align: center;">COMPUTED ON FULL VALUE OF PROPERTY CONVEYED OR COMPUTED ON FULL VALUE LESS LIENS AND ENCUMBRANCES REMAINING AT TIME OF SALE</p> <hr/> <p>SIGNATURE OF DECLARANT OR AGENT DETERMINING TAX FIRM NAME</p>	<p>SER. J.O. Approved</p> <hr/> <p>Approved REAL PROPERTIES AND ADMINISTRATIVE SERVICES</p> <p>BY _____ DATE _____</p>
--	--

Location:

APN:

In connection with the sale of existing electrical facilities on the George Air Force Base, California, the UNITED STATES OF AMERICA, acting by and through the United States Air Force, its successors and assigns, hereinafter called "GRANTOR," under and pursuant to the powers and authority contained in the Federal Property and Administrative Service Act of 1949, as amended, (40 U.S.C. § 484) does hereby remise, release and forever quitclaim, without warranty or representation, express or implied, unto, SOUTHERN CALIFORNIA EDISON COMPANY, a corporation, its successors and assigns, hereinafter called "GRANTEE," subject to the reservations, restrictions, conditions, and exceptions as hereinafter expressed and set out, the following:

OVERHEAD AND UNDERGROUND EASEMENT

Easements to construct, use, maintain, operate, alter, add to, repair, replace, reconstruct, inspect and remove at any time and from time to time overhead and underground electrical supply systems and communication systems (hereinafter collectively referred to as "systems"), consisting of poles, guys and anchors, crossarms, wires, underground conduits, cables, vaults, manholes, handholes, and including above-ground enclosures, markers and concrete pads and other appurtenant fixtures and equipment necessary or useful for distributing electrical energy and for transmitting intelligence by electrical means, hereinafter designated as the "Overhead and Underground Easements."

GUY WIRE AND ANCHOR EASEMENT

Easements to construct, use, maintain, operate, alter, add to, repair, replace, reconstruct, inspect and remove at any time and from time to time guying and anchorage systems, hereinafter also collectively referred to as "systems"; consisting of poles, guy wires, anchors and other appurtenant fixtures and equipment necessary for guying and anchorage purposes, hereinafter designated as "Guy wire and anchor Easements."

STREET LIGHT EASEMENT

Easements to construct, use, maintain, operate, alter, add to, repair, replace, reconstruct, inspect and remove at any time and from time to time street lighting systems, hereinafter also collectively referred to as "systems", consisting of poles, lamps, wires, underground conduits, cables, vaults, manholes, handholes, and including above-ground enclosures, markers and concrete pads and other appurtenant fixtures and equipment necessary or useful for street lighting purposes, hereinafter designated as "Street light Easements."

PAD EASEMENT

Easements to construct, use, maintain, operate, alter, add to, repair, replace, reconstruct; inspect and remove at any time and from time to time electrical pad systems, hereinafter also collectively referred to as "systems", consisting of concrete pads, transformers, wires, cables, underground conduits, above-ground enclosures and other appurtenant fixtures and equipment necessary or useful for electrical pad purposes, hereinafter designated as "Pad Easements."

VAULT EASEMENT

Easements to construct, use, maintain operate, alter, add to, repair, replace, reconstruct, inspect and remove at any time and from time to time

electrical vault systems, hereinafter also collectively referred to as "systems", consisting of wires, underground conduits, cables, vaults manholes, hand holes and other appurtenant fixtures and equipment necessary or useful for electrical vault purposes, hereinafter designated as "Vault Easements."

RESERVING unto the GRANTOR and its assigns a right of access to any and all portions of the herein described easements (the "Easements") for purposes of environmental investigation, remediation or other corrective action. This reservation includes the right of access to and use of, to the extent permitted by law, available utilities at reasonable cost to the GRANTOR. These rights shall be exercisable in any case in which a remedial action, response action or corrective action is found to be necessary after the date hereof, or if such access is necessary to carry out a remedial action, response action or corrective action on adjoining property. Pursuant to this reservation, the GRANTOR, (including but not limited to, Region IX, United States Environmental Protection Agency (EPA)), and the State of California, and their respective officers, agents, employees, contractors and subcontractors shall have the right (upon reasonable notice to GRANTEE or the then owner and any authorized occupant of the Easements) to enter upon the Easements and conduct investigations and surveys, to include drillings, testpitting, borings, data and/or record compilation and other activities related to environmental investigation, and to carry out remedial or removal actions as required or necessary under applicable authorities, including but not limited to monitoring wells, pumping wells, and treatment facilities ; provided that GRANTOR shall restore any damage to the Easements and GRANTEE's facilities located thereon as a result of any such entry or such activities in accordance with the plans and specifications developed for the environmental investigation, remedial action or corrective action which may affect the Easements.

THESE EASEMENTS are granted subject to the following covenants, conditions, and restrictions:

1. That the GRANTEE shall pay to the GRANTOR compensation in the amount of TEN DOLLARS (\$10.00) payable in advance. Compensation shall be made payable to the Treasury of the United States and forwarded by the GRANTEE to

11 WG/FMAO
1430 Air Force Pentagon, Room 5E152
Washington, D.C. 20330-1430.

2. That this Grant of Easement is subject to all existing covenants, easements, reservations, restrictions and encumbrances, including easements for public roads and highways, public utility, rail roads and pipelines, whether of record or not.

3 That the GRANTEE covenants for itself, its successors and assigns and every successor in interest to the Easements, or any part thereof, that any construction or alteration on the Easements or any part thereof, will be in accordance with Title 14 Code of Federal Regulations, Part 77, entitled "Objects Affecting Navigable Airspace," or under the authority of the Federal Aviation Act of 1958, as amended, unless such construction or alterations are in compliance with 14 C.F.R. § 77.15.

4. That it is understood that this instrument is effective only insofar as the rights of the GRANTOR in the said property are concerned; and that the GRANTEE shall obtain such permission as may be necessary on account of any other existing rights.

ACCESS, ETC.

Subject to the reservations above, and except as such buildings, planter boxes, earth fill or other structures may exist at the time of execution of this Grant of Easement, GRANTOR agrees for itself, its successors and assigns, not to erect, place or maintain, nor to permit the erection, placement or maintenance of any additional buildings, planter boxes, earth fill or other structures except walls and fences with access gates on the Easements. The GRANTEE, and its contractors, agents and employees, shall have the right to trim or top such trees and to cut such roots as may endanger or interfere with said systems and shall have free access to said systems and substation and every part thereof, at all times, for the purpose of exercising the rights herein granted; provided, however, that in making any excavation on said property of the GRANTOR, the GRANTEE shall make the same in such a commercially reasonable manner as will cause the least injury to the surface of the ground around such excavation, and shall replace the earth so removed by it and restore the surface of the ground to as near the same condition as it was prior to such excavation as is practicable.

EASEMENT LOCATIONS

The approximate location and dimensions of said Pad Easements and Vault Easements, and the approximate centerline location and easements width of said Overhead and underground Easements, Guy wire and Anchorage Easements, Underground Easements, and Street lighting Easements are shown on Exhibit "A" attached hereto and by this reference made a part hereof. For the purpose of recording said Exhibit, it is understood that said Exhibit will be microfilmed in segments and a suggested segment system is shown on said Exhibit.

Said Easements and systems are located within that certain real property in the County of San Bernardino, State of California, known as George Air Force Base and described on Exhibit "B" attached hereto and

considered a part hereof as if it were fully set forth herein. The legal descriptions of the Easements were prepared by Southern California Edison Company pursuant to Section 8730(c) of the California Business and Professions Code.

RECORD OF SURVEY

It is the understanding of both GRANTOR and GRANTEE that the locations of the Easements shown on the attached Exhibit are based upon the approximate location of the electrical distribution facilities within George AFB that are being conveyed. The actual locations of these Easements shall be determined by the actual location of said facilities. GRANTEE shall have the option but not the obligation to survey all or some of said facilities and to file one or more records of survey defining the surveyed location of said facilities and the Easements corresponding thereto. Upon the recording of any record of survey the location of the Easements herein granted shall be changed to the locations depicted on such record of survey.

INDEMNIFICATION OF TRANSFEREES OF CLOSING DEFENSE PROPERTY

The GRANTOR recognizes and acknowledges the indemnification under Section 330 of the National Defense Authorization Act, 1993, Pub. L. 102-484, as amended (10 U.S.C. § 2687 note), which provides:

(a) In general. (1) Except as provided in paragraph (3) and subject to subsection (b), the Secretary of Defense shall hold harmless, defend, and indemnify in full the persons and entities described in paragraph (2) from and against any suit, claim, demand or action, liability, judgment, cost or other fee arising out of any claim for personal injury or property damage (including death, illness, or loss of or damage to property or economic loss) that results from, or is any manner predicated upon, the release or threatened release of any hazardous substance, pollutant or contaminant, or petroleum or petroleum derivative as a result of Department of Defense activities at any military installation (or portion thereof) that is closed pursuant to a base closure law.

(2) The persons and entities described in this paragraph are the following:

(A) Any State (including any officer, agent, or employee of the State) that acquires ownership or control of any facility at a

military installation (or any portion thereof) described in paragraph (1).

(B) Any political subdivision of a State (including any officer, agent, or employee of the State) that acquires such ownership or control.

(C) Any other person or entity that acquires such ownership or control.

(D) Any successor, assignee, transferee, lender, or lessee of a person or entity described in subparagraphs (A) through (C).

(3) To the extent the persons and entities described in paragraph (2) contributed to any such release or threatened release, paragraph (1) shall not apply.

(b) Conditions. No indemnification may be afforded under this section unless the person or entity making a claim for indemnification:

(1) notifies the Department of Defense in writing within two years after such claim accrues or begins action within six months after the date of mailing, by certified or registered mail, of notice of final denial of the claim by the Department of Defense;

(2) furnishes to the Department of Defense copies of pertinent papers the entity receives;

(3) furnishes evidence or proof of any claim, loss, or damage covered by this section and;

(4) provides, upon request by the Department of Defense, access to the records and personnel of the entity for purposes of defending or settling the claim or action.

OMNIBUS

It is the intention of both GRANTOR and GRANTEE for this Grant of Easements to cover all of the electrical distribution facilities within the George Air Force Base that are specifically depicted on the attached Exhibit.

IN WITNESS WHEREOF, GRANTOR, has caused this Grant of Easements to be duly executed for and in its name and on its behalf by Alan K. Olsen,

Director, Air Force Base Conversion Agency, who has this _____ day of _____, 1996, hereunto set his hand and seal.

UNITED STATES OF AMERICA

BY

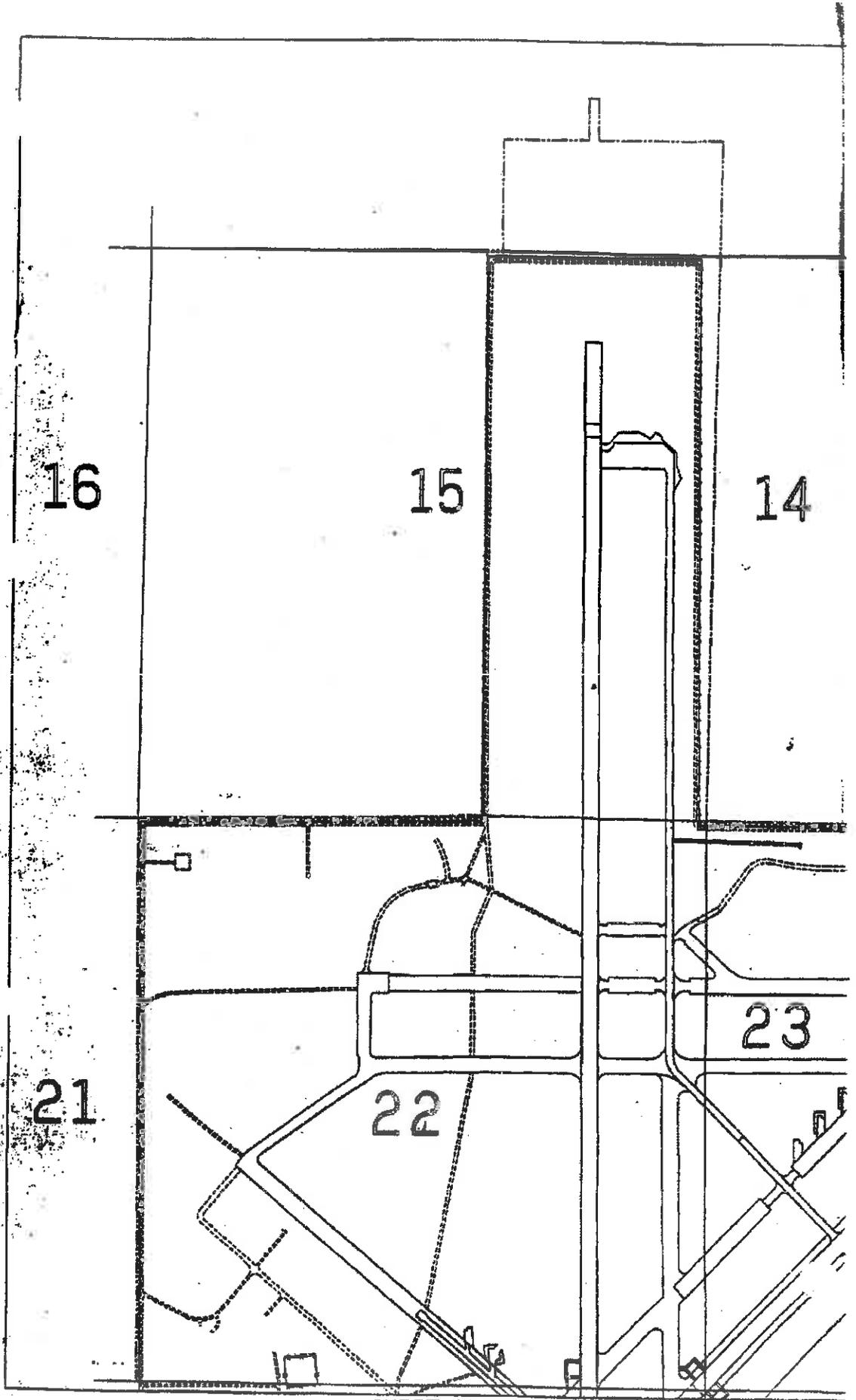
ALAN K. OLSEN
DIRECTOR
AIR FORCE BASE CONVERSION AGENCY

Signed in the Presence of:

SOUTHERN CALIFORNIA EDISON COMPANY does hereby accept this instrument subject to the terms, covenants and restrictions contained herein and has caused this instrument to be executed this _____ day of _____, 1996.

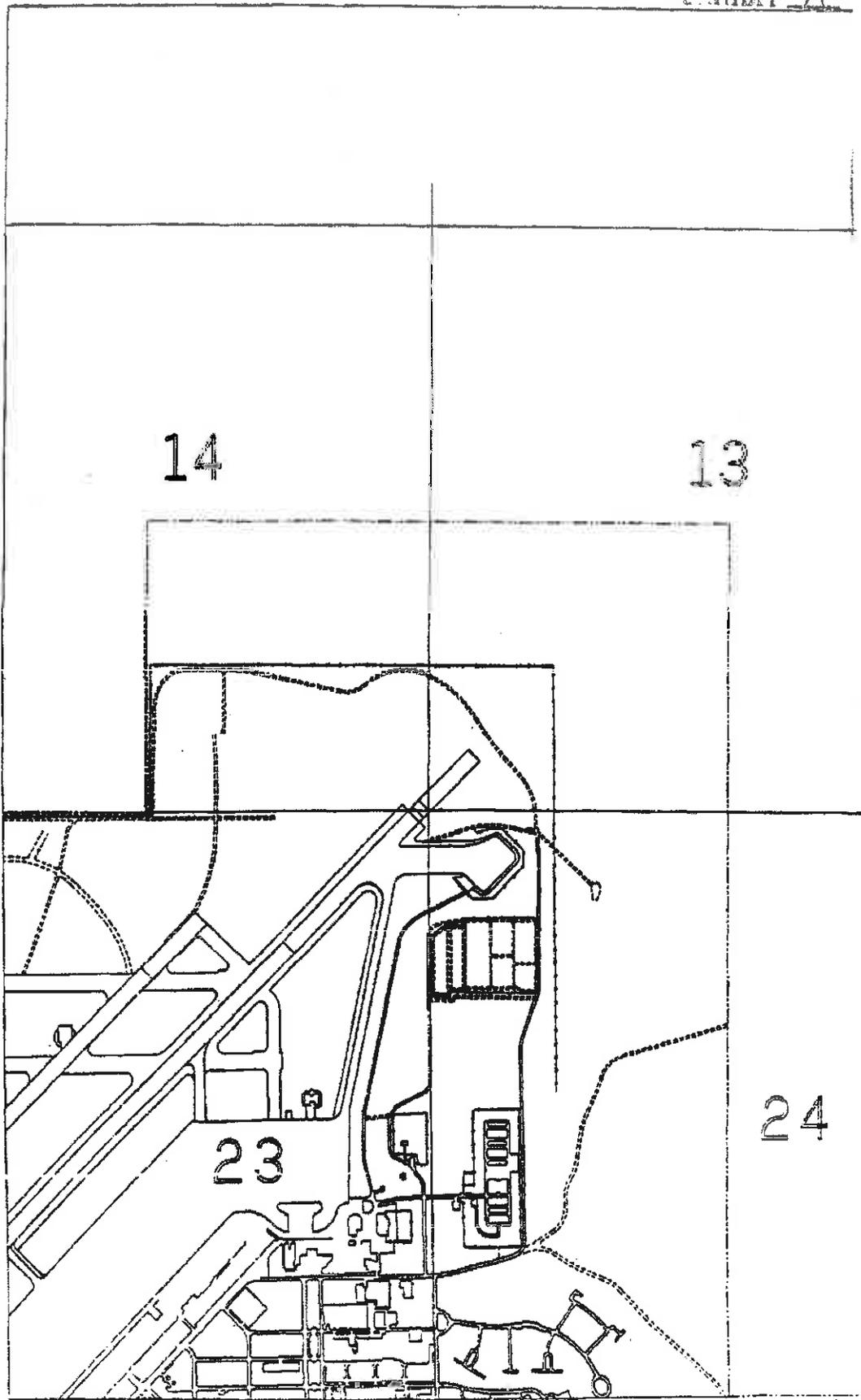
SOUTHERN CALIFORNIA EDISON COMPANY

BY _____

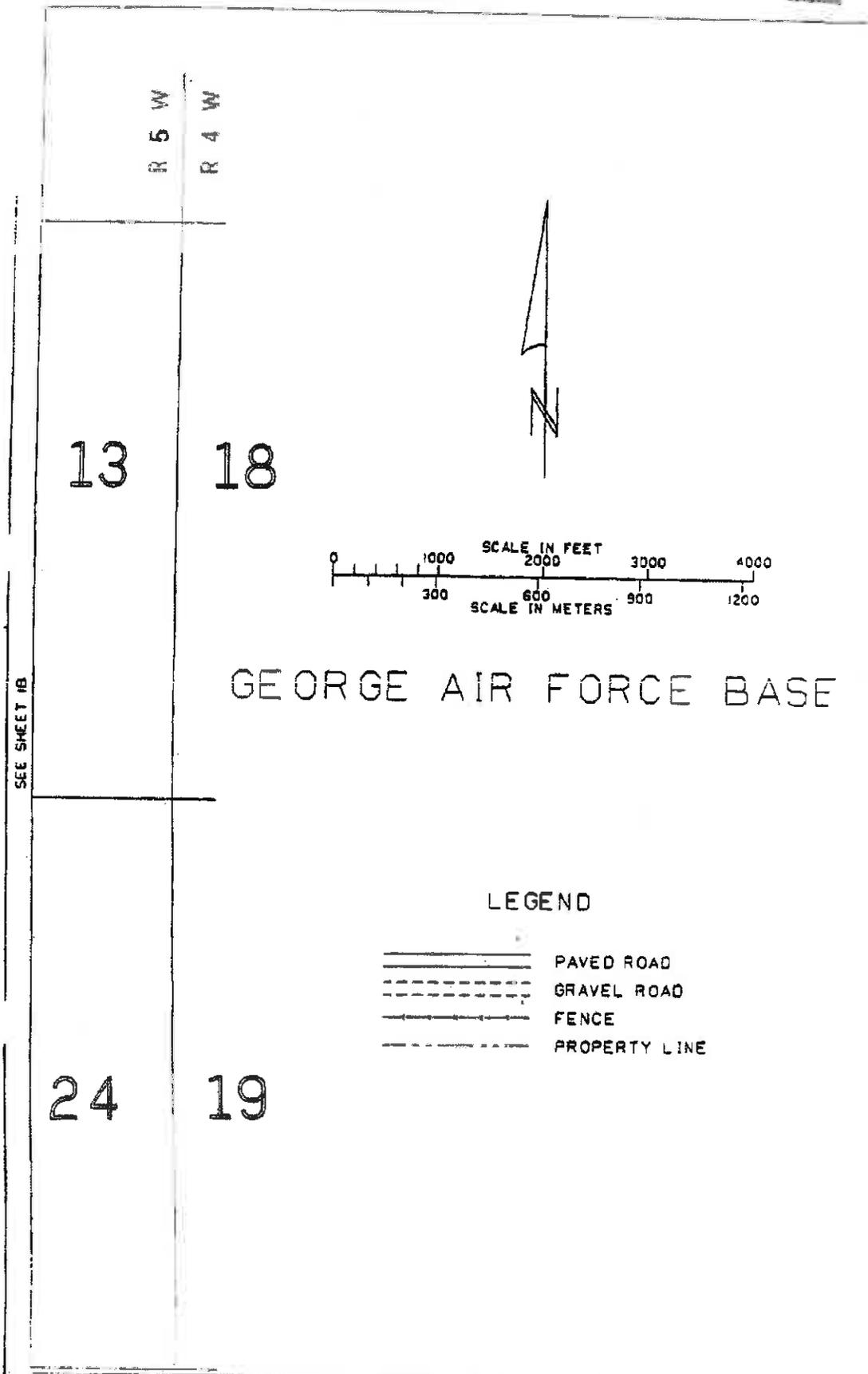


SHEET 1A

EVIDENCE PLAN



SEE SHEET 1A

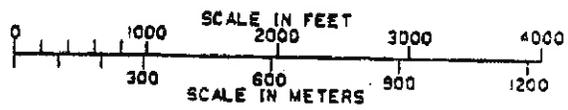


13

18

24

19



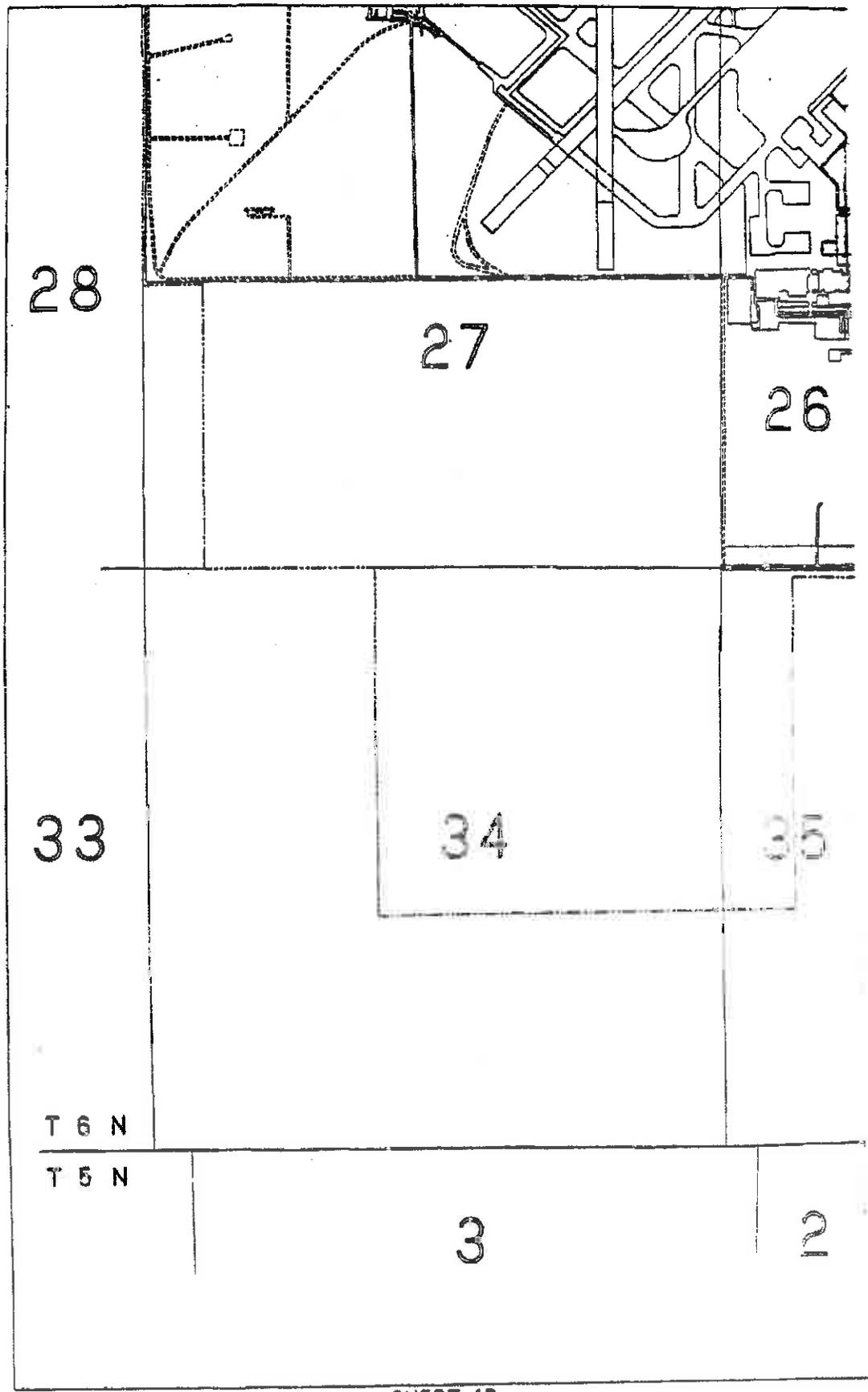
GEORGE AIR FORCE BASE

LEGEND

- ==== PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE

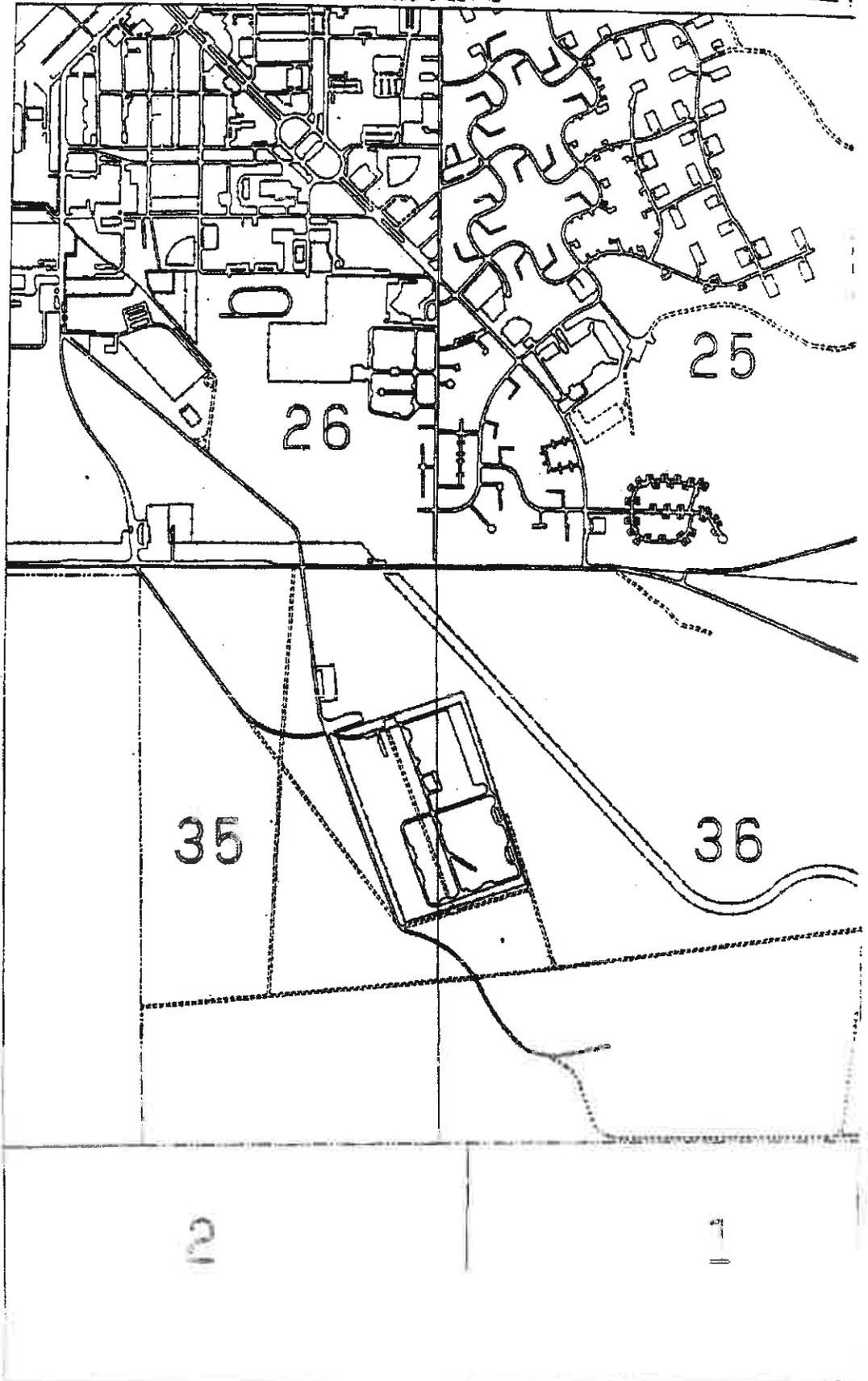
SEE SHEET 1B

SEE SHEET 1A



SEE SHEET 18

EXHIBIT 4



SEE SHEET 10

35

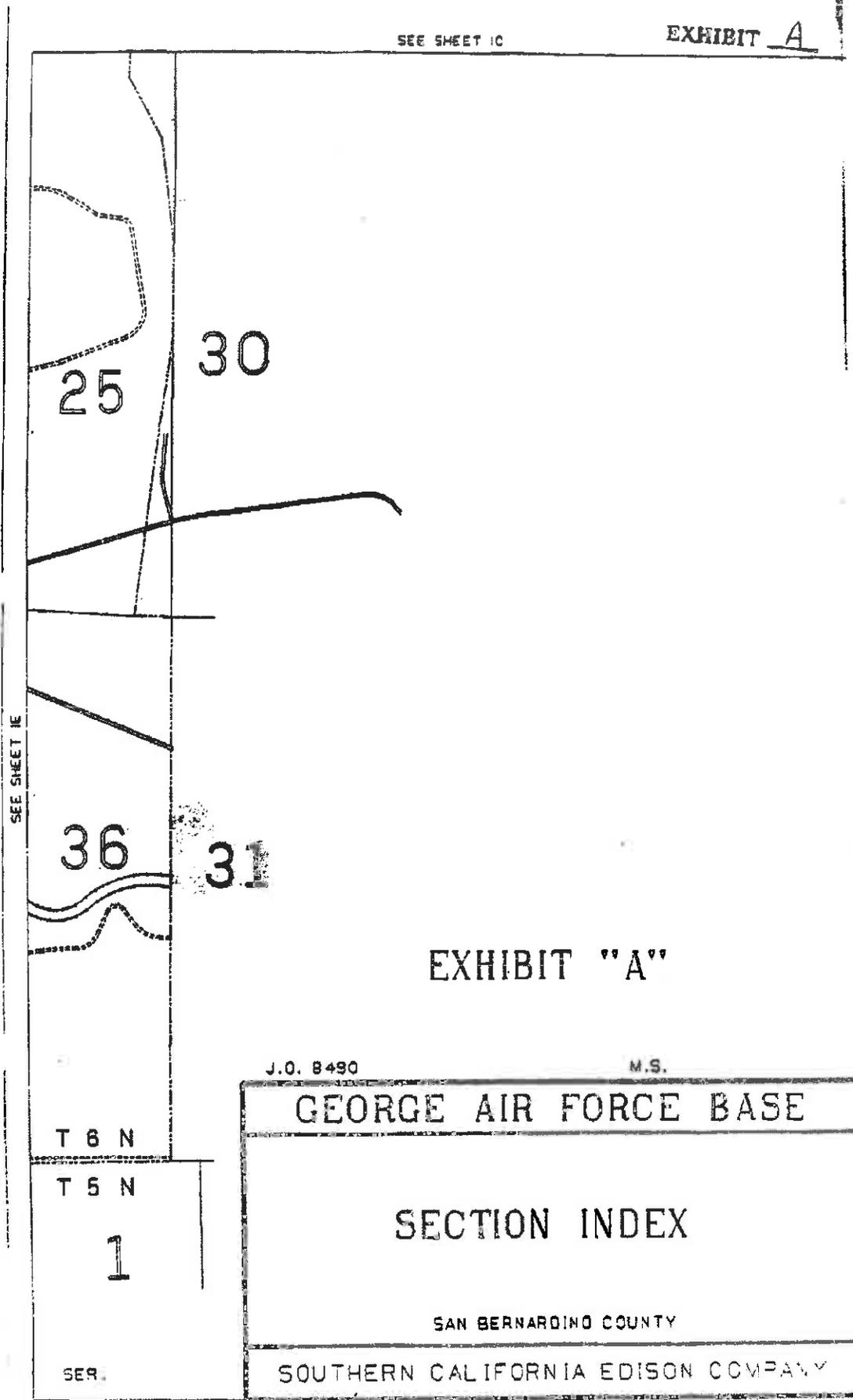
36

2

1

SHEET 1E

EXHIBIT "A"



SEE SHEET 1E

25

30

36

31

EXHIBIT "A"

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

T 6 N

T 5 N

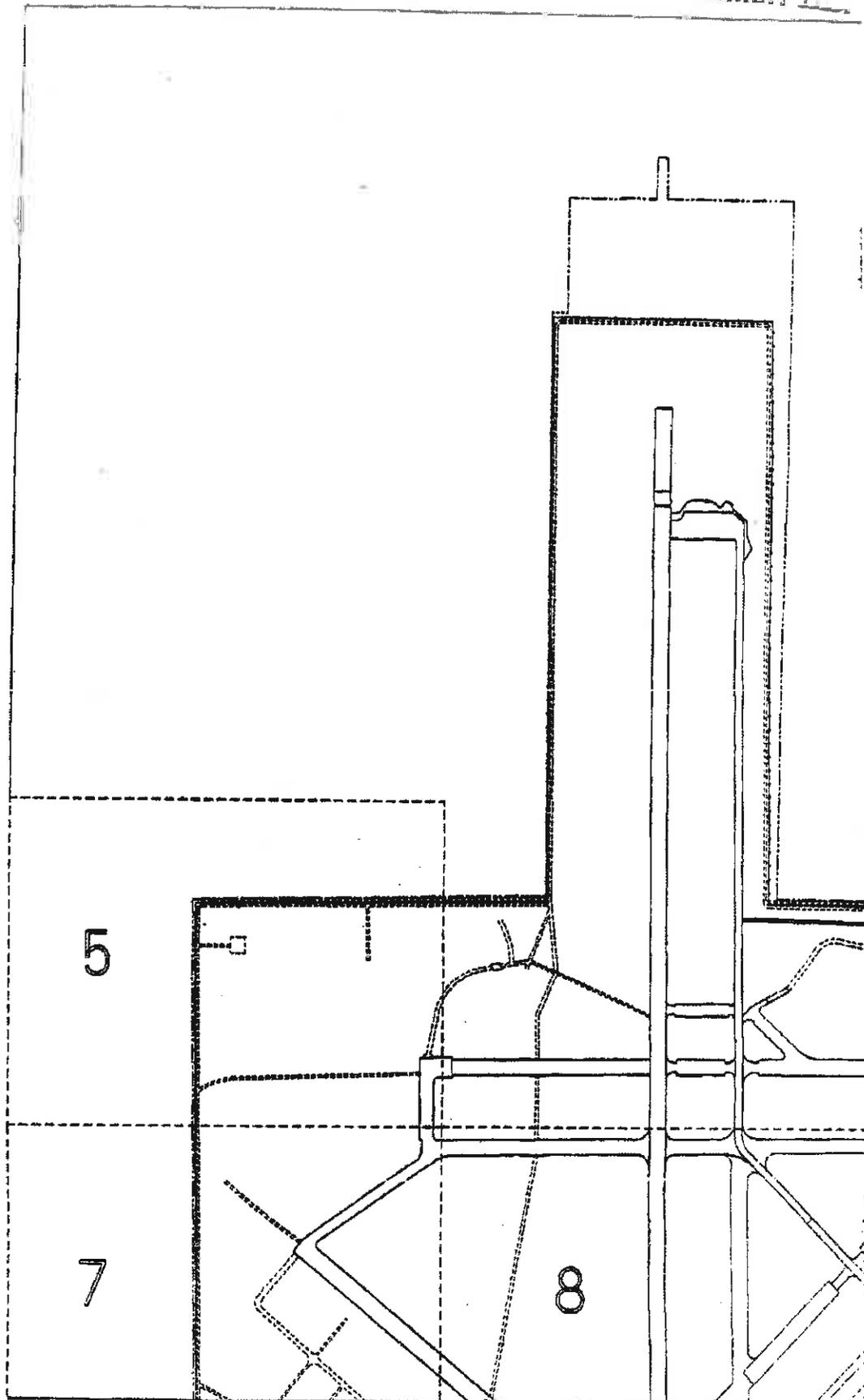
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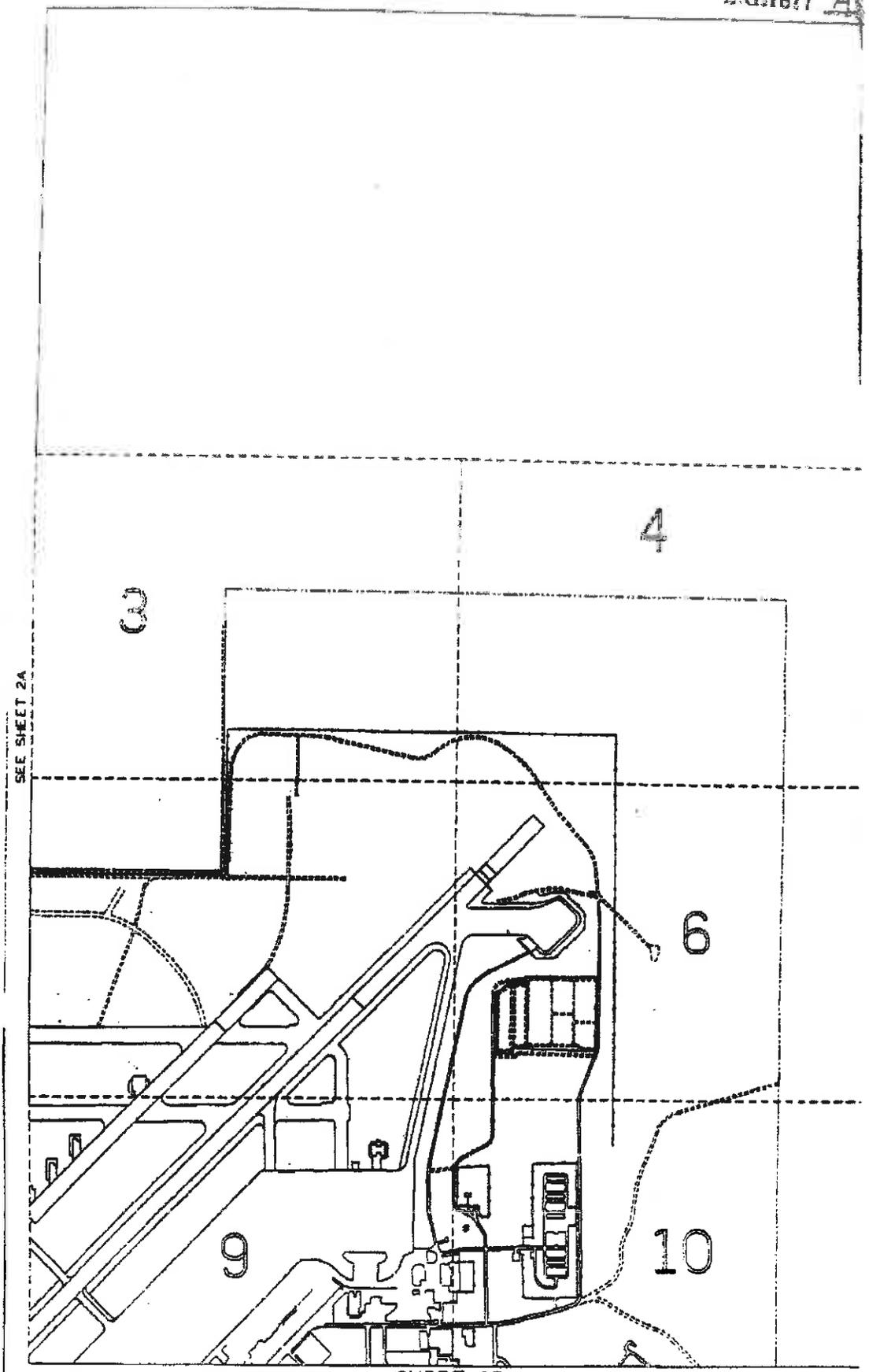
SECTION INDEX

SAN BERNARDINO COUNTY

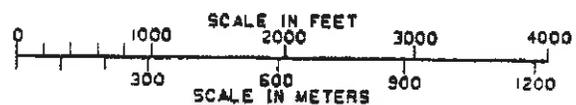
SER.

SOUTHERN CALIFORNIA EDISON COMPANY





SEE SHEET 2A



GEORGE AIR FORCE BASE

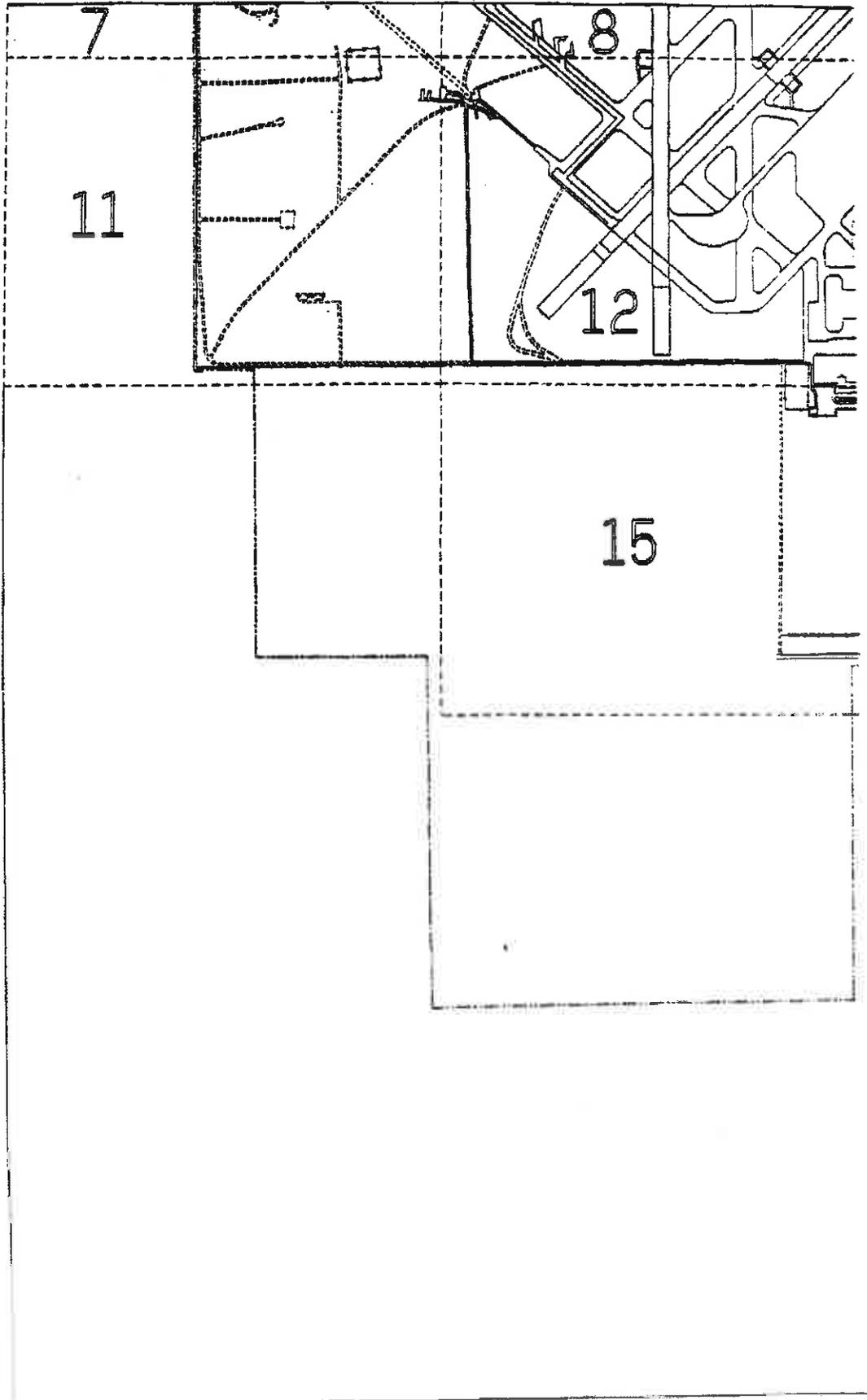
SEE SHEET 2B

LEGEND

-  PAVED ROAD
-  GRAVEL ROAD
-  FENCE
-  PROPERTY LINE

SEE SHEET 2A

EXHIBIT A

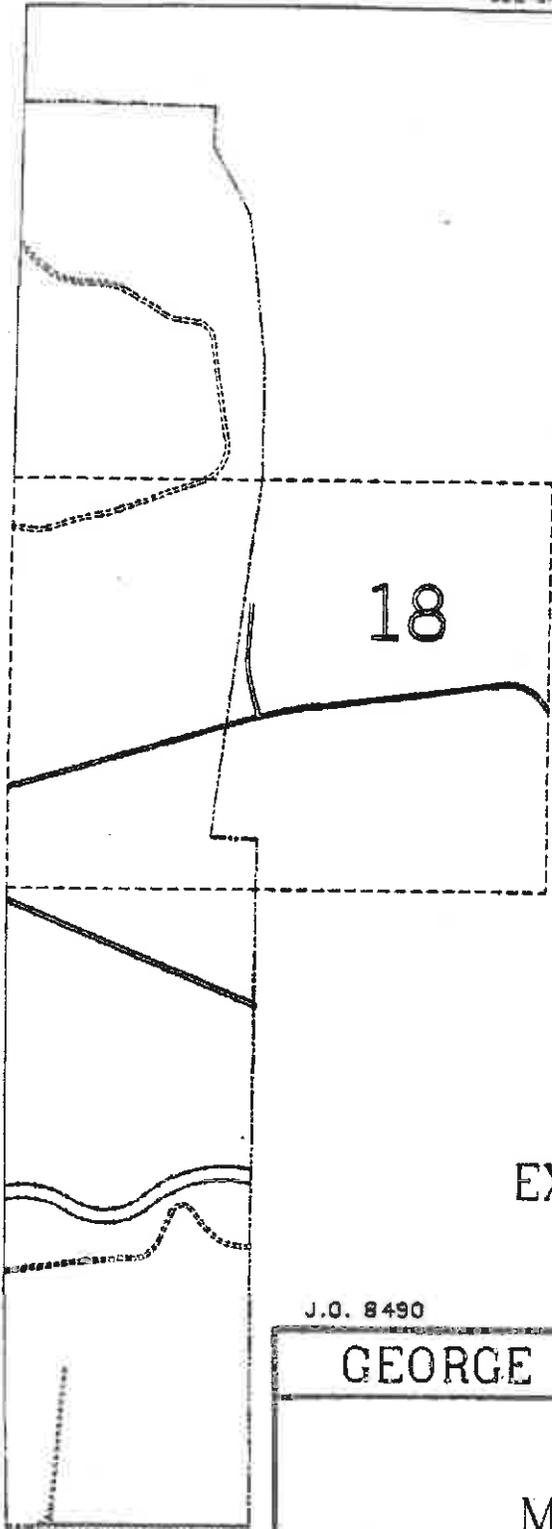


SHEET 20

EXHIBIT "A"

SEE SHEET 2C

EXHIBIT A



18

SEE SHEET 2E

EXHIBIT "A"

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP INDEX

SAN BERNARDINO COUNTY

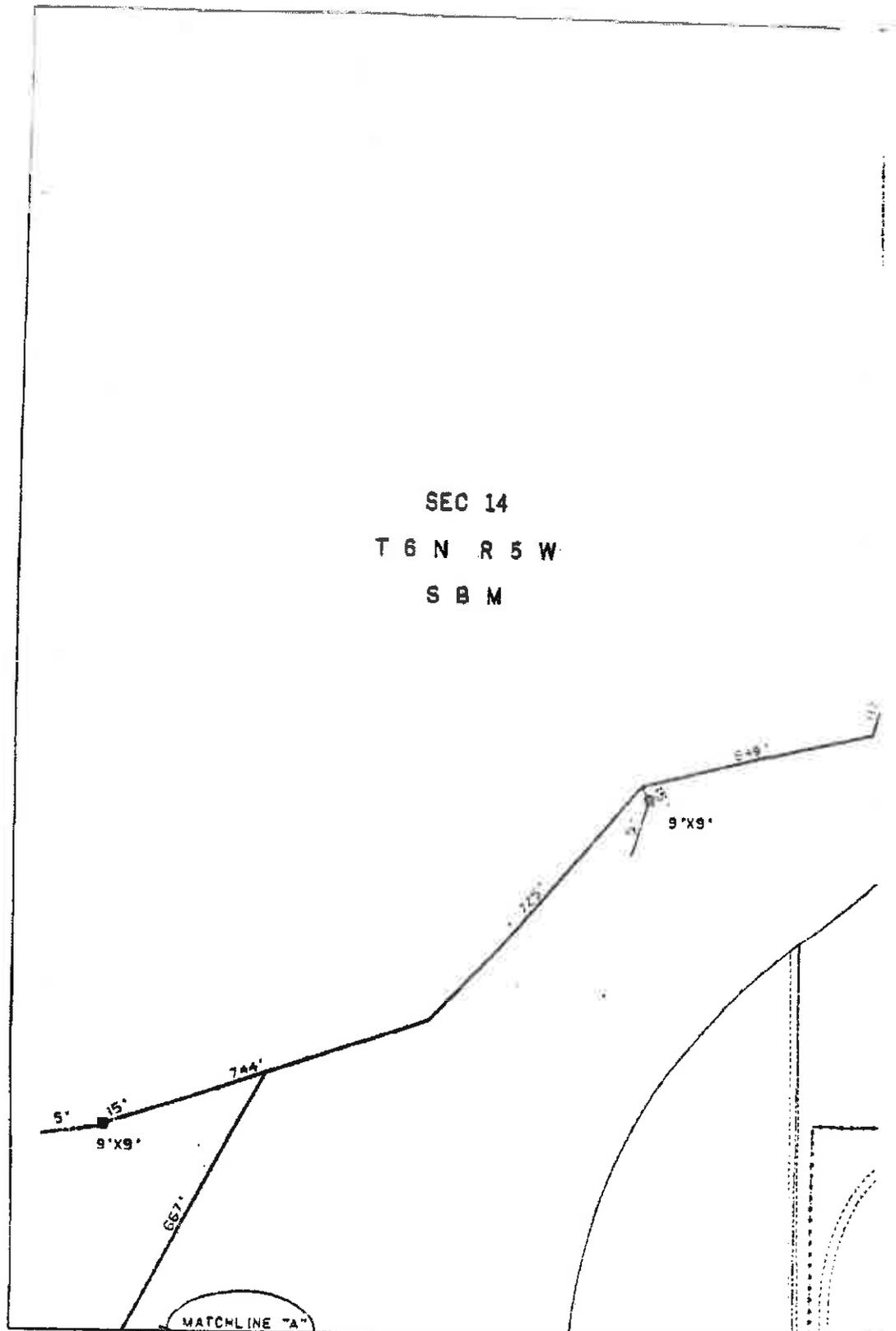
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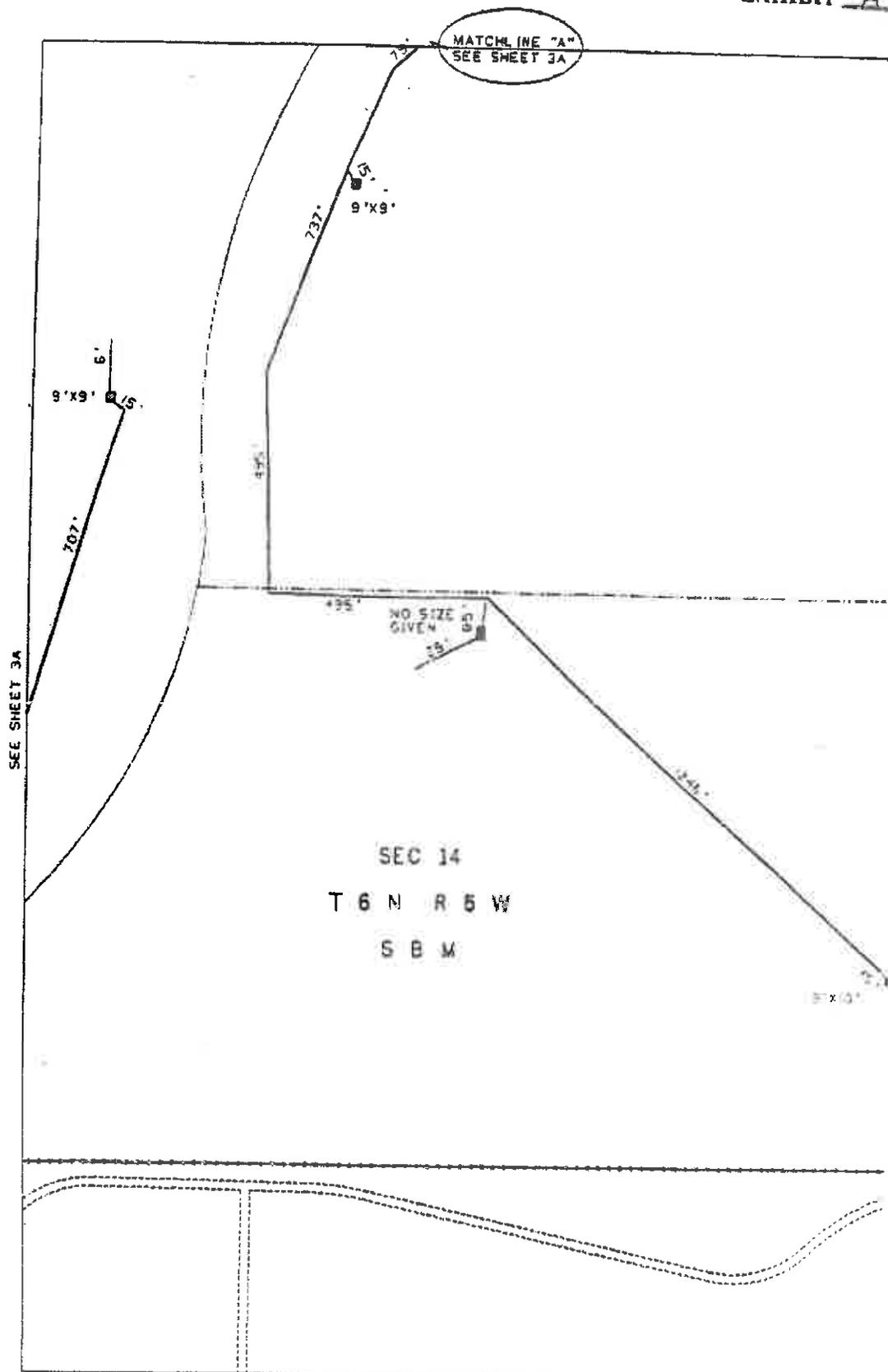
SOUTHERN CALIFORNIA EDISON COMPANY

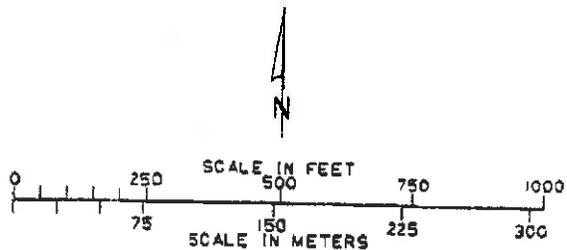
SHEET 2F

SHEET 2 OF 20 SHEETS

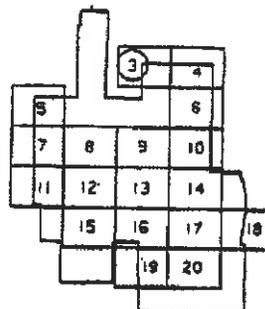
SEC 14
T 6 N R 5 W
S B M







GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6" WIDE
- STREET LIGHT EASEMENT 6" WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP # 3

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

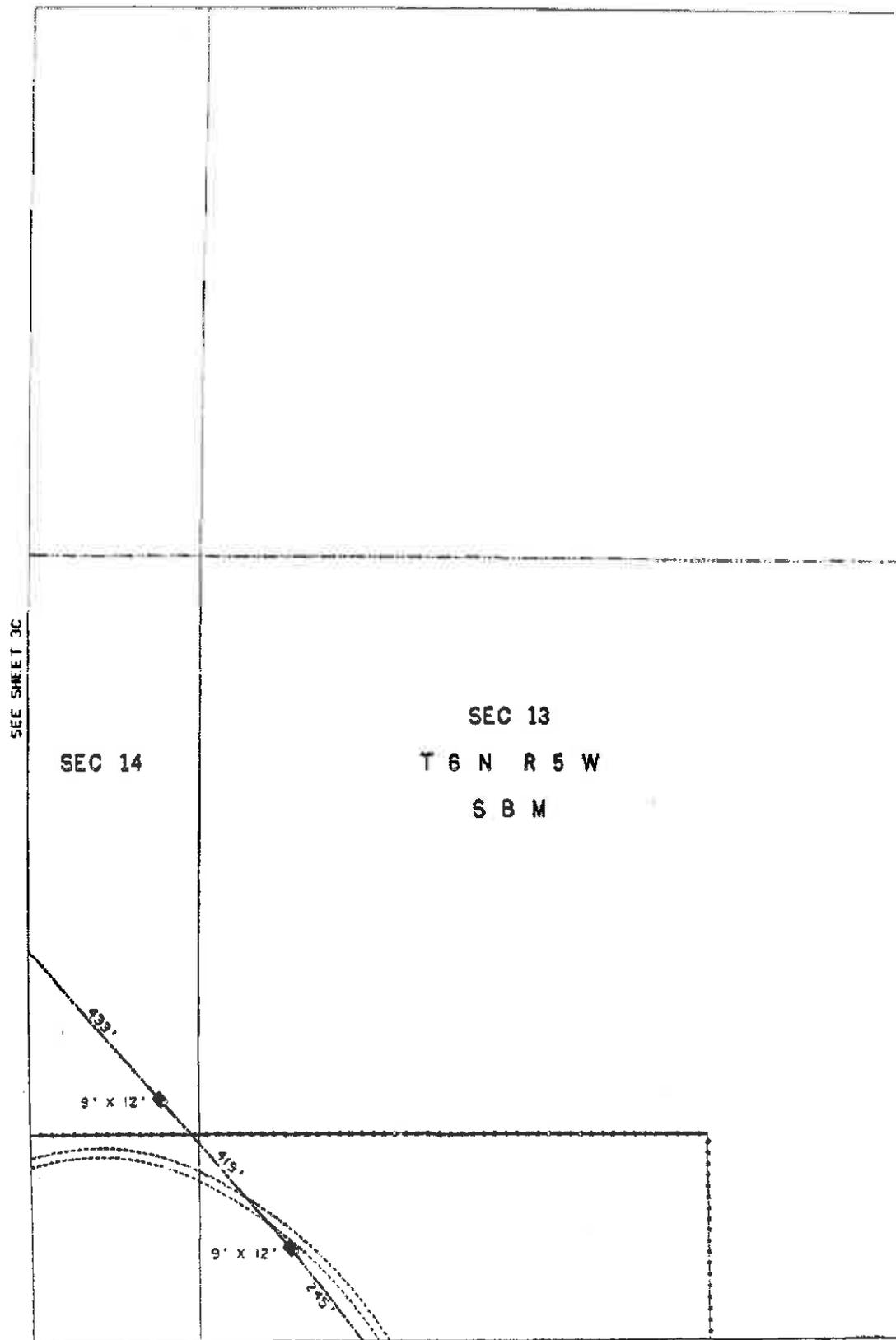
MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPA

SER.

SEE SHEET 3B



SEC 14

SEC 13
T 6 N R 5 W
S B M

SEE SHEET 3C

9' x 12'

9' x 12'

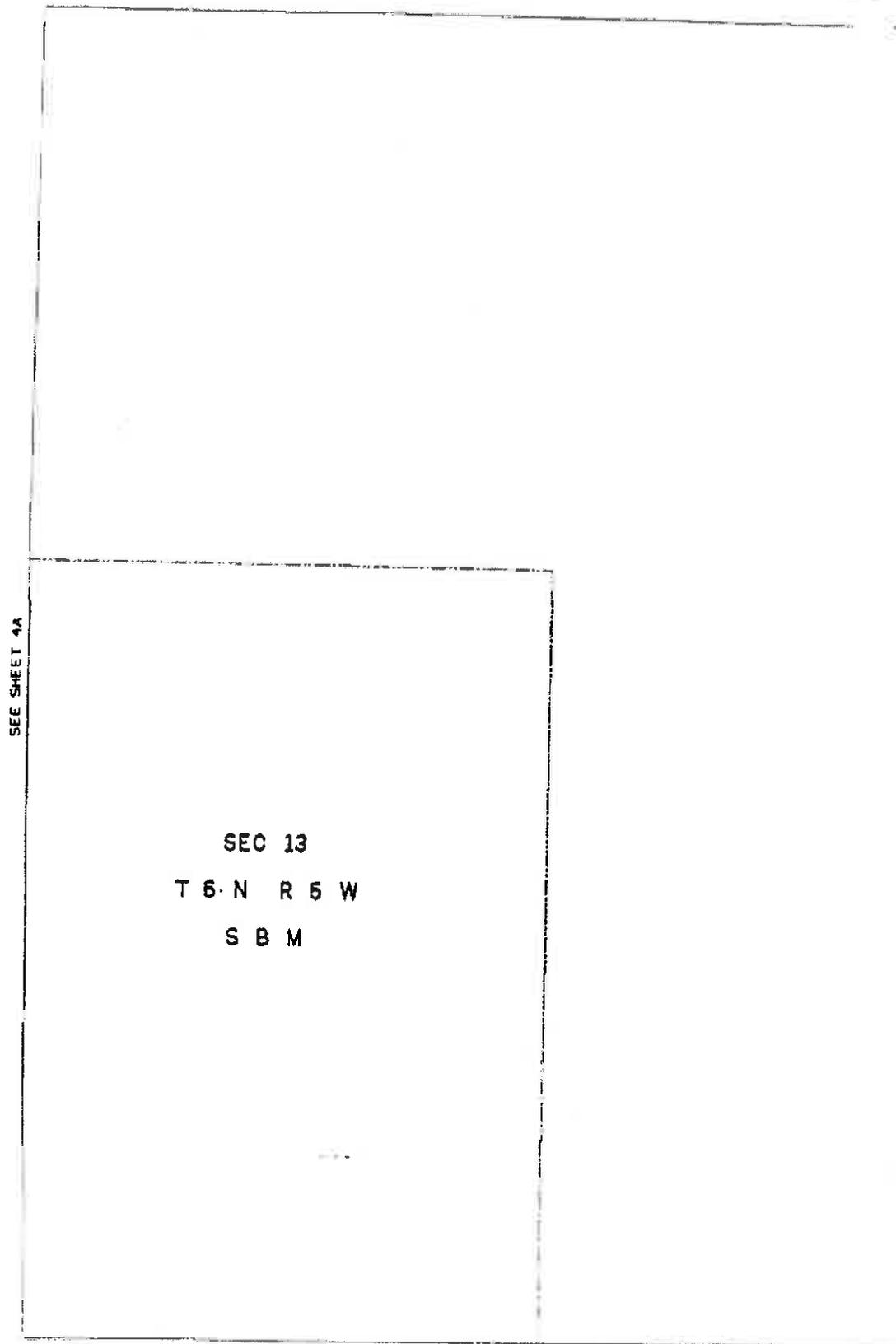
433'

419'

245'

SHEET 4A
SEE SHEET 6A

EXHIBIT "A"

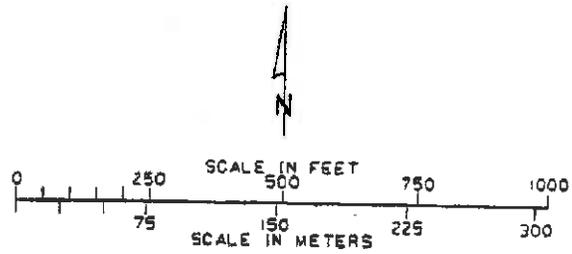


SEE SHEET 4A

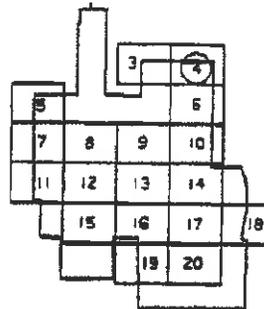
SEC 13
T 6 N R 5 W
S B M

SHEET 4B
SEE SHEET 6B

EXHIBIT "A"



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6" WIDE
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- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 4B

EXHIBIT "A"

MAP # 4

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

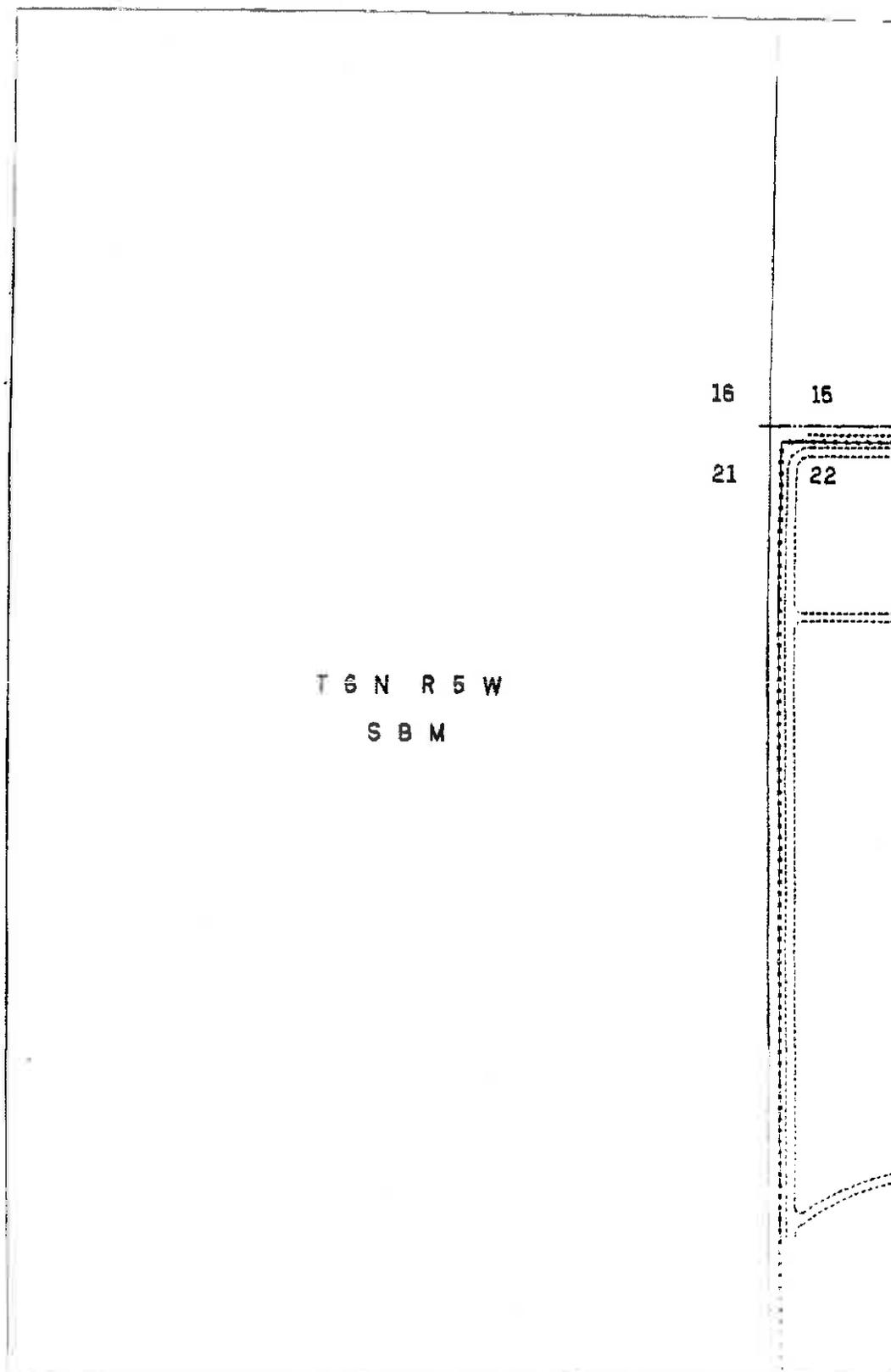
SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SER.

SHEET 4C
SEE SHEET 6C

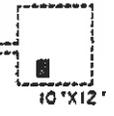
SHEET 4 OF 20 SHEETS



T 6 N R 5 W
S B M

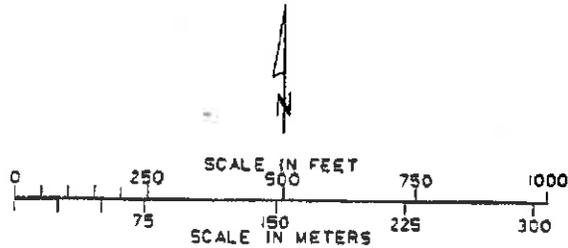
SEC 15

SEE SHEET 5A

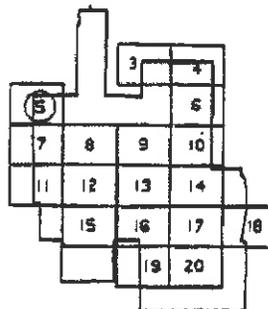


SEC 22
T 6 N R 5 W
S B M





GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
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- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 5B

EXHIBIT "A"

MAP # 5

J.O. 8480 M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

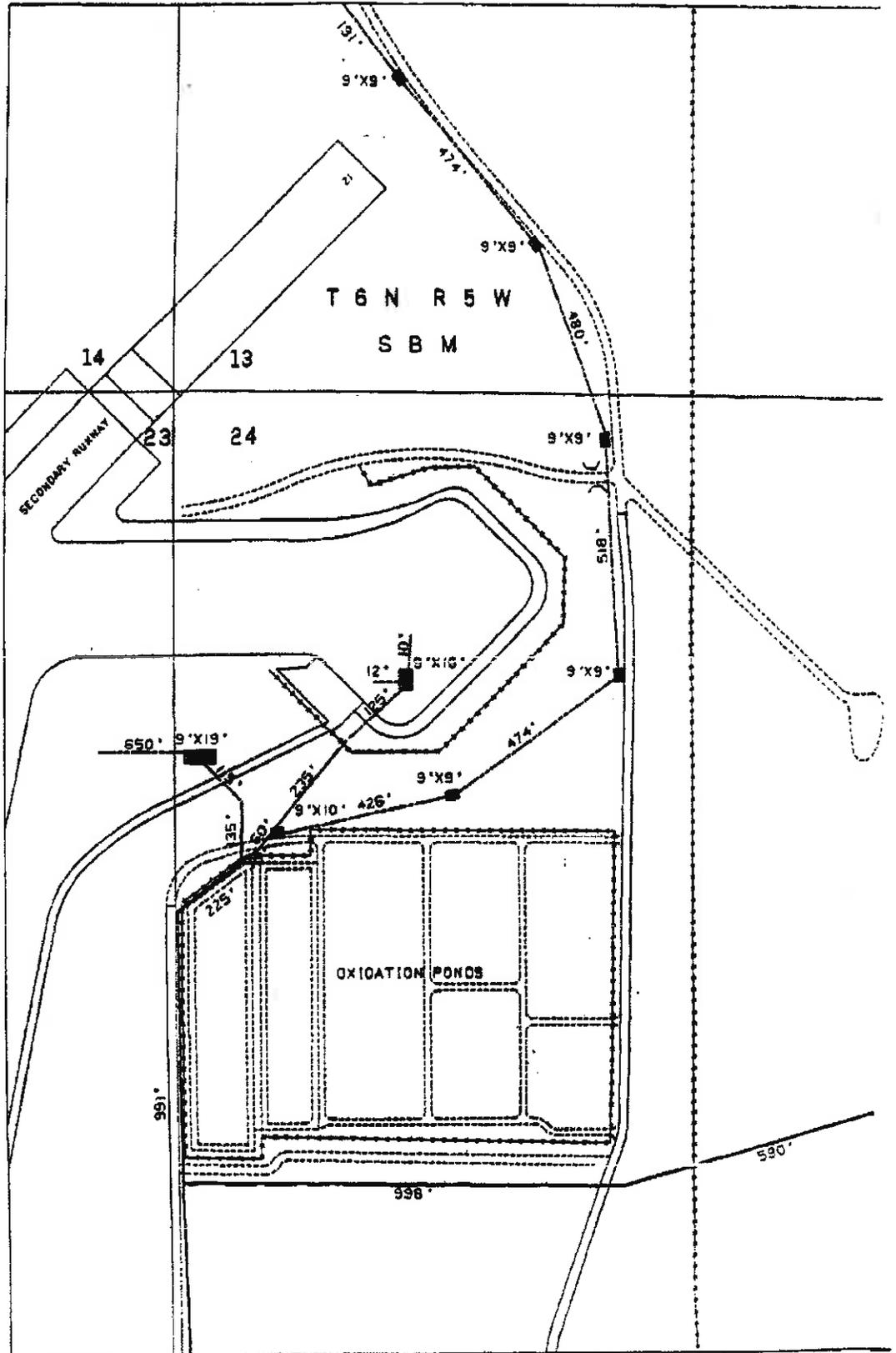
SOUTHERN CALIFORNIA EDISON COMPANY

SER.

SHEET 5C
SEE SHEET 7C

SHEET 5 OF 20 SHEETS

SEE SHEET 4A



SHEET 6A
SEE SHEET 10A

EXHIBIT "A"

SEE SHEET 18

SEC 13

SEE SHEET 6A

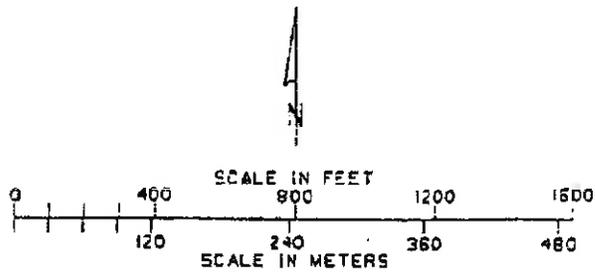
SEC 24

T 6 N R 5 W

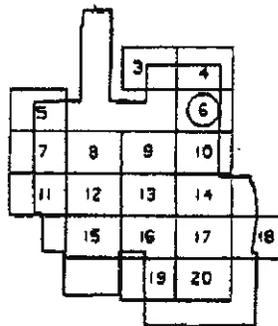
S B M

SHEET 6B
SEE SHEET 10B

EXHIBIT "A"



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE
- UNDERGROUND DISTRIBUTION LINE
- STREETLIGHT
- GUY WIRES

- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP # 6

J.O. 9490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS BEING ACQUIRED BY SOUTHERN CALIFORNIA EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SEE SHEET 6B

SER.

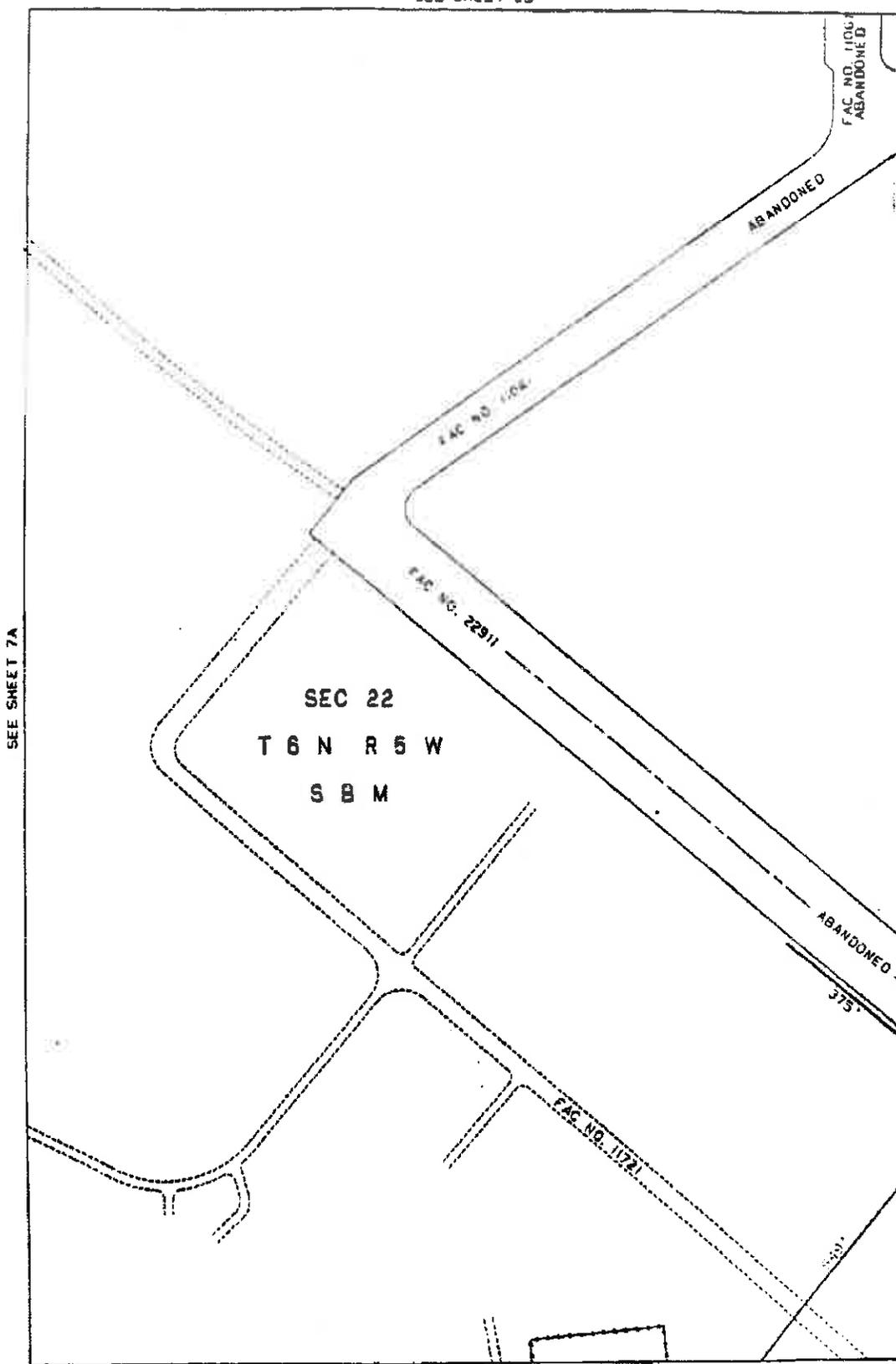
SHEET 6C
SEE SHEET 10C

SHEET 6 OF 20 SHEETS

SEE SHEET 5A

SEC 21
T 6 N R 5 W
S 5 M

SEE SHEET 5B

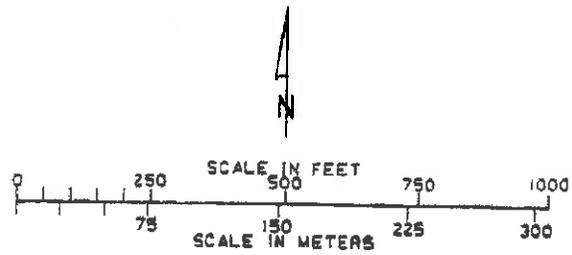


SEE SHEET 7A

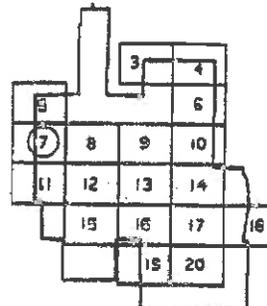
SEC 22
T 6 N R 5 W
S B M

SHEET 7B
SEE SHEET 11B

SEE SHEET 5C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP # 7

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS BEING ACQUIRED BY SOUTHERN CALIFORNIA EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMP

SER.

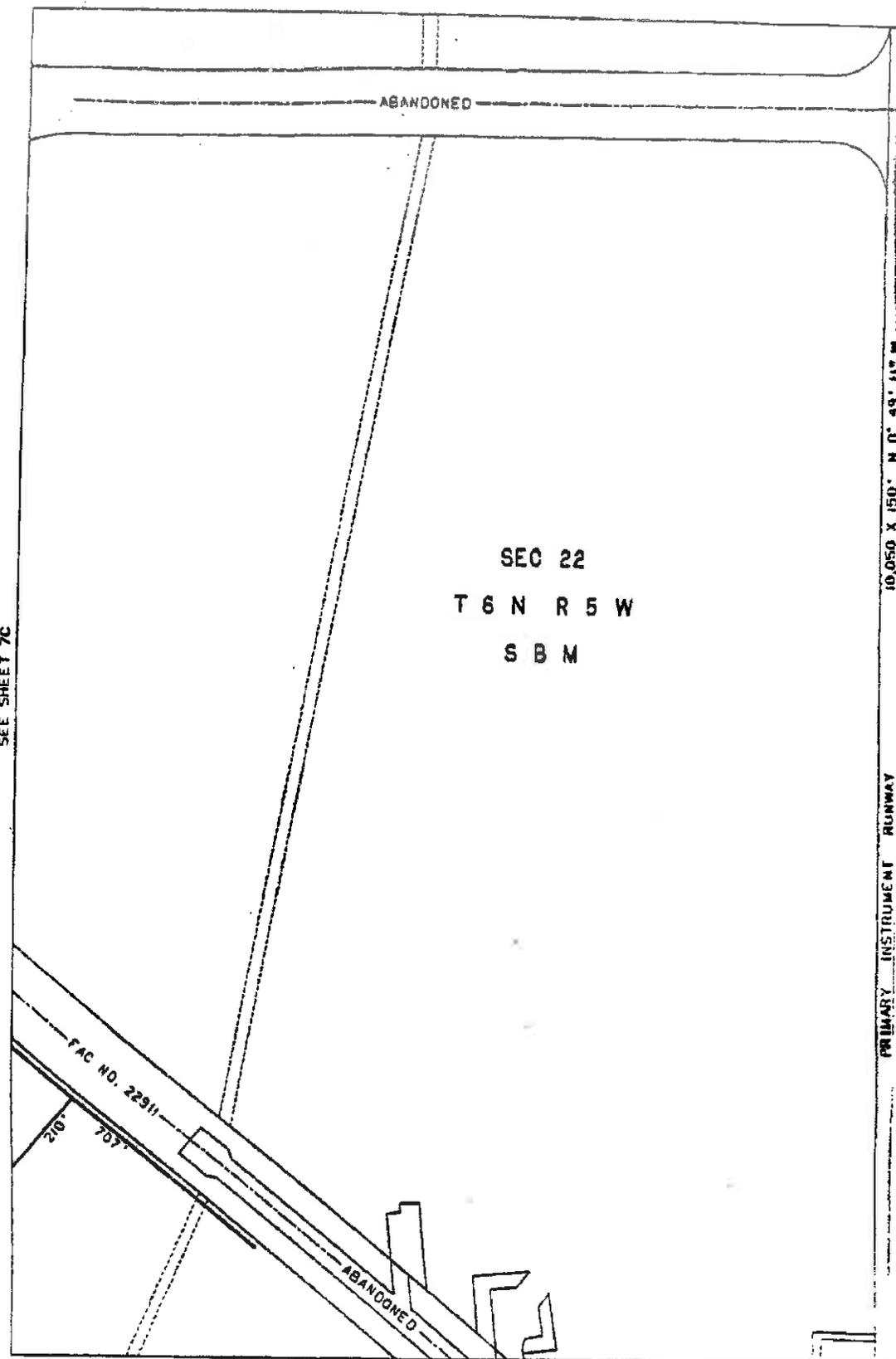
SHEET 7C

SEE SHEET 11C

SHEET 7 OF 20 SHEETS

SEE SHEET 7B

EXHIBIT A



SEE SHEET 7C

SEC 22
T 6 N R 5 W
S B M

10,050 X 150' N 0° 49' 11" W

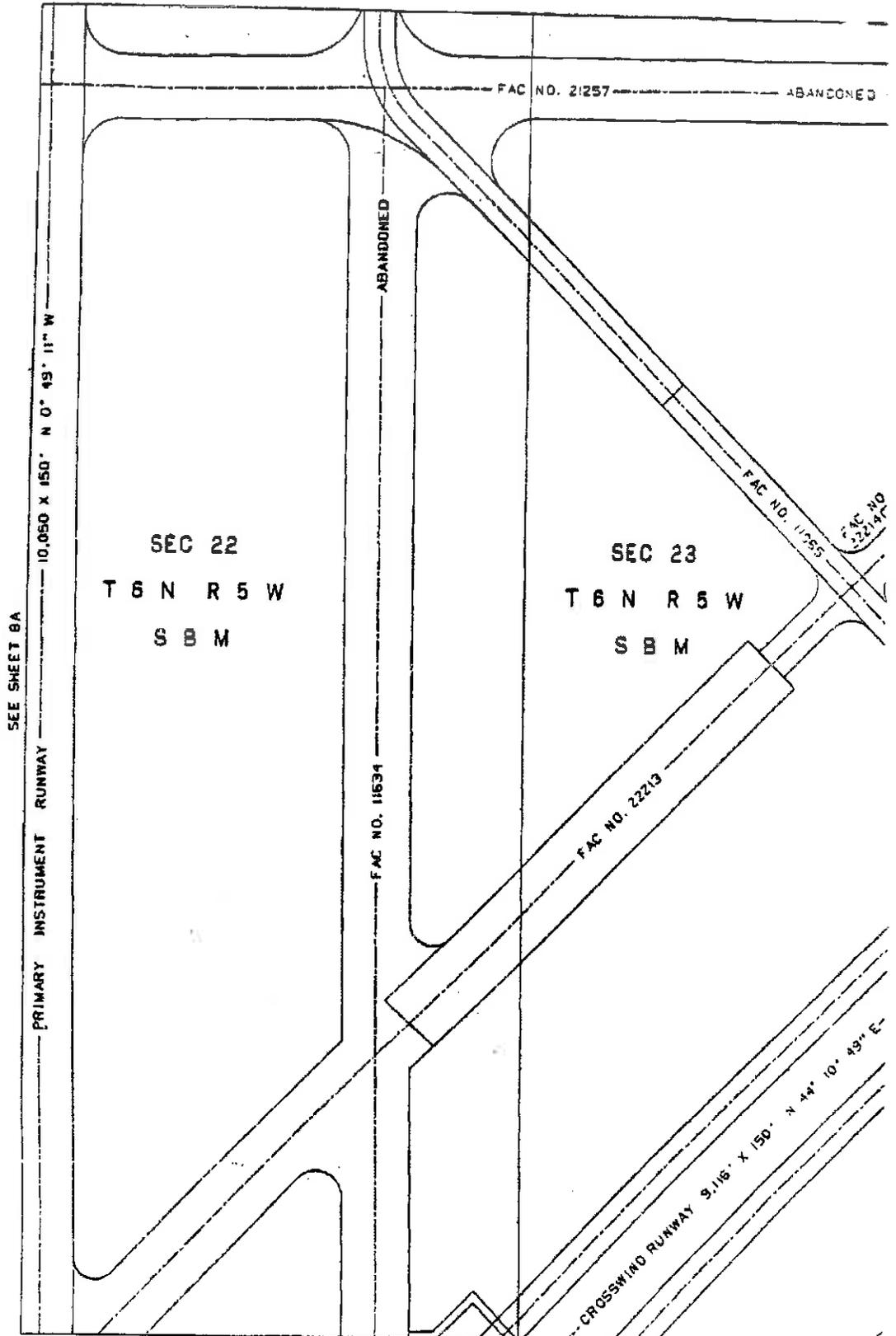
PRIMARY INSTRUMENT RUNWAY

FAC NO. 22911
200' 707'

ABANDONED

SHEET 8A
SEE SHEET 12A

EXHIBIT "A"



SEE SHEET 8A

PRIMARY INSTRUMENT RUNWAY

10,050 X 150° N 0° 49' 11" W

SEC 22
T 6 N R 5 W
S B M

FAC NO. 11634

ABANDONED

FAC NO. 21257

ABANDONED

FAC NO. 22213

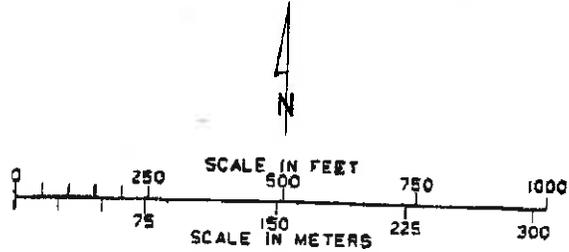
FAC NO. 11255

FAC NO. 22247

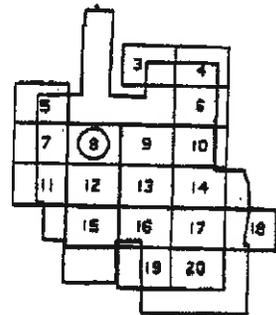
CROSSWIND RUNWAY 9,116 X 150° N 44° 10' 49" E

SHEET 8B
SEE SHEET 129

EXHIBIT "A"



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- ===== PAVED ROAD
- GRAVEL ROAD
- - - - - FENCE
- - - - - PROPERTY LINE
- - - - - CENTER LINE
- ===== OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- - - - - STREETLIGHT EASEMENT 6' WIDE
- - - - - GUY WIRE EASEMENT 4' WIDE
- ▨ ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- ▩ UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 8B

EXHIBIT "A"

MAP # 8

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

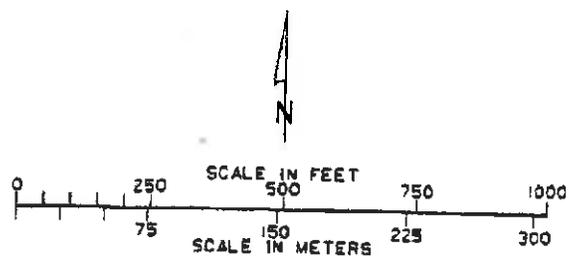
SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

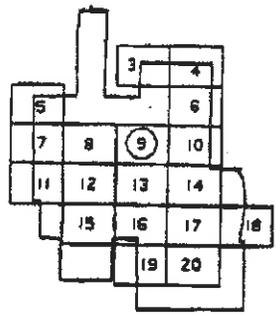
SER.

SHEET 8C
SEE SHEET 12C

SHEET 8 OF 20 SHEETS



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 9B

EXHIBIT "A"

MAP # 9

J.O. 8450 M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SER.

SHEET 9C
SEE SHEET 13C

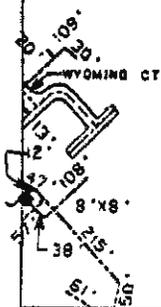
SHEET 9 OF 20 SHEETS

SEE SHEET 69

EXHIBIT A

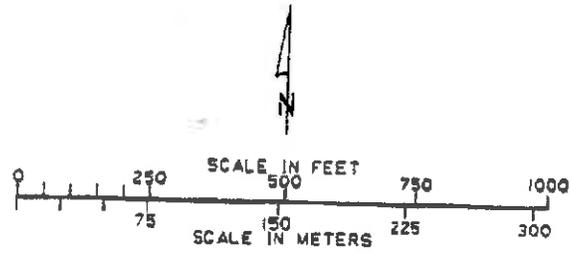
SEE SHEET 10A

SEC 24
T 6 N R 5 W
S B M

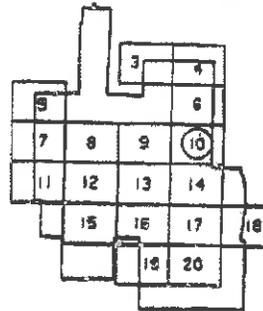


SHEET 108
SEE SHEET 148

EXHIBIT "A"



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP #10

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SEE SHEET 10B

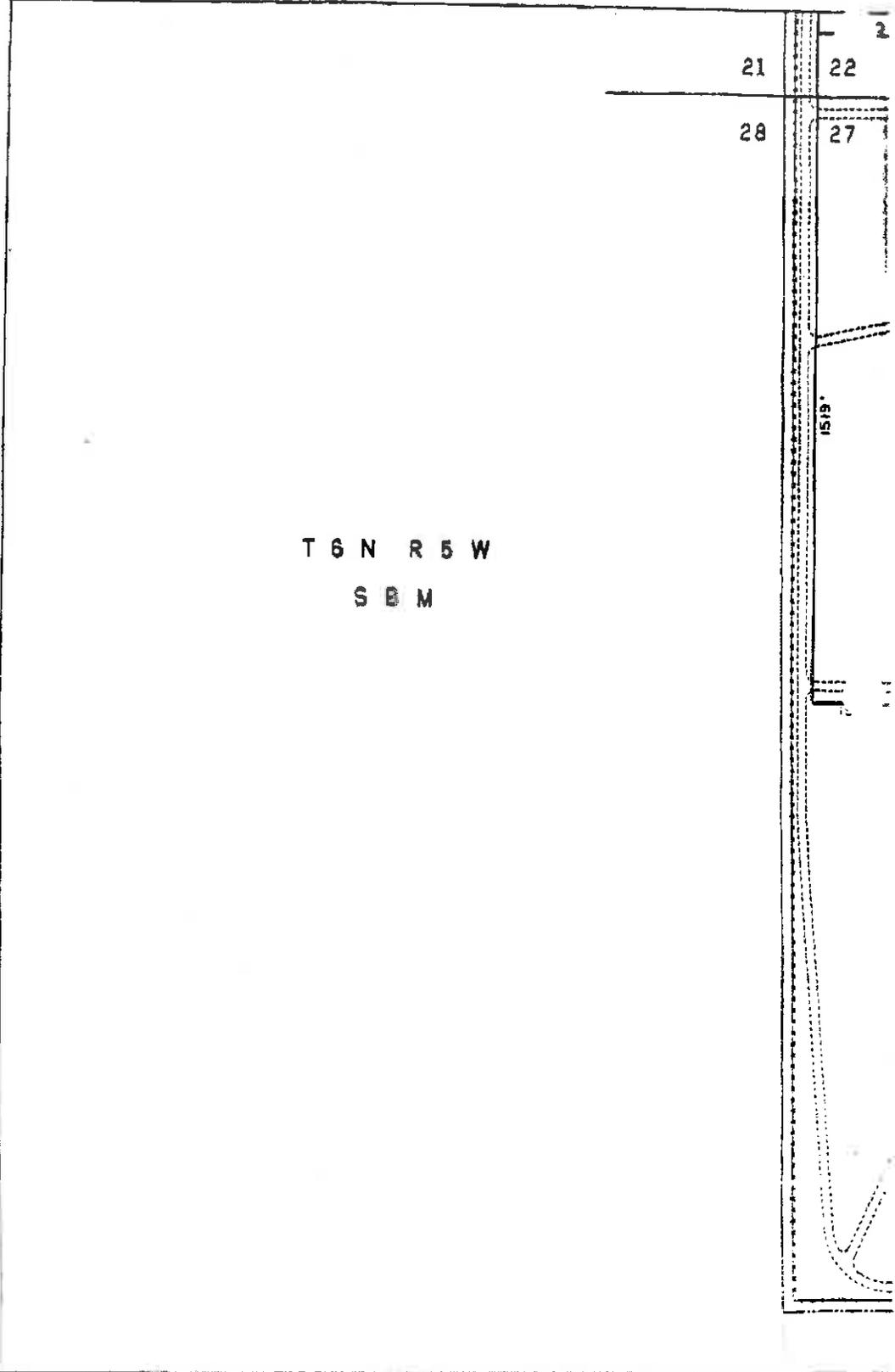
SER.

SHEET 10C
SEE SHEET 14C

SHEET 10 OF 20 SHEETS

SEE SHEET 7A

EXHIBIT A



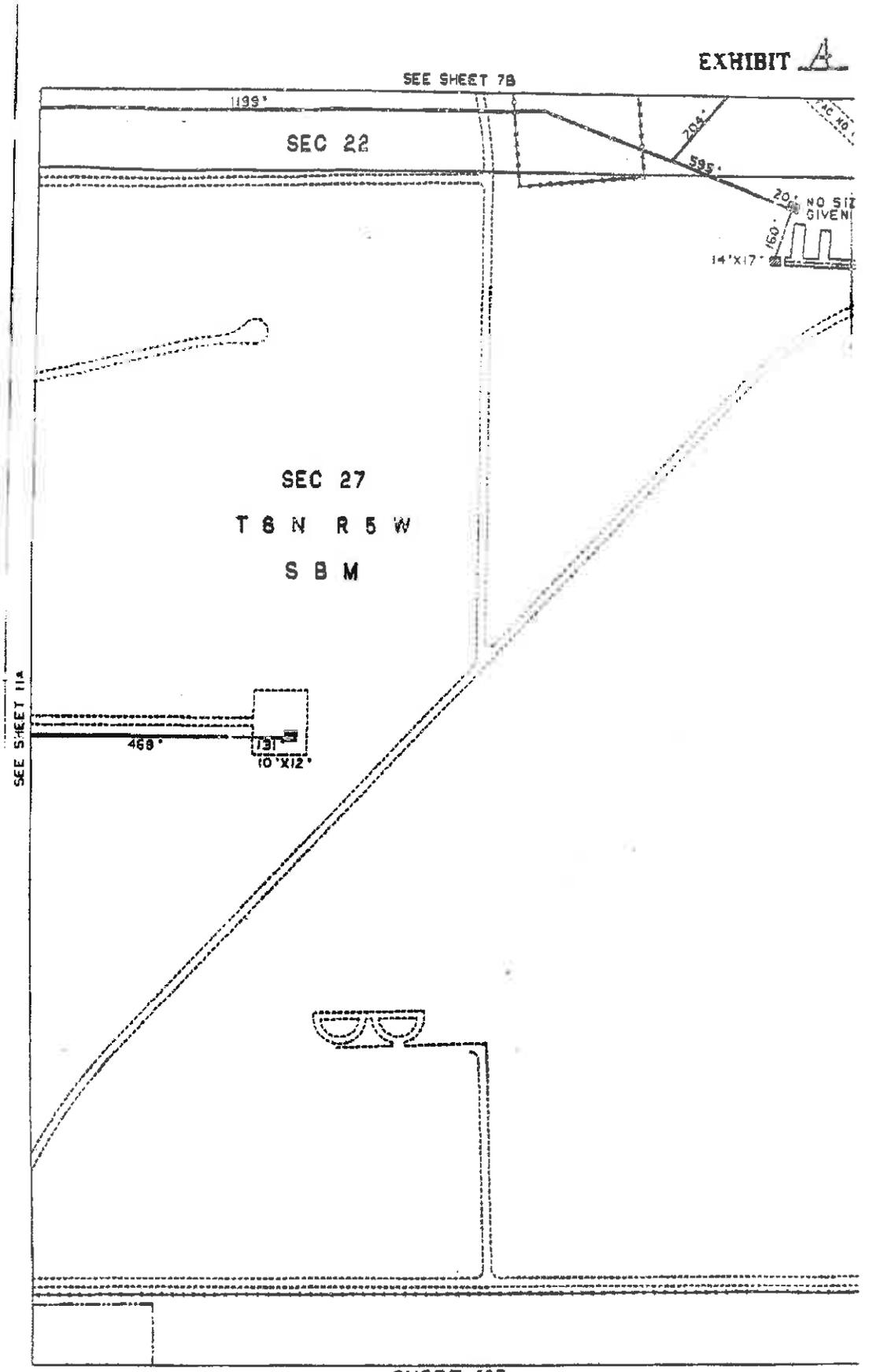
T 6 N R 5 W
S B M

1519'

SHEET 11A

EXHIBIT "A"

SEE SHEET 7B



SEC 22

SEC 27
T 8 N R 5 W
S B M

SEE SHEET 11A

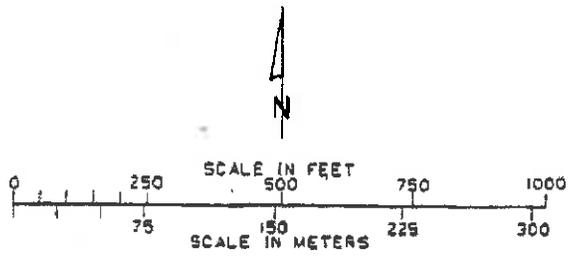
468'

131'
10'X12'

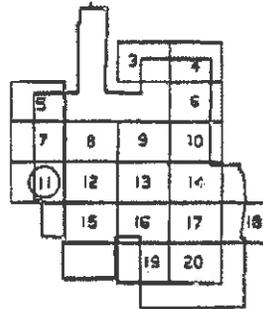
204'
595'

20' NO SIZE GIVEN
14'X17'
150'

SEE SHEET 7C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- ===== PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ▨ ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD, SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT, SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 11B

EXHIBIT "A"

MAP #11

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SER.

SOUTHERN CALIFORNIA EDISON COMP

SEE SHEET 9A

SEC 22

FAC NO 22911

ABANDONED

FAC NO 11512

FAC NO 11512

CROSSWIND RUNWAY

OVERRUN

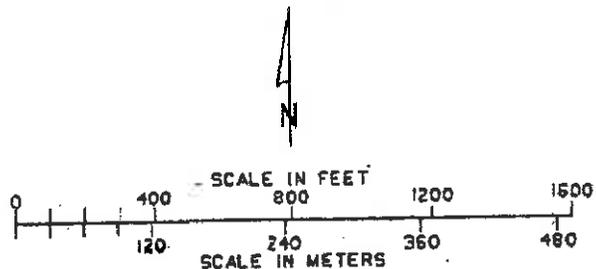
OVERRUN

SEC 27

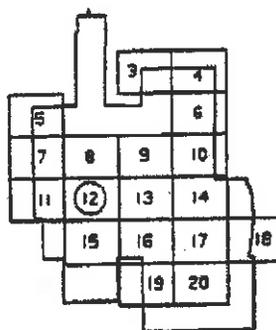
T 6 N R 5 W

S B M

SEE SHEET 11C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- ===== PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE
- UNDERGROUND DISTRIBUTION LINE
- STREETLIGHT
- GUY WIRES
- ▨ ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- ▨ UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP #12

J.D. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS BEING ACQUIRED BY SOUTHERN CALIFORNIA EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPAN

SER.

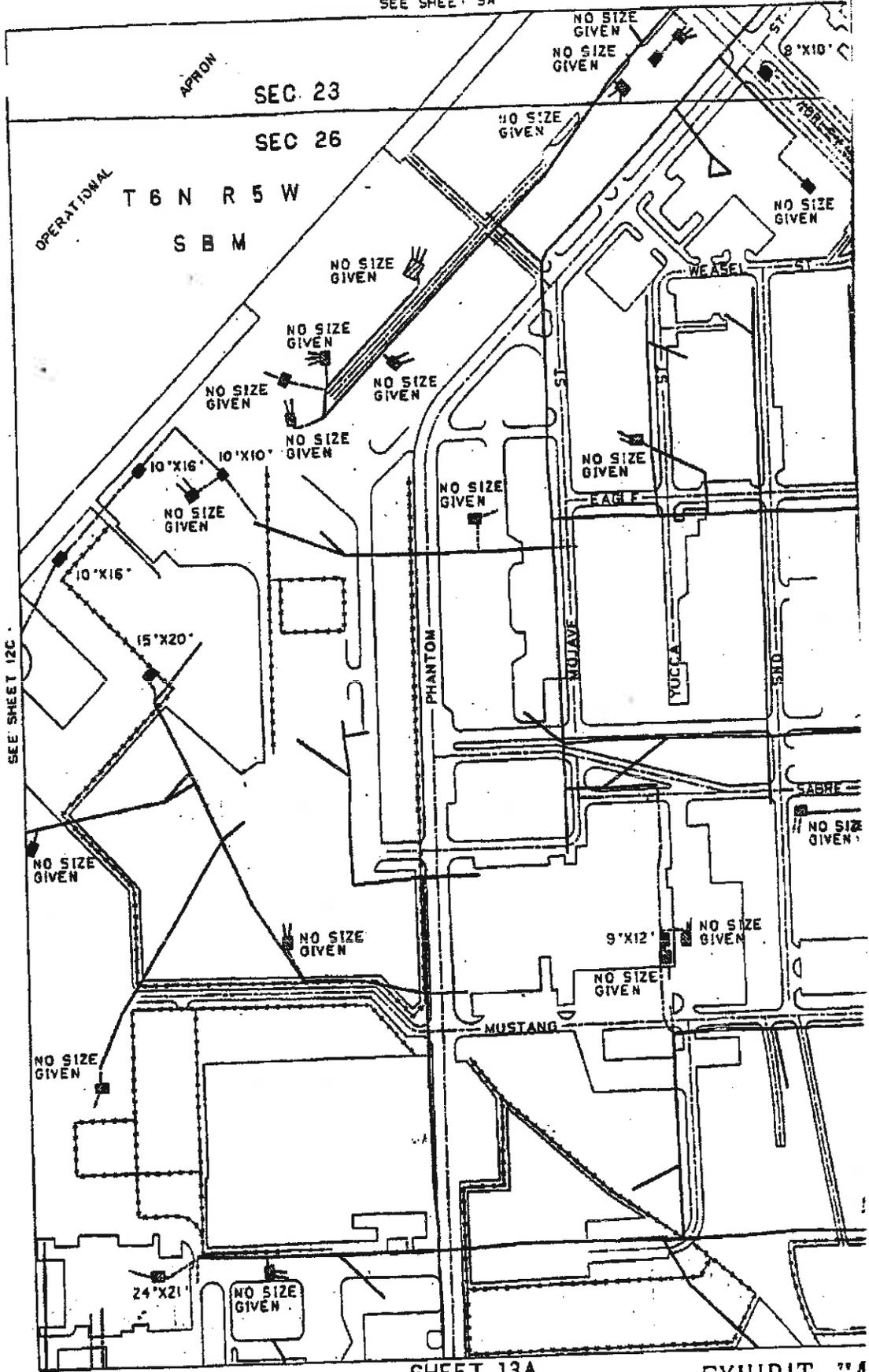
SHEET 12C

SHEET 12 OF 20 SHEET

SEE SHEET 15C

SEE SHEET 12B

SEE SHEET 9A

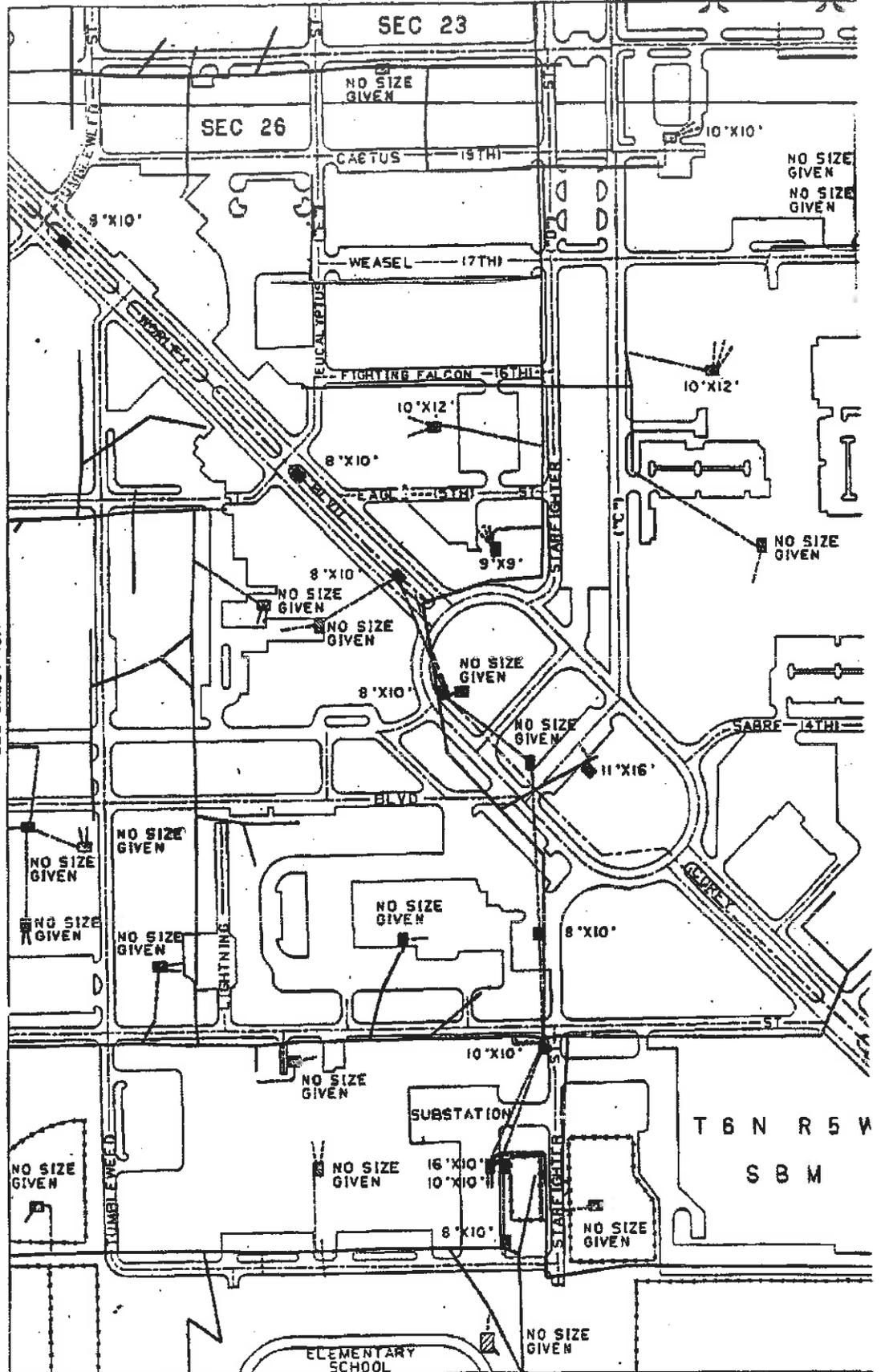


SEE SHEET 12C

SHEET 13A
SEE SHEET 16A

EXHIBIT "A"

SEE SHEET 98

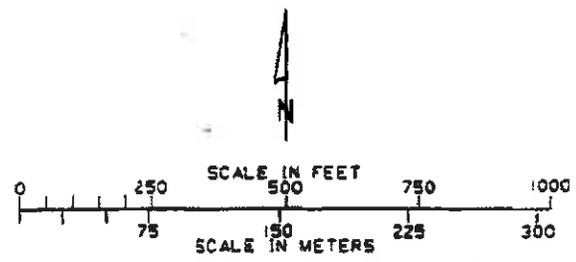


SEE SHEET 13A

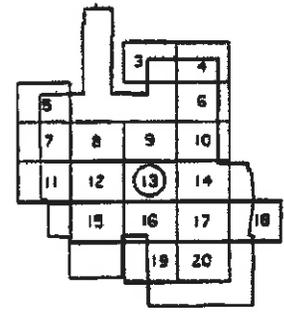
SHEET 13B
SEE SHEET 16B

EXHIBIT "A"

SEE SHEET 9C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 13B

EXHIBIT "A"

MAP #13

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS BEING ACQUIRED BY SOUTHERN CALIFORNIA EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

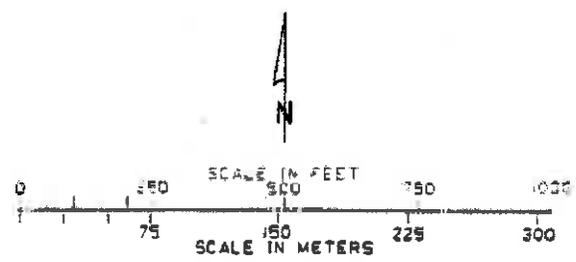
SOUTHERN CALIFORNIA EDISON COMPA

SER.

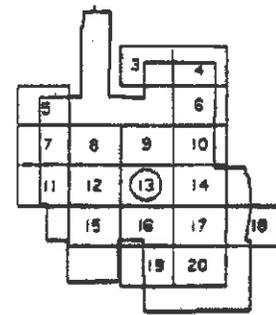
SHEET 13C
SEE SHEET .6C

SHEET 13 OF 20 SHEETS

SEE SHEET 13C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- ===== PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE

- ▨ ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- ▨ UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP #13

J.O. 8490 M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS BEING ACQUIRED BY SOUTHERN CALIFORNIA EDISON COMPANY FROM USA.

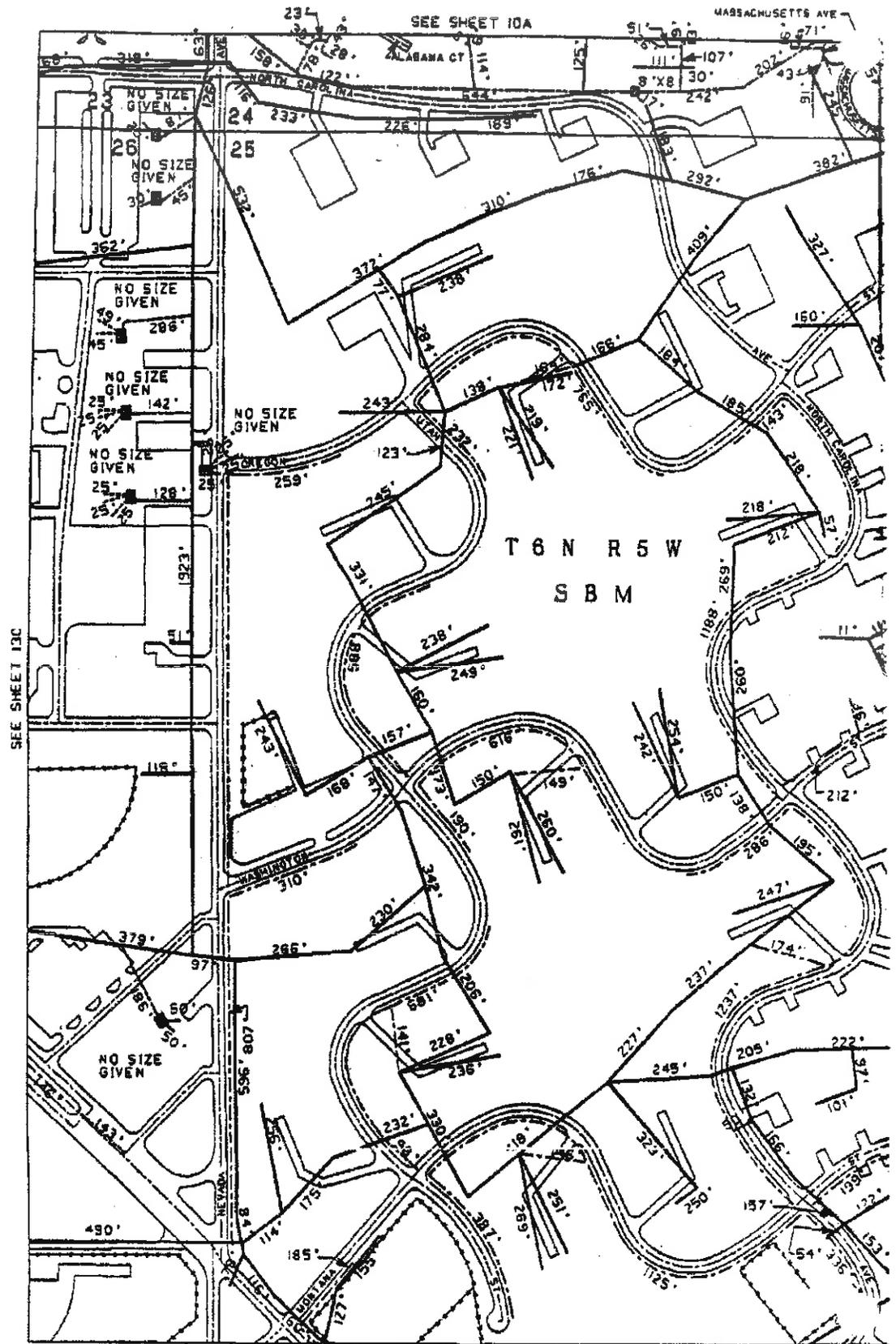
SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SER.

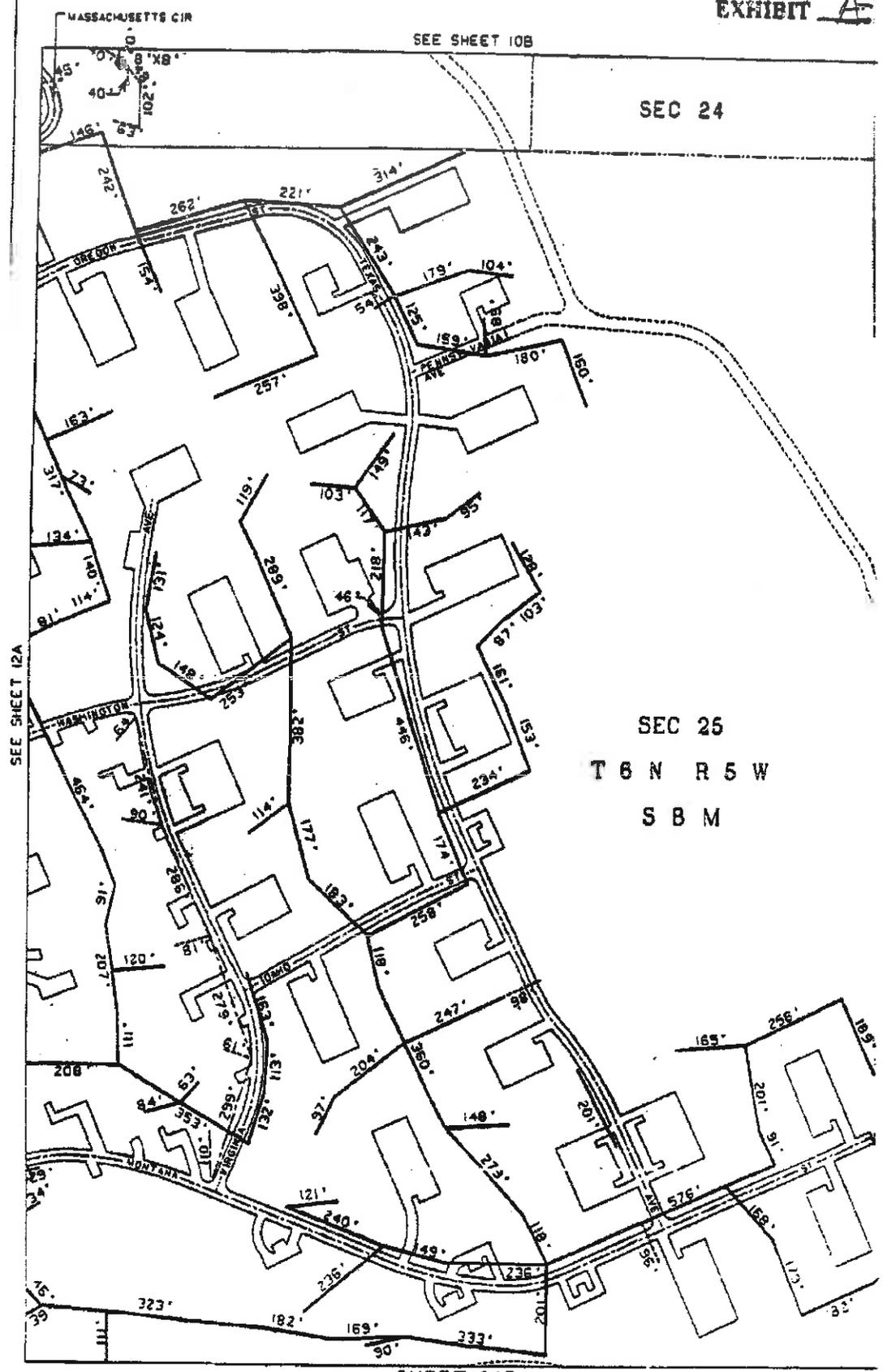
SEE SHEET 13B

EXHIBIT A



SHEET 14A
SEE SHEET 17A

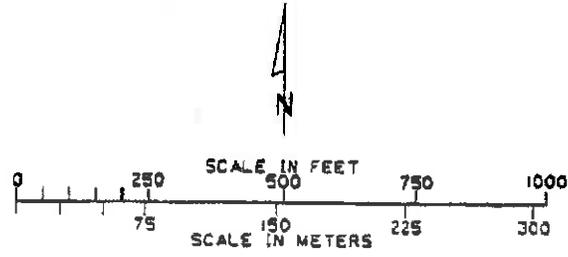
EXHIBIT "A"



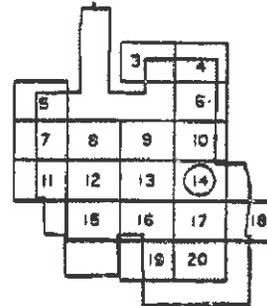
SEC 24

SEC 26
T 6 N R 5 W
S B M

SEE SHEET 10C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. (SIZE AS SPECIFIED (SYMBOL NOT TO SCALE))
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. (SIZE AS SPECIFIED (SYMBOL NOT TO SCALE))

SEE SHEET 12B

EXHIBIT "A"

MAP #14

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMP.

SER.

SHEET 14C

SHEET 14 OF 20 SHEETS

SEE SHEET 17C

SEE SHEET 2A

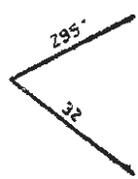
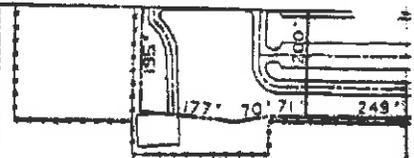
SEC 27
T 6 N R 5 W
S B M

SEC 34

SEE SHEET 12B

SEE SHEET 15A

T 6 N R 5 W
S 8 M



27

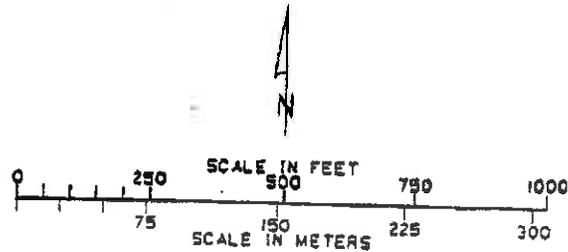
26

34

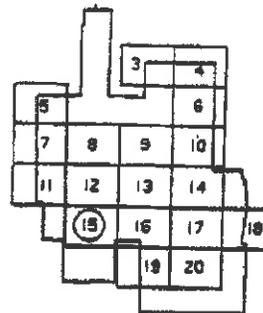
35

AIR BASE RD

SEE SHEET 12C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
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- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 15B

EXHIBIT "A"

MAP #15

J.O. 8490 M.S.

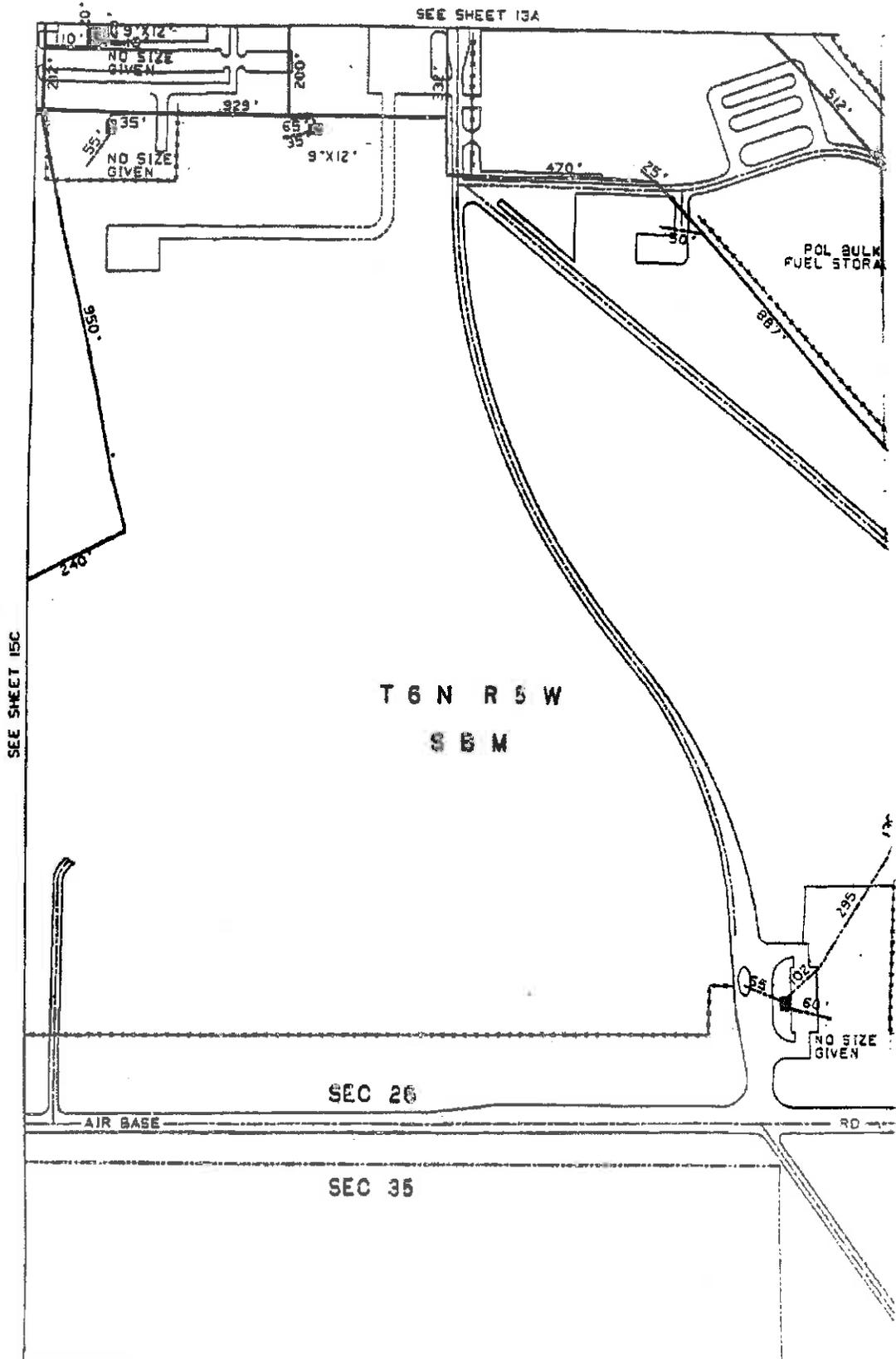
GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SER.



T 6 N R 5 W
S 6 M

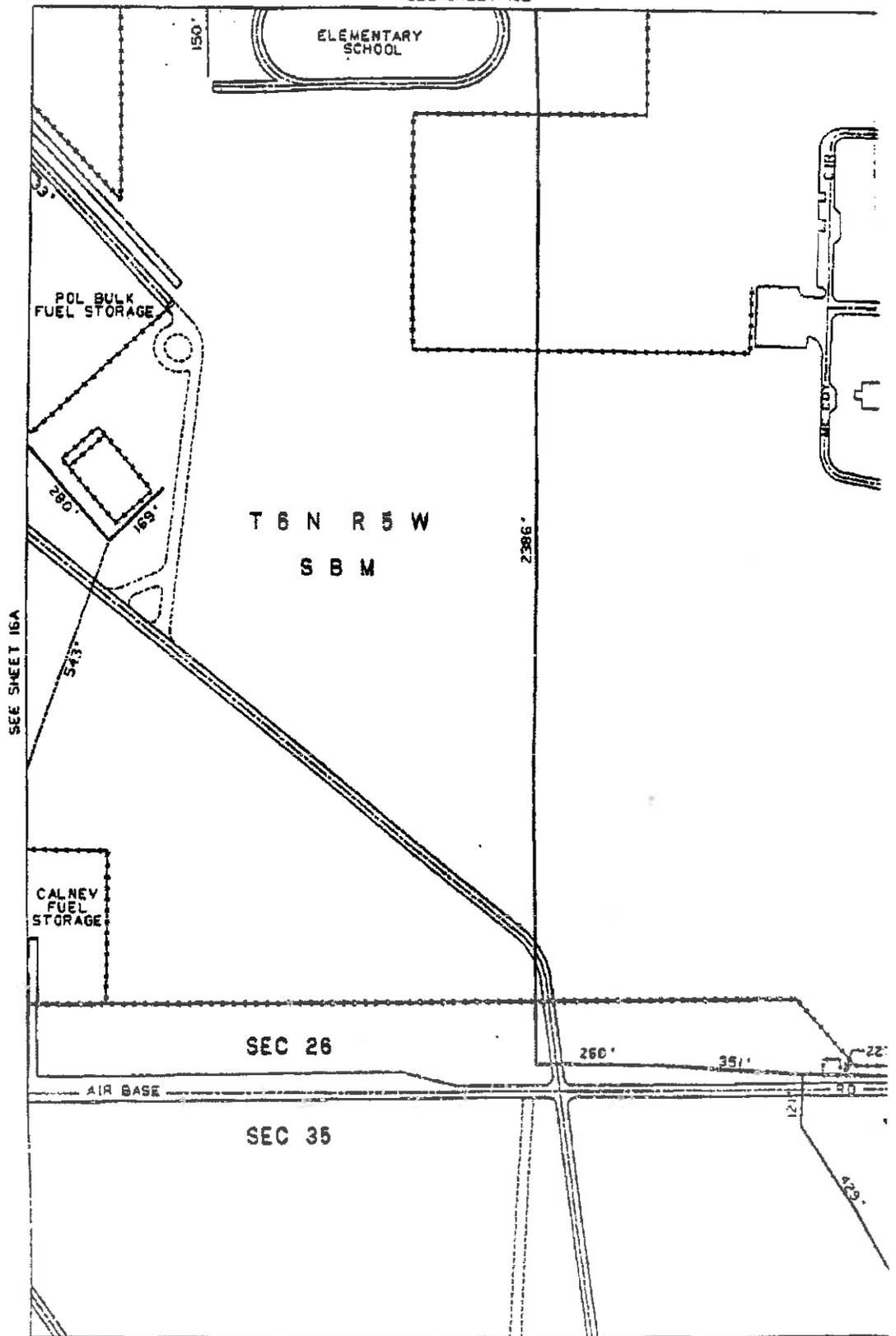
SEC 26

SEC 35

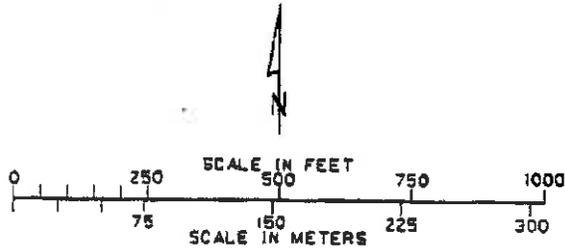
AIR BASE

RD

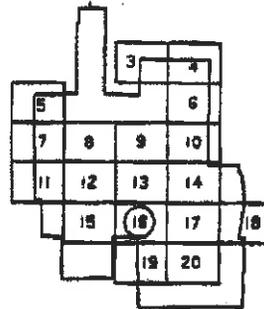
SEE SHEET 138



SEE SHEET 13C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 16B

EXHIBIT "A"

MAP #16

J.O. 6490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

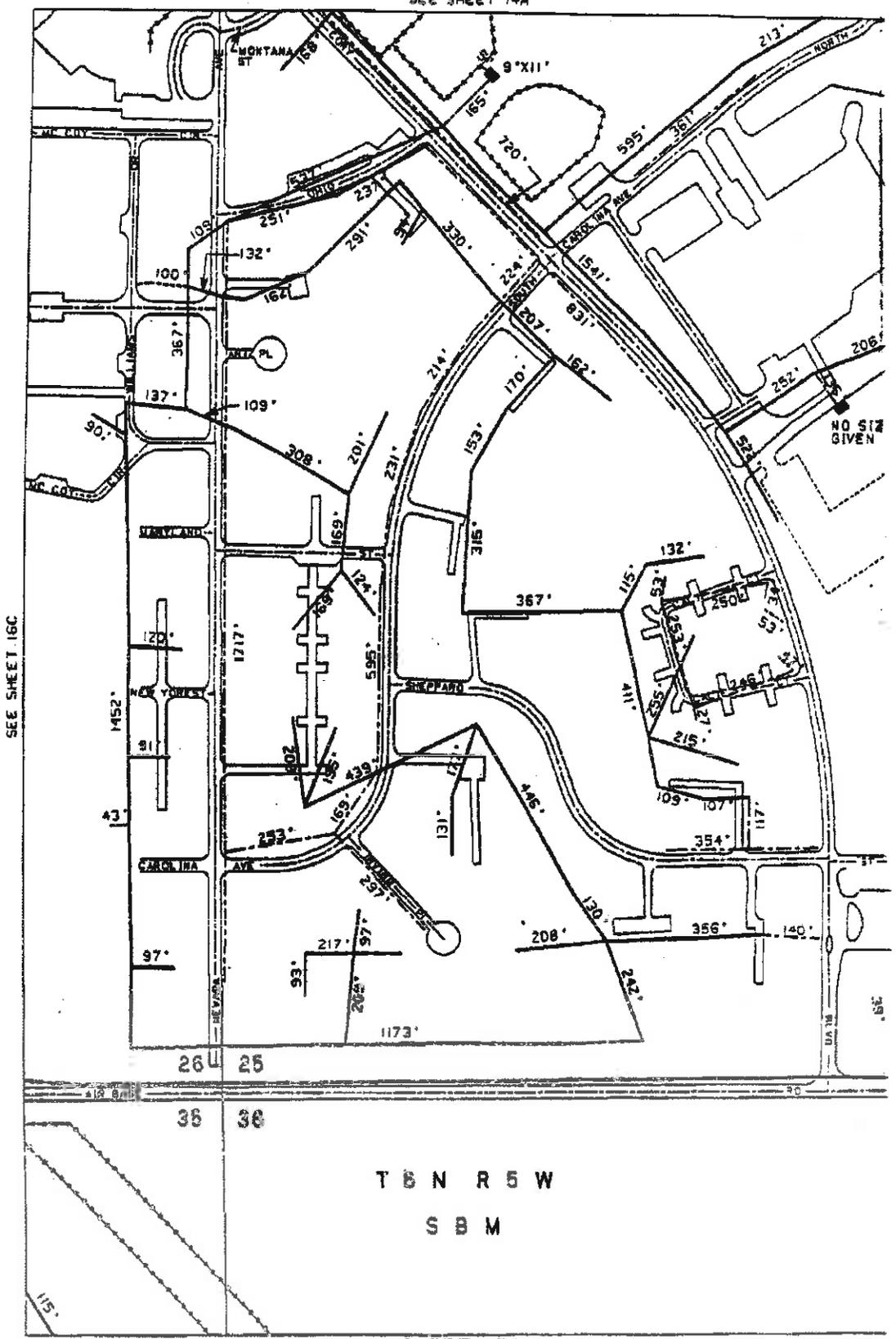
SOUTHERN CALIFORNIA EDISON COMPA

SER.

SHEET 16C
SEE SHEET 13C

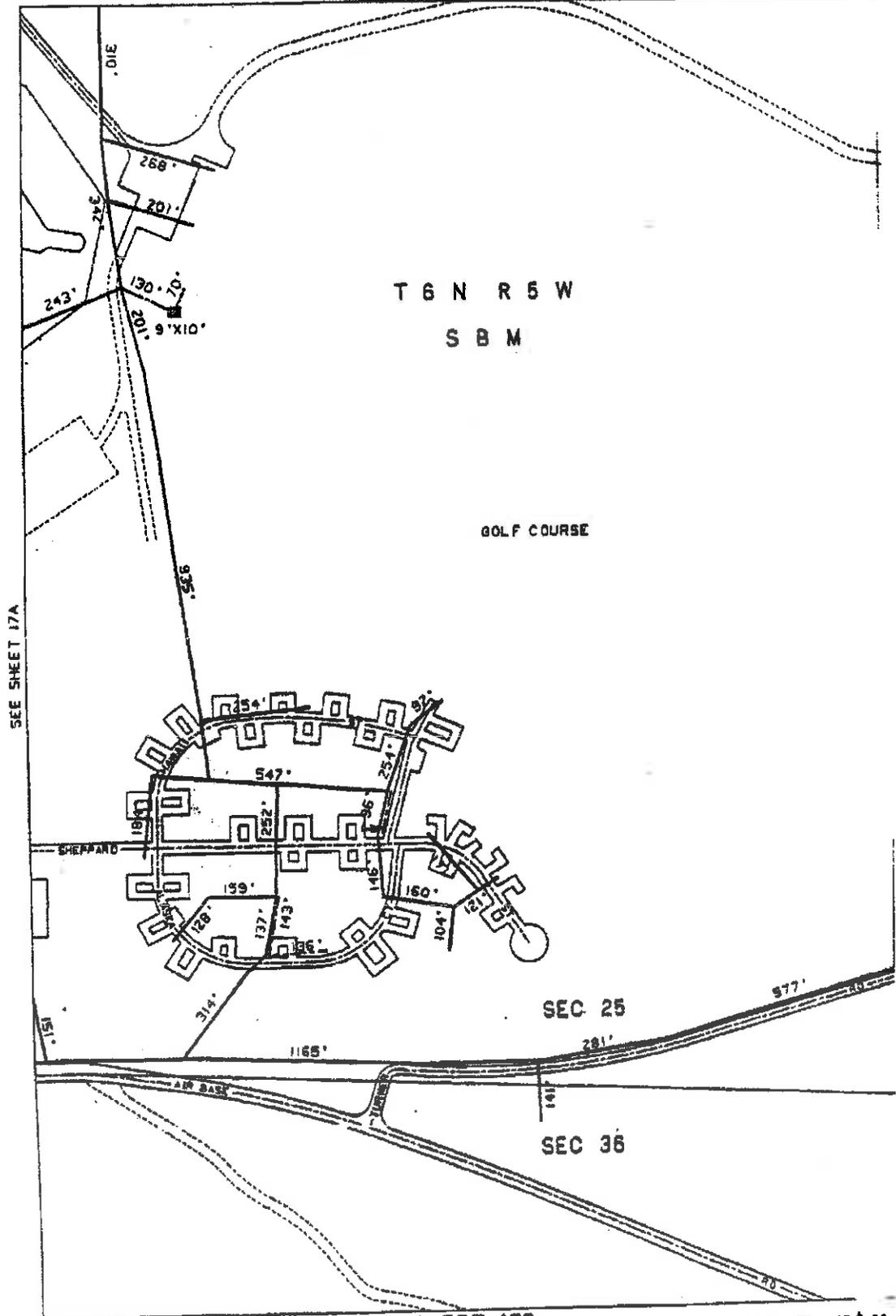
SHEET 16 OF 20 SHEETS

SEE SHEET 14A



SHEET 17A
SEE SHEET 20A

SEE SHEET 148



T 6 N R 5 W
S B M

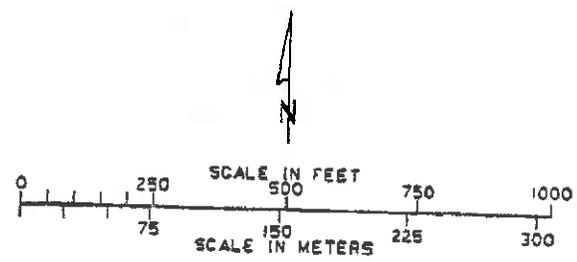
GOLF COURSE

SEC 25

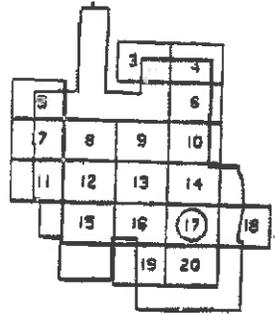
SEC 36

SEE SHEET 177A

SEE SHEET 14C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6" WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT. SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP #17

J.O. 8490

M.S.

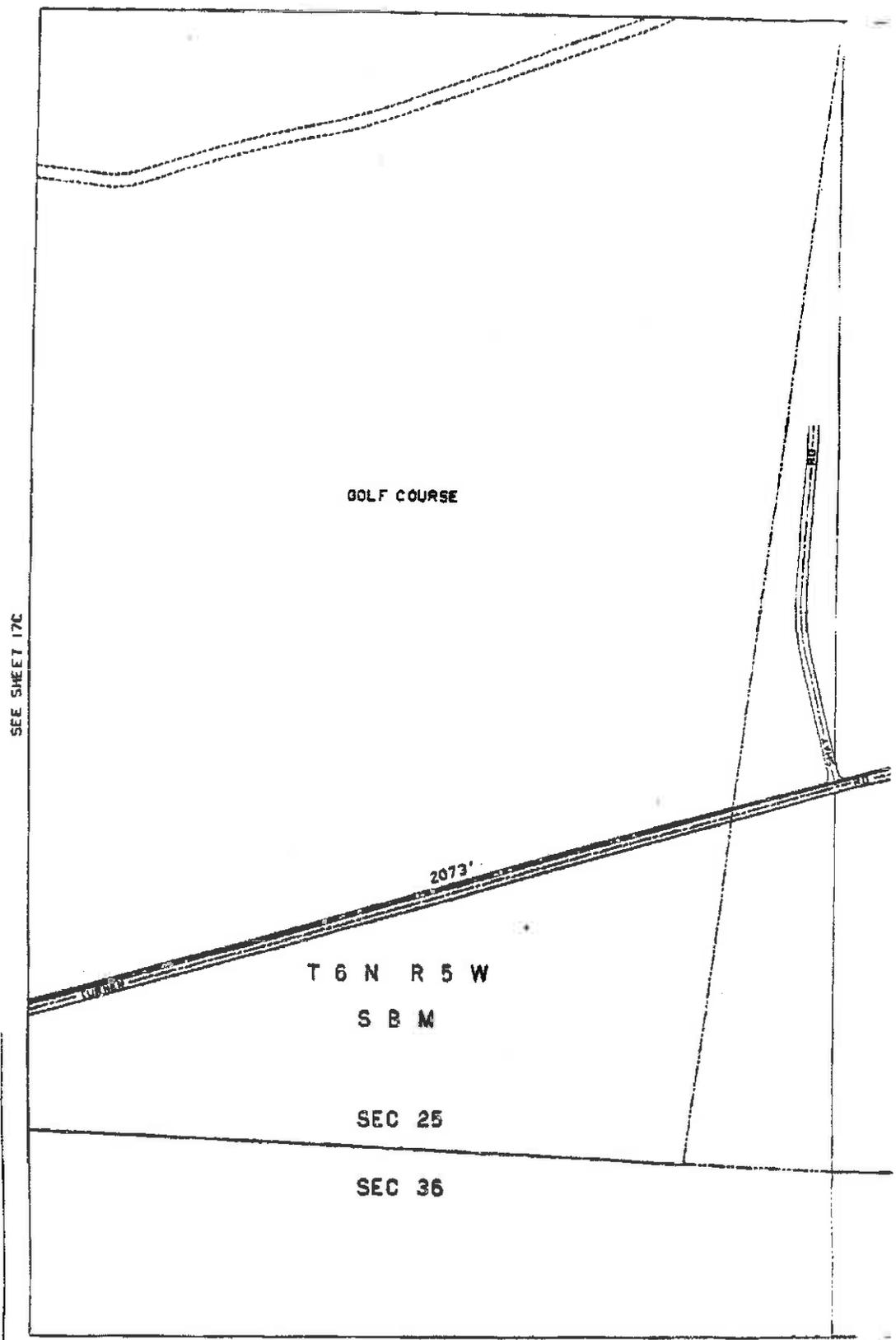
GEORGE AIR FORCE BASE
MAP SHOWING LOCATIONS OF EASEMENTS BEING ACQUIRED BY SOUTHERN CALIFORNIA EDISON COMPANY FROM USA.
SAN BERNARDINO COUNTY
SOUTHERN CALIFORNIA EDISON COMPANY

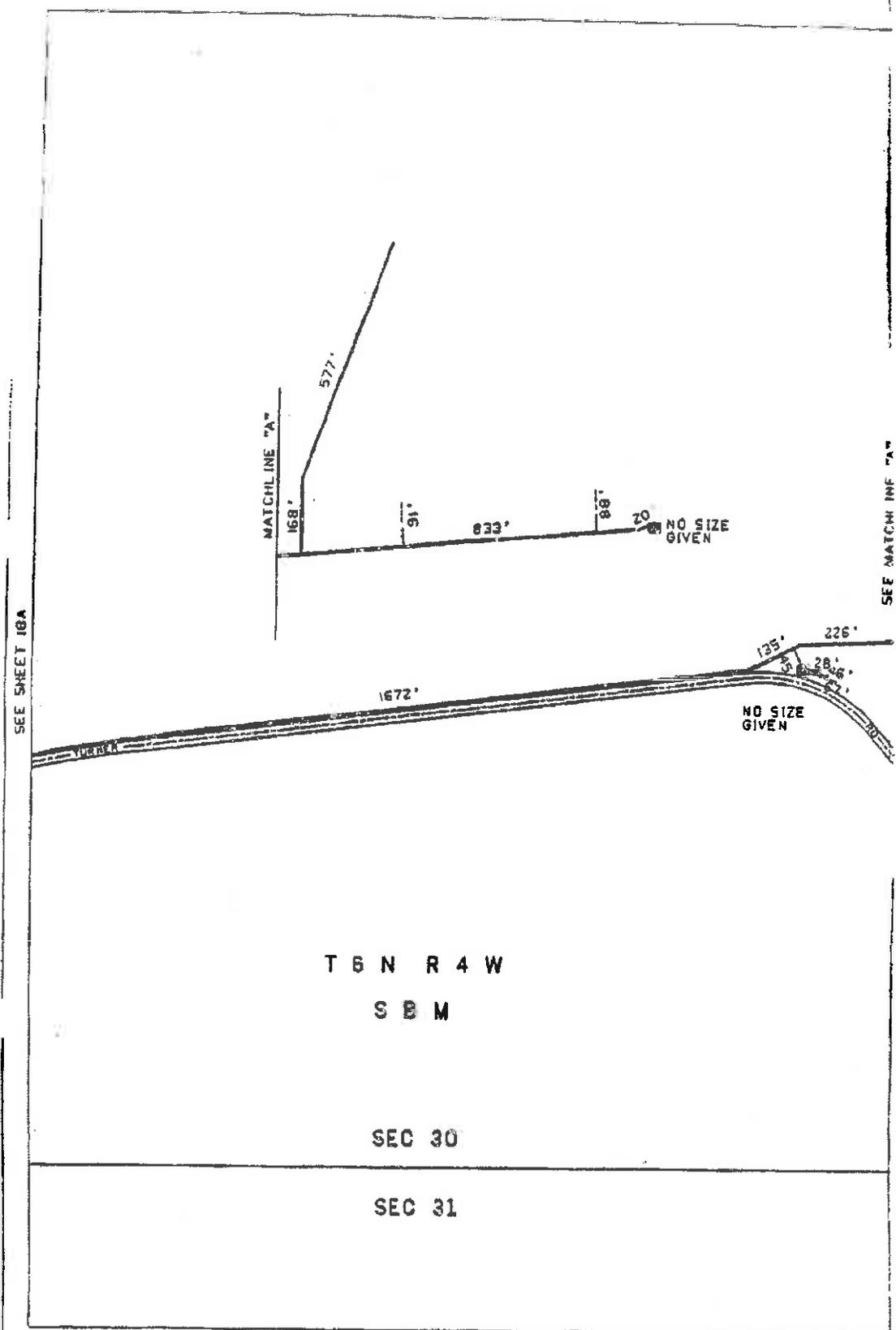
SER.

SHEET 17C
SEE SHEET 20C

SHEET 17 OF 20 SHEETS

SEE SHEET 17B





SEE SHEET 18A

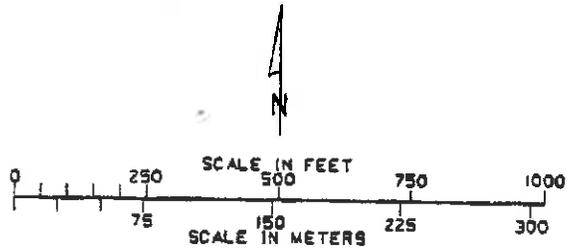
SEE MATCHLINE 'A'

T 6 N R 4 W

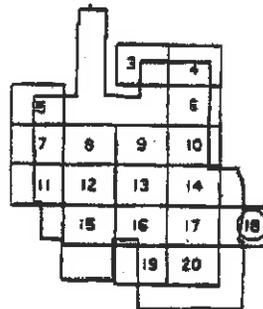
S B M

SEC 30

SEC 31



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- ===== PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ▨ ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- ▣ UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP #18

J.O. 0450 M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

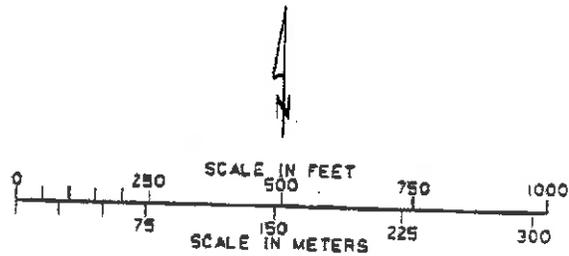
SER.

SEE SHEET 18B

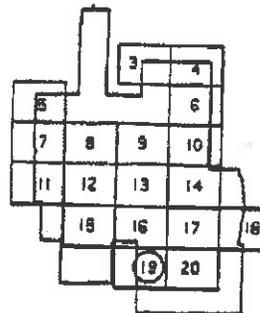
SEE SHEET 16A

SEC 35
T 6 N R 5 W
S B M

SEE SHEET 16C



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- ===== PAVED ROAD
- GRVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6' WIDE
- STREETLIGHT EASEMENT 6' WIDE
- GUY WIRE EASEMENT 4' WIDE
- ▨ ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- ▣ UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

EXHIBIT "A"

MAP #19

J.O. 8400

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SER.

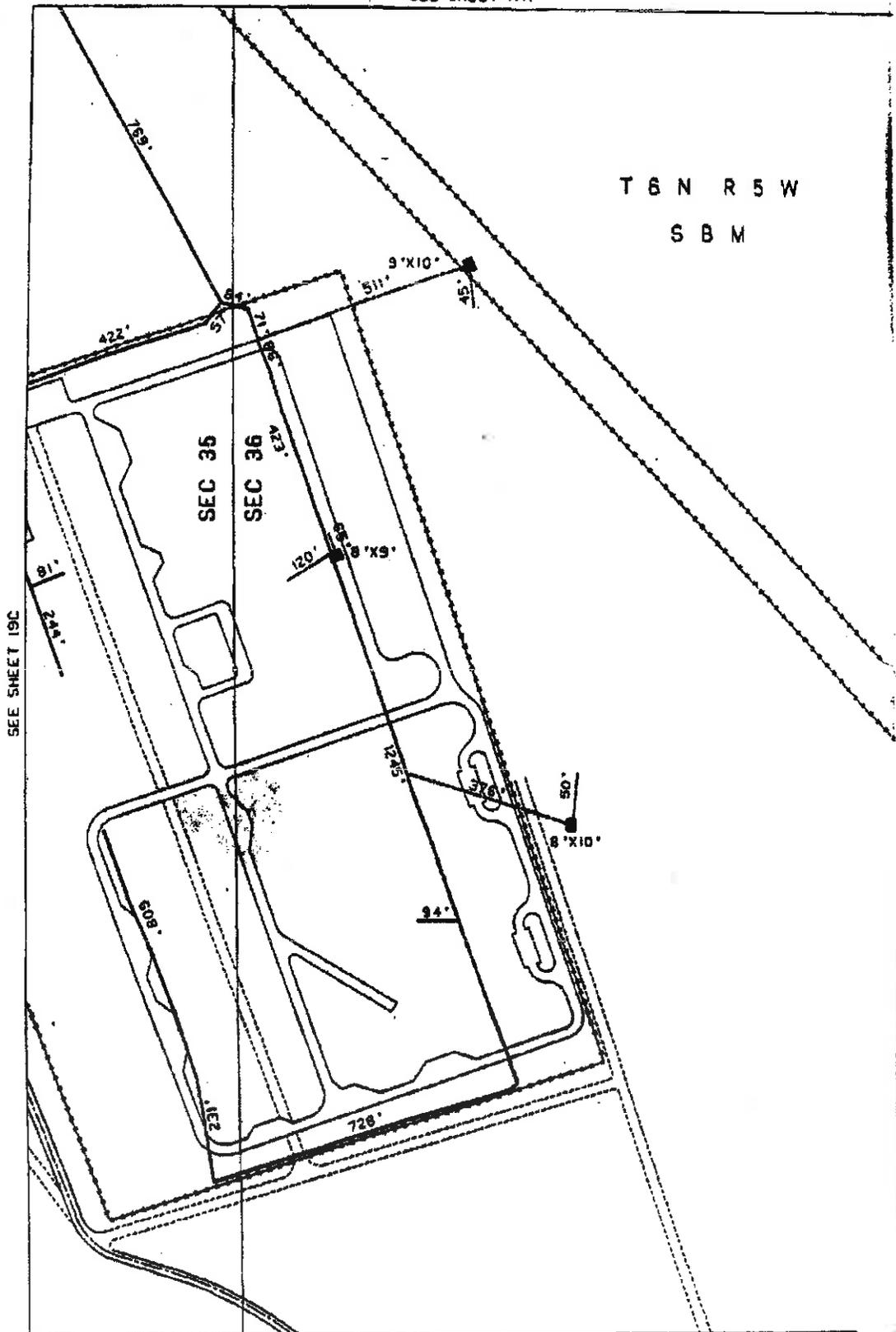
SHEET 19C

SHEET 19 OF 20 SHEETS

SEE SHEET 19B

SEE SHEET 17A

T 6 N R 5 W
S B M



SEE SHEET 19C

SHEET 20A

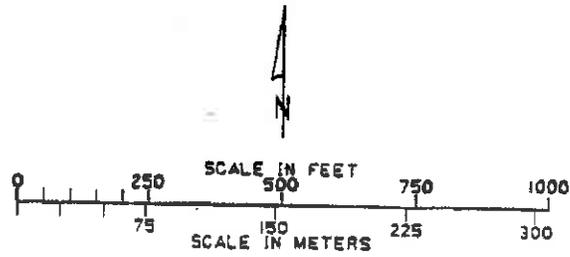
SEE SHEET 178

SEE SHEET 20A

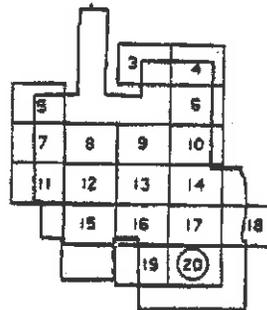
SEC 36
T 6 N R 5 W
S B M

SHEET 20B

SEE SHEET 170



GEORGE AIR FORCE BASE



MAP INDEX

LEGEND

- PAVED ROAD
- GRAVEL ROAD
- FENCE
- PROPERTY LINE
- CENTER LINE
- OVERHEAD DISTRIBUTION LINE EASEMENT 10' WIDE
- UNDERGROUND DISTRIBUTION LINE EASEMENT 6" WIDE
- STREETLIGHT EASEMENT 8" WIDE
- GUY WIRE EASEMENT 4' WIDE
- ABOVE GROUND STRUCTURE EASEMENT AREA FOR PAD.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)
- UNDERGROUND STRUCTURE EASEMENT AREA FOR VAULT.
SIZE AS SPECIFIED (SYMBOL NOT TO SCALE)

SEE SHEET 200

EXHIBIT "A"

MAP #20

J.O. 8490

M.S.

GEORGE AIR FORCE BASE

MAP SHOWING LOCATIONS OF EASEMENTS
BEING ACQUIRED BY SOUTHERN CALIFORNIA
EDISON COMPANY FROM USA.

SAN BERNARDINO COUNTY

SOUTHERN CALIFORNIA EDISON COMPANY

SER.

SHEET 200

SHEET 20 OF 20 SHEETS

EXHIBIT A-1

NARRATIVE BOUNDARY AND FACILITIES IDENTIFICATION

The property formerly known as George Air Force Base with the exception of that property sold to the First Christian Church of Victorville, that property south of Air Base Road transferred to the Bureau of Prisons, that property transferred to the Adelanto School District, that property leased to the Victor Valley Economic Development Authority (VVEDA) under the terms of the Airfield Lease, that property transferred to the Victor Valley School District, ~~that one acre parcel to be sold to the City of Adelanto~~ and that 1.5 acre parcel to be sold to the Edison Company.

AFBCA / VVEDA
Off / E
9/20/86 9-20-86

Acknowledged by:

Terry E. Caldwell
Terry E. Caldwell
V.V.E.D.A.

Alan K. Olsen
for Alan K. Olsen 9/20/86
A.F.B.C.A.

Exam. 'B'

PERSONAL PROPERTY

-(to be supplied)

~~EXHIBIT C TO THE EDC
UNITED STATES RETAINED AREAS~~

~~The United States reserves unto itself the use of Buildings 605 and 321 and portions of adjoining parking lots under the terms of the Operating Agreement. Further, the United States reserves unto itself that one acre parcel of land which will be sold to the City of Adelanto and as described in the attached drawing.~~

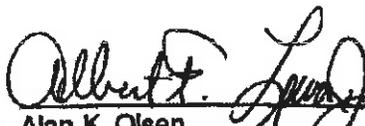
This exhibit is addressed in the Legal Description (Exhibit A) and the Operating Agreement (Appendix #6)

Acknowledged:

WEDA


Terry E. Caldwell

AFBCA


for Alan K. Olsen 9/20/98

Attachment # 7
EDC Agreement, Amendment #1

AMENDMENT NO. 1
TO ECONOMIC DEVELOPMENT CONVEYANCE AGREEMENT
BETWEEN THE DEPARTMENT OF THE AIR FORCE AND
THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

THIS AMENDMENT NO. 1 (herein "Amendment No. 1") is dated as of Sept. 13, 2000, and is entered into by and between the Secretary of the Air Force, on behalf of the United States of America ("Air Force" or "Grantor") and the Victor Valley Economic Development Authority (hereinafter referred to as "Redevelopment Authority" or "Grantee", or "VVEDA").

R E C I T A L S

WHEREAS, the Air Force and the Grantee previously entered into that certain Economic Development Conveyance Agreement (the "EDC Agreement") dated as of September 26, 1996 pertaining to an Economic Development Conveyance of certain portions of former George Air Force Base ("GAFB"); and

WHEREAS, in 1988, the Defense Base Closure and Realignment Commission recommended that GAFB be closed, which closure has occurred, and in response to the closure several of the local communities adjacent and in proximity to GAFB deemed it desirable to form the Joint Powers Authority now known as VVEDA; and

WHEREAS, VVEDA was established under California Government Code Section 6500 et. seq. and was formed pursuant to the provisions of a certain joint exercise of powers agreement, as amended (the "Fourth Amended Joint Exercise of Powers Agreement"); and

WHEREAS, the Fourth Amended Joint Exercise of Powers Agreement provides that VVEDA has, amongst its other powers, the power to enter into and execute contracts and leases for real and personal property; and

WHEREAS, in accordance with the terms of the Fourth Amended Joint Exercise of Powers Agreement, VVEDA has delegated its decision making authority and its rights and obligations with respect to GAFB to the Southern California Logistics Airport Authority (the "Authority") which now has the authority to enter into and execute lease transactions and sale and disposition transactions on behalf of VVEDA pertaining to GAFB; and

Entered - Questys
7 28 - 10 *Or*
DATE BY

WHEREAS, the Air Force and VVEDA have previously entered into a certain Department of Air Force Lease pertaining to an Economic Development Conveyance transfer of portions of GAFB designated as Parcels B, D, F, G, H and J and the Railroad Right-Of-Way which is designated as Parcel 2 (the "Lease") which Lease was dated as of June 19, 1996; and

WHEREAS, the Authority and the Air Force have previously entered into negotiations with the United States Department of Justice in order to arrive at a compromise of the prior Economic Development Conveyance transaction and therefore the Parties hereto deem it desirable to enter into this Amendment No. 1 to reflect the agreements reached between the Air Force and VVEDA as a result of said negotiations.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION THE GRANTOR AND GRANTEE HEREBY AGREE AS FOLLOWS:

Section 1. The text of the EDC Agreement between the Department of the Air Force and the Victor Valley Economic Development Authority is incorporated into this Amendment No. 1 by this reference.

Section 2. The Grantor and Grantee hereby mutually acknowledge and agree that as of the date of this Amendment No. 1 the EDC Agreement is in full force and effect and that no default or breach exists thereunder.

Section 3. This Amendment No. 1 shall take effect when the authorized representatives of the Grantor and Grantee have executed this Amendment No. 1 at the places indicated below. This Amendment No. 1 may be executed by Grantor and Grantee in counterparts.

Section 4. Section 1 of the EDC Agreement is hereby amended such that the amount of the Promissory Note set forth and described therein shall be equal to One Million Six Hundred Seventy Three Thousand Six Hundred Sixty Five Dollars (\$1,673,665).

Section 5. Section 3 of the EDC Agreement is hereby amended such that the amount described in Section 3 shall be One Million Six Hundred Seventy Three Thousand Six Hundred Sixty Five Dollars (\$1,673,665).

Section 6. A new Section 7.4 is added to the EDC Agreement to read as follows:

*Section 7.4. Notwithstanding the foregoing the Redevelopment Authority may assign this EDC Agreement and all of Grantee's rights and obligations hereunder to the Southern California Logistics Airport Authority (the "SCLAA") which upon such assignment shall assume all of the rights and obligations of Grantee under this EDC Agreement and the Amended Loan Documents.

Section 7. Except as amended by Sections 4, 5 and 6 of this Amendment No. 1, the other provisions of the EDC Agreement shall remain in full force and effect for the term of the EDC Agreement. To the extent there are any inconsistencies between this Amendment No. 1 and the EDC Agreement, the provisions of this Amendment No. 1 shall control.

THIS AMENDMENT NO. 1 is dated as of September 13, 2000 and has been executed by the authorized representatives of the parties on the dates indicated below.

UNITED STATES OF AMERICA

BY: Albert F. Lowas, Jr.
ALBERT F. LOWAS, JR., Director,
Air Force Base Conversion
Agency

Witnessed by:

Debra A. Lubin

VICTOR VALLEY ECONOMIC
DEVELOPMENT AUTHORITY
(the "Authority")

Date: 10/25/00

By: Kathleen Jones

ATTEST:

Mary Diendorf
Mary Diendorf
Secretary

PROMISSORY NOTE

1. Fundamental Provisions. The following terms will be used as defined terms in this Note:

Date of this Note: As of September 13, 2000

Borrower: Southern California Logistics Airport Authority ("SCLAA"), a separate legal entity established pursuant to a joint powers agreements between the City of Victorville and the Victorville Redevelopment Agency.

Lender: The United States of America, acting by and through the Secretary of the Air Force.

Payment Address:

11 WG/FMAO
1430 Air Force Pentagon
Room 5E152
Washington, DC 20330-1430

Principal Amount: 1,673, 655 (ONE MILLION SIX HUNDRED SEVENTY THREE THOUSAND SIX HUNDRED FIFTY FIVE DOLLARS), or the remaining unpaid balance thereof from time-to-time.

Principal Interest Rate: 0% per annum.

Maturity Date: The later of (i) September 30, 2000 or (ii) the date the Air Force has transferred fee title to all of the Property, as hereinafter described.

Property: The real property located in the City of Victorville and County of San Bernardino, California, more particularly described in the Deed of Trust, as hereinafter defined and referred to hereafter as the "Property."

Acknowledged:

Terry E. Caldwell
SCLAA

7-28-00 15

Attachment # 8

Assignment Agreement, VVEDA to SCLAA

ASSIGNMENT AGREEMENT
BY AND BETWEEN
THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY
AND
SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

This ASSIGNMENT AGREEMENT, dated as of this ____ day of October, 2000, is made and entered into by and between the VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY ("VVEDA"), a joint powers authority duly organized and existing under the laws of the State of California and the SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY ("SCLAA"), also a joint powers authority duly organized and existing under the laws of the State of California.

R E C I T A L S

WHEREAS, each of the parties hereto is a public agency authorized and empowered to contract for the joint exercise of powers under Article 1, Chapter 5, Division 7, Title 1 (Sections 6500, et seq.) of the Government Code of the State of California; and

WHEREAS, VVEDA was established pursuant to the terms of that certain Fourth Amended and Restated Joint Exercise of Powers Agreement creating the Victor Valley Economic Development Authority (the "VVEDA JPA"); and

WHEREAS, SCLAA was formed pursuant to the terms of that certain Joint Exercise of Powers Agreement creating the Southern California Logistics Airport Authority (the "SCLAA JPA"); and

WHEREAS, VVEDA was formed for the purposes of causing the reuse and replanning of former George Air Force Base ("GAFB") which has been closed pursuant to Federal Law and which is now designated as the Southern California Logistics Airport ("SCLA") and

WHEREAS, Health and Safety Code Section 33492.40 (previously numbered Health and Safety Code Section 33320.5) authorized VVEDA to form a joint powers authority for the purposes of causing the redevelopment of certain property which was previously operated as a military facility or installation and which was closed pursuant to Public Law 100-526 in addition to certain land which is adjacent or in proximity to the military facility or installation and which land was deemed necessary for the effective redevelopment thereof; and

WHEREAS, VVEDA has previously caused the adoption of a Redevelopment Plan encompassing SCLA and certain areas in proximity thereto designated as the 1993 Redevelopment Plan; and

WHEREAS, SCLAA was formed for the purposes of assuming certain of VVEDA's obligations with respect to the properties comprising SCLA and overseeing the specific reuse and redevelopment decisions with respect to such properties; and

WHEREAS, pursuant to the terms of the VVEDA JPA, VVEDA has previously delegated all decision making authority and all rights, liabilities and obligations with respect to all transactions and activities on or about SCLA to the SCLAA; and

WHEREAS, VVEDA has previously entered into a Public Benefit Transfer ("PBT") transaction and an Economic Development Conveyance ("EDC") transaction with the United States Air Force pursuant to which VVEDA was to receive title to portions of SCLA upon a determination by the U.S. Air Force that such properties were capable of being transferred under current environmental laws and requirements; and

WHEREAS, the EDC transaction required VVEDA to execute an Economic Development Conveyance Agreement, an Economic Development Conveyance Lease, a Promissory Note and a Deed of Trust (collectively hereinafter referred to as the "EDC Documents"); and

WHEREAS, VVEDA has recently pursued and completed a compromise of its prior EDC transaction and has caused an amendment of the EDC Documents pursuant to what the U. S. Air Force has agreed to allow an assignment of VVEDA's rights and obligations under the EDC Transaction to SCLAA; and

WHEREAS, the EDC Transaction contemplates the transfer of properties which are deemed to be "off airport properties" and as such do not come within the jurisdiction of the Federal Aviation Administration ("FAA") and any transfer of fee title to such EDC properties to SCLAA by the U.S. Air Force would not cause the invocation of any FAA rules and regulations since such properties are deemed off airport properties; and

WHEREAS, the PBT transaction contemplates the transfer of properties which are subject to FAA Rules and Regulations and the assignment of the right to receive such properties would require that the transfer of any such properties to SCLAA would be in accordance with all FAA Rules and Regulations and such property will thereafter be subject to the Rules, Regulations and Policies of the FAA; and

WHEREAS, the parties hereto deem it desirable to cause the execution of this Assignment Agreement in order to facilitate

the assignment of VVEDA's rights and obligations under the terms of the EDC transaction and PBT transaction to SCLAA.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. VVEDA hereby assigns to SCLAA all of its rights, obligations and liabilities under the terms of the EDC Documents including, but not limited to, the right to receive transfers of real and personal property, and further authorizes the U.S. Air Force to cause direct transfers of real and personal property to SCLAA in accordance with this Assignment Agreement.

Section 2. SCLAA hereby assumes all of the rights, obligations and liabilities of VVEDA with respect to the EDC transaction and shall accept transfers of fee title to the EDC properties from the U.S. Air Force.

Section 3. VVEDA hereby assigns to SCLAA all of its property rights, obligations and liabilities under the terms of the PBT transaction, including, but not limited to, the right to receive transfers of real and personal property and further authorizes the U.S. Air Force to cause direct transfers of real and

personal property to SCLAA provided, however, that any such transfer of PBT interests shall be subject to all of the applicable Rules, Regulations and Procedures of the FAA.

Section 4. SCLAA hereby assumes all of the rights, obligations and liabilities of VVEDA with respect to the PBT transaction and shall accept transfers of fee title to the PBT properties from the U.S. Air Force.

Section 5. This Assignment shall take effect when the authorized representatives of VVEDA and SCLAA have executed this Assignment at the places indicated below.

Section 6. This Assignment may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year hereinafter indicated.

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

Date: 10/13/00

By: Kathy J. Jones
Chairman

ATTEST: Mary Diendorf
Mary Diendorf
Secretary

SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY

Date: 10-25-00

By: Frank R. Colwell
Chairman

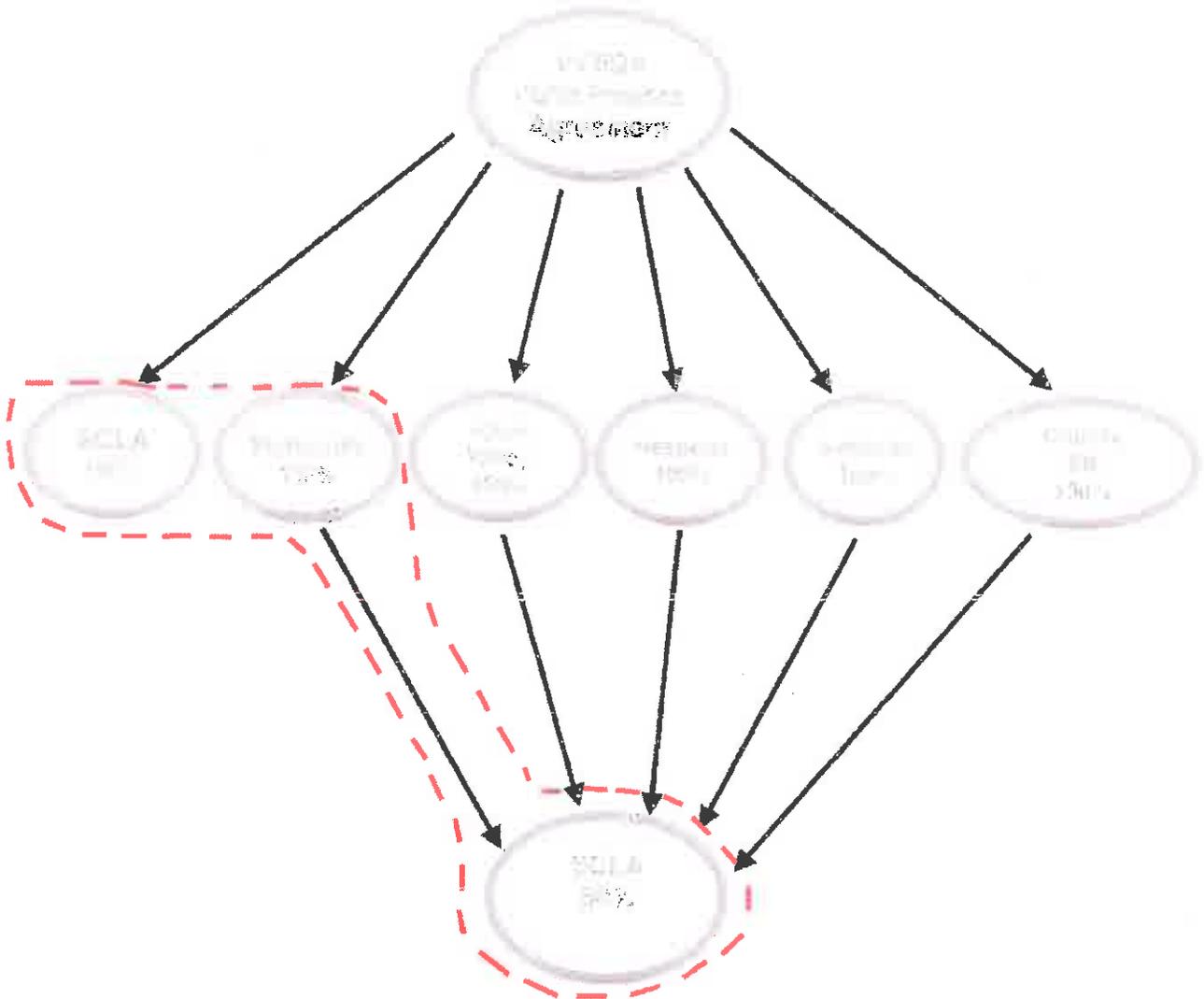
Attest: Carolyn Bates

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10/04/00 3:38 pm
C:\Program Files\Microsoft Office\OFFICE11\WINWORD.DOC

Attachment # 9

Illustration of VVEDA- Flow of Funds

How VVEDA Works



1. The VVEDA JPA serves as the Enforceable Obligation for its Member Jurisdictions and obligates each of the Member Jurisdictions, including the Southern California Logistics Airport, to perform certain functions.
2. To Perform the functions required in the JPA, the Member Jurisdictions, along with SCLA, benefit from the tax increment that is generated in each of the Member Jurisdictions Project Areas.
3. VVEDA JPA requires that from the Member Jurisdiction Share (100%), 50% is to be contributed to SCLA to supplement the amount it generates directly from the former GAFB.

Attachment # 10

Master Developer Agreement- Stirling Capital

RECORDING REQUESTED BY:
SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY
AND WHEN RECORDED MAIL TO:
SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY
P.O. BOX 5001
VICTORVILLE, CA. 92393
ATTN: AUTHORITY SECRETARY

Recorded in Official Records, County of San Bernardino

12/27/2010
4:11 PM
NC

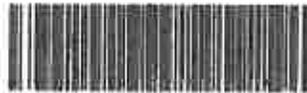


LARRY WALKER
Auditor/Controller - Recorder

R Regular Mail

Doc#: 2010-0545684

Titles: 1 Pages: 96



Fee	0.00
Taxes	0.00
Other	0.00
PRID	60.00

SPACE ABOVE FOR RECORDER'S USE ONLY

**FOURTH AMENDED AND RESTATED MASTER AGREEMENT
BY AND BETWEEN SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
AND STIRLING CAPITAL INVESTMENTS, LLC
FOR THE ACQUISITION AND DEVELOPMENT OF PORTIONS OF
SOUTHERN CALIFORNIA LOGISTICS AIRPORT
VICTORVILLE, CALIFORNIA**

No recording fee is required; this document is exempt from fee pursuant to Section 6103 of the California Municipal Code.

**THIS AREA FOR
RECORDER'S
USE ONLY**

THIS COVER SHEET ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

(Rev. 9/27/07-c.d.)

(Word/S/Doc Exam/Cover Sheet)

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FOURTH
AMENDED AND RESTATED
MASTER AGREEMENT
by and between
SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY
and
STIRLING CAPITAL INVESTMENTS, LLC
for
THE ACQUISITION AND DEVELOPMENT
of
PORTIONS OF SOUTHERN CALIFORNIA LOGISTICS AIRPORT
VICTORVILLE, CALIFORNIA

This Fourth Amended and Restated Master Agreement for the Acquisition and Development of portions of Southern California Logistics Airport (the "Agreement") is made and entered into as of this 15th day of December, 2010, by and between the SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY, a joint powers authority duly formed under the laws of the State of California ("Authority") and STIRLING CAPITAL INVESTMENTS, LLC, a California limited liability company ("Stirling"), with reference to the following facts:

RECITALS

A. In 1988, the Defense Base Closure and Realignment Commission recommended that former George Air Force Base ("GAFB")

be closed, which closure has occurred. GAFB is now known as Southern California Logistics Airport ("SCLA"). In response to the closure, several of the local communities adjacent and in proximity to GAFB deemed it desirable to form a joint powers authority to create the Victor Valley Economic Development Authority ("VVEDA").

B. VVEDA was established under California Government Code Section 6500 et. seq. and was formed pursuant to the provisions of a certain joint exercise of powers agreement, as amended (the "Fourth Amended Joint Exercise of Powers Agreement").

C. The Fourth Amended Joint Exercise of Powers Agreement provides that VVEDA has, amongst its other powers, the power to enter into and execute contracts and leases for real and personal property.

D. The Air Force and VVEDA have previously entered into (i) a certain Department of the Air Force Lease pertaining to a Public Benefit Transfer of portions of SCLA designated as Parcels A and C (hereinafter referred to as the "PBT Lease") (Parcel A and Parcel C are also from time to time referred to as the "Airport") and (ii) a certain Department of the Air Force Lease pertaining to an Economic Development Conveyance transfer of portions of SCLA

designated as Parcels B, D, F, G, H, J and the Railroad Right-of-Way (hereinafter referred to as the "EDC Lease").

E. Under both the PBT Lease and the EDC Lease it was contemplated that fee title to the parcels subject to the PBT Lease and the EDC Lease would be transferred to VVEDA, or its successors in interest, upon a determination by the Air Force that the parcels are environmentally clean or that mitigation measures sufficient to ensure the clean up of the parcels are in place. As of the date of this Agreement, significant portions of such parcels have in fact been so transferred.

F. In accordance with the terms of the Fourth Amended Joint Exercise of Powers Agreement, VVEDA delegated its decision making authority with respect to SCLA to the Authority which now has the authority to enter into and execute lease transactions and sales and disposition transactions on behalf of VVEDA pertaining to SCLA.

G. VVEDA and the Authority have previously caused the preparation of various planning documents pertaining to the reuse of SCLA. A redevelopment plan was adopted by VVEDA in accordance with the California Community Redevelopment Law in December of 1993 (the "Redevelopment Plan"). The Redevelopment Plan, as amended,

establishes a redevelopment project area which encompasses SCLA as well as approximately fifty five thousand (55,000) additional acres of land within the jurisdictional boundaries of the member entities of VVEDA (the "Project Area"). The City of Victorville (the "City") has caused the preparation and adoption of a Specific Plan for SCLA (the "SCLA Specific Plan") which SCLA Specific Plan has been amended and which has further been found to be in conformity with the Redevelopment Plan. In addition, a Master Development Plan was previously adopted by the Authority (the "Master Development Plan"), which contemplated the development of SCLA as a cargo and aircraft maintenance facility as well as a business and industrial center. Among others, the Master Development Plan established the following goals:

1. The creation of jobs and other economic development opportunities to sustain and improve economic conditions at SCLA and in the Victor Valley.
2. The development of air cargo and aircraft maintenance uses as well as establishment of an industrial and commercial center.

H. In connection with the reuse efforts to date, both VVEDA and the Authority have expended considerable revenues and resources which have helped sustain the economic viability of SCLA.

I. On July 21, 1998, the Authority and Stirling Enterprises, LLC, a predecessor in interest to Stirling, entered into an Exclusive Negotiating Agreement pursuant to which the Authority and Stirling Enterprises, LLC agreed to negotiate exclusively with each other, for a period of time, the terms and conditions of the necessary agreements for the marketing, acquisition, operation and development of portions of the property which comprise SCLA. Said portions included certain lands and areas that were subject to the PBT Lease and the EDC Lease; provided, however, that the aviation portions of the PBT Lease which are described under the Airport Layout Plan ("ALP"), as filed with the Federal Aviation Administration ("FAA") and as on file with the Authority Secretary, remained under the ownership and control of the Authority and shall continue to be operated as a public airport. The lands that were available for marketing and development under the Exclusive Negotiating Agreement included portions of Parcel A (exclusive of the runways and taxiways), Parcels B, C, portions of Parcel D (exclusive of the Sumiden Site and the Park and Recreation facilities shown on Exhibit "B"), Parcels F, G, H, portions of Parcel J and Parcel E-2 which have

been acquired by the Authority. Said lands are shown on Exhibit "A" attached hereto and incorporated herein by this reference and shall hereinafter collectively be referred to as the "Property". The Property does not include that portion of SCLA designated as Parcel K which was transferred to the Federal Bureau of Prisons or the park and recreation portions of Parcel J.

J. Over the past thirteen (13) years, the Authority and Stirling, through its predecessors in interest, have worked together diligently and in good faith to identify the matters that need to be resolved in order for SCLA to be developed, and to cause the resolution of such issues. On February 8, 1999, Stirling Airports International, LLC ("SAI"), and the Authority entered into the original Master Agreement (the "Original Master Agreement"). On February 1, 2000, SAI and the Authority entered into the Amended and Restated Master Agreement which superseded the Original Master Agreement (the "First Amended Master Agreement"). On November 21, 2001, SAI and the Authority entered into the Second Amended and Restated Master Agreement to address changes in certain economic conditions and other factors beyond the control of the Parties (the "Second Amended and Restated Agreement"). On October 18, 2006, the Parties executed the Third Amended and Restated Master Agreement to modify the arrangement between the Parties in order to ensure that economic development opportunities would be maximized (the "Third

Amended and Restated Agreement"). At the same time, the Parties entered into a disposition and development agreement (the "2006 DDA") which provided for the transfer of approximately 353 acres of EDC Parcels to Stirling. On October 18, 2006, the Authority entered into an Assignment and Assumption of Third Amended and Restated Master Agreement with SAI and Stirling, whereby the Authority approved an assignment of rights and obligations from SAI to Stirling (the "Assignment Agreement").

The Parties now deem it appropriate to enter into this Fourth Amended and Restated Agreement to restructure each Party's obligations with respect to the Property. This restructuring has been necessitated in part by (i) a global economic downturn; (ii) the need for the Authority to achieve financial independence for the portions of the Property subject to the PBT Lease; and (iii) the need to resolve discrepancies as to the manner in which the Third Amended and Restated Agreement was being implemented which had created a dispute as to how revenues and expenditures were being allocated between the Parties. As a result of the resolution of the dispute, the Parties have agreed that moneys currently on deposit in the joint Bank of America account will be allocated to Stirling and said account shall be immediately closed in order to ensure easier accounting practices for both Parties.

Notwithstanding the execution of this Fourth Amended and Restated Master Agreement, the date of execution of the Original Master Agreement shall be deemed to be the effective date (the "Effective Date") for the purposes of this Agreement.

Stirling and Authority have expended considerable resources in planning the conversion of SCLA to productive public and private uses. Specifically, Stirling and the Authority have evaluated SCLA infrastructure issues, analyzed existing and future traffic conditions, analyzed market conditions and demand and refined the Master Development Plan and Stirling had previously caused the development of a Development Vision Plan. Stirling and the Authority have previously reviewed the SCLA Specific Plan and, to the extent necessary, the Parties will diligently pursue any amendments to the SCLA Specific Plan which may be required in order to facilitate the development of the Property in a manner consistent with this Agreement. Stirling acknowledges and agrees that it has reviewed the terms of the EDC transaction by and between VVEDA and the Air Force. The Authority has previously concluded, with the assistance of Stirling, negotiations with the Air Force in order to modify the terms of the EDC transaction in a manner that ensures the viability of the proposed development of SCLA. To the extent necessary, Stirling and the Authority intend to continue negotiations with the Air Force to arrive at terms that

are mutually acceptable to both Parties and that benefit both Parties in causing the development and reuse of SCLA. Such negotiations may include but not be limited to issues pertaining to the timing of the disposition of parcels comprising the Property. The Parties further understand and acknowledge that the Parties will need to cooperate in good faith and use due diligence in order to ensure the consummation of transactions that are viable and consistent with the intent of this Agreement.

K. Stirling and the Authority now wish to enter into this Fourth Amended Master Agreement defining the terms and conditions for the marketing, acquisition, operation and development of certain portions of the Property by Stirling. The Authority has requested that Stirling either acquire or cause to be acquired, either by lease or purchase, certain portions of the Property subject to the EDC Lease exclusive of those portions of Parcel D and Parcel J which are shown on Exhibit "B" and the Railroad Right-Of-Way. The portions to be acquired either by Stirling or by third parties through Stirling's efforts, shall hereinafter be referred to as the "EDC Parcels"). The Parties agree that the purpose of such acquisition(s) is to cause the development of the EDC Parcels with uses ranging from manufacturing, industrial, warehousing and distribution to office

and research and development, all as permitted pursuant to the SCLA Specific Plan, as may be amended from time to time.

With respect to the revenue producing portions of the Airport, exclusive of the runways and taxiways (the "PBT Parcels"), the Parties agree that Stirling will not be precluded, on a non exclusive basis and at its own cost, from soliciting interest and submitting proposals from third parties to develop such properties. In addition, Stirling may, from time to time, be asked by the Authority in writing to assist (at no cost to Stirling) in structuring development and/or lease transactions on the PBT Parcels.

L. Pursuant to the terms of the Original Master Agreement, Stirling was contractually obligated to manage the aviation activities on the Airport in accordance with FAA guidelines and mandates. Said obligations were set forth in a separate Airport Management Agreement dated February 8, 1999 (the "Airport Management Agreement") which addressed the management of the Airport and related facilities. The Parties subsequently terminated the Airport Management Agreement and incorporated certain relevant provisions thereof into the Third Amended Master Agreement. Pursuant to this Fourth Amended Master Agreement, the

operations, management and development obligations of the Airport are the obligations of the Authority.

M. Stirling has requested that the Authority commit to selling or leasing the entirety of the EDC Parcels, in whole or in phases. Previously, Stirling was also given authority for the leasing of portions of the PBT Parcels in order to facilitate their sublease and development. However, pursuant to the terms of this Fourth Amended and Restated Master Agreement, the Authority shall now assume the obligation to market and lease the PBT Parcels; provided, however, that Stirling will not be precluded from submitting proposals, at its own cost, for the marketing and/or development of such PBT Parcels, with the understanding that, to the extent any such proposals result in the consummation of a transaction that is acceptable to the Authority, in its reasonable discretion, Stirling would be compensated in accordance with Section 2.01(c) hereof.

N. Stirling and the Authority now wish to enter into this Fourth Amended Master Agreement to further facilitate the acquisition, lease and development of the EDC Parcels by Stirling and the leasing and development of portions of the PBT Parcels by the Authority, and to cooperate in good faith to establish a plan to bring about the various phases of development of the Property.

O. The Parties anticipate that implementation of this Fourth Amended Master Agreement may lead to development opportunities for Stirling on properties which are adjacent or in proximity to SCLA, and to the extent such properties are developed by Stirling, the Parties deem it appropriate to cooperate in order to assist in facilitating such development.

P. The Parties hereto agree that the foregoing Recitals are true and correct.

NOW THEREFORE, in consideration of the terms and provisions of this Fourth Amended Master Agreement, the Parties agree as follows:

ARTICLE I

Section 1.01. Purpose of the Fourth Amended Master Agreement. The purpose of this Fourth Amended Master Agreement is to effectuate redevelopment within the Project Area and assist in the conversion of SCLA to civilian uses by providing Stirling and third parties procured by Stirling, the ability to purchase and/or lease the EDC Parcels and cause the development thereof. In addition, Stirling will not be precluded from submitting development proposals for the development and/or subleasing of the

revenue producing portions of the PBT Parcels. The redevelopment of the Property by Stirling, pursuant to this Fourth Amended Master Agreement is in the vital and best interests of the Authority and VVEDA as well as their member jurisdictions and is in accordance with applicable federal, state and local laws and requirements. This Fourth Amended Master Agreement is entered into for the purpose of development and not for speculation in land holding.

Section 1.02. Parties to the Fourth Amended Master Agreement.

(a) The Authority is a joint powers authority comprised of the City of Victorville and the Victorville Redevelopment Agency and established pursuant to Government Code Section 6500, et seq. The principal office of the Authority is located at 14343 Civic Drive, Victorville, California 92392. As used in this Fourth Amended Master Agreement, the term "Authority" shall be deemed to include the Authority and any assignee or successor to the Authority or to its rights, powers and responsibilities under this Fourth Amended Master Agreement.

(b) The Developer is Stirling Capital Investments, LLC, a California limited liability company. The principal office of Stirling for purposes of this Fourth Amended Master Agreement is

located at 27422 Portola Parkway, Suite 300, Foothill Ranch, California 92657, Telephone number (949) 462-0909.

Section 1.03. Prohibition Against Change in Ownership, Management and Control of Stirling, or Assignment of Fourth Amended Master Agreement.

(a) The qualifications and identities of the persons and entities comprising SAI are of particular concern to the Authority.

It is because of these qualifications and identities of SAI that the Authority has entered into this Fourth Amended Master Agreement with Stirling. No voluntary or involuntary successor in interest of Stirling shall acquire any rights or powers under this Fourth Amended Master Agreement, except as expressly set forth herein.

(b) Except as otherwise provided in Section 12.03 of this Fourth Amended Master Agreement and elsewhere herein, and except as to the permissible sublease transactions by and between Stirling and its subtenants under this Fourth Amended Master Agreement, Stirling shall not assign all or any part of this Fourth Amended Master Agreement to a third party without the prior written approval of the Authority. Any assignment of this Fourth Amended Master Agreement without the prior written approval of the

Authority will be a default of this Fourth Amended Master Agreement.

(c) Stirling shall promptly notify the Authority in writing of any material change in the identity or financial condition of any principal shareholder of more than ten percent (10%) of the equity interest of SAI or a material personnel change among the operation and management officers, directors or members of SAI.

Section 1.04. Defined Terms. The following terms used in this Fourth Amended Master Agreement, unless the context otherwise requires, shall have the following meanings:

"Air Force" shall mean the United States of America, acting by and through the Department of the Air Force.

"Authority" shall mean the Southern California Logistics Airport Authority.

"Business Day" shall have the meaning set forth in Section 12.18.

"CEQA" shall mean the California Environmental Quality Act, California Public Resources Code § 21000 et seq.

"City" shall mean the City of Victorville, a municipal corporation.

"EDC" or "Economic Development Conveyance" shall have the meaning set forth in Section 2903 of Public Law 103-160.

"EDC Parcels" shall mean those parcels on SCLA which Stirling shall seek to develop, or cause to be developed, all as more fully shown on Exhibit "A".

"EDC Payment Amount" shall mean the price required to be paid by Stirling for the entirety of the EDC Parcels which amount is currently equal to One Million Nine Hundred Thirty Eight Thousand Six Hundred Sixty Five Dollars (\$1,938,665). The Parties acknowledge that the EDC Payment Amount may include an interest component to the extent a financing is undertaken to pay the EDC Payment Amount to the Air Force. The amount of such interest shall be agreed upon by both Parties in good faith.

"Effective Date" shall mean February 8, 1999.

"EIR" shall mean that certain final Environmental Impact Report prepared in connection with the GAFB Specific Plan by the City of Victorville dated as of January 1993, including, without limitation, any initial studies, reports, attachments, addenda and supplements prepared in connection with the EIR.

"EIS" shall mean that certain final Environmental Impact Statement prepared in connection with the reuse plan by the Air Force and dated as of 1992, including, without limitation, any initial studies, reports, attachments, addenda and supplements prepared in connection with the EIS.

"Extension Term" shall have the meaning set forth in Section 11.02 hereof.

"Finding of Suitability For Transfer" or "FOST" shall mean the finding made pursuant to 42 U.S.C. Section 9620(h).

"Finding of Suitability For Early Transfer" or "FOSET" shall mean the finding made pursuant to 42 U.S.C. Section 9620(h)(3)(C).

"Fourth Amended Master Agreement" shall mean this Fourth Amended and Restated Master Agreement for the acquisition, development, management and leasing of the Property.

"Infrastructure" shall mean the infrastructure that is described in the Infrastructure Plan.

"Infrastructure Plan" shall mean the description of the infrastructure improvements that is set forth in any Project Proposal (as herein defined). An Infrastructure Plan may be included and/or incorporated as part of the filing of a tentative map pursuant to the provisions of the California Subdivision Map Act.

"Laws" mean all laws, rules, regulations, ordinances, resolutions, adopted guidelines, and official policies of governmental entities.

"Leases" shall have the meaning set forth in Section 4.02 hereof.

"Master Development Plan" is defined in Recital G hereof.

"Net Lease Revenues" shall mean the revenues attributable to a leasehold transaction after deduction therefrom of (a) any commissions or finder's fees payable to third parties exclusive of Stirling, the Authority or either of their affiliates, (b) any marketing fees payable to third parties exclusive of Stirling, the Authority or either of their affiliates and (c) any costs of tenant improvements over and above those deemed necessary in the reasonable judgment of the Authority to ensure code compliance and habitability of the leased premises, by way of rebate or otherwise.

"Operating Memoranda" shall have the meaning given in Section 10.02 hereof.

"Parcel Purchase Price" for any portion of the EDC Parcels shall be equal to Two and Three-tenths Cents (\$0.0203) per square foot.

"PBT" or "Public Benefit Transfer" shall have the meaning as set forth in Public Law 103-160.

"Permits and Approvals" shall mean the permits and approvals for the Project or each phase thereof that are required for the development of the Project or the particular phase that is being developed (other than building permits), as the case may be,

that is needed for public access and the development of a particular phase. Said permits and approvals shall be consistent with City standards.

"Personal Property" shall mean such personal property acquired from the Air Force or left behind by former tenants (but not paid for by the Authority) which is now owned by the Authority and which was used in the ownership, occupancy, operation or maintenance of the Property, that Stirling shall identify prior to the closing of a sale of real property or execution of a lease, and which the Authority and Stirling agree should be conveyed to Stirling (or to a third party) in connection with the acquisition or lease of the subject property.

"Project" shall mean the acquisition, lease, development and management of portions of the Property as contemplated by this Fourth Amended Master Agreement.

"Project Proposal" shall mean a description of a portion of the overall Project which portion is to be undertaken as part of a phase of development. The Project Proposal shall be prepared by Stirling and submitted to the Authority and approved, as a prerequisite to Stirling or any third parties acquiring any portion of the Property. However, each Project Proposal must be

accompanied by an Infrastructure Plan which described the scope of infrastructure required for a project or phase of a project. Each Project Proposal shall, at a minimum, describe the scope of the proposed project, the estimated number of square feet of building space to be developed, the estimated numbers of jobs to be created and the estimated amount of revenues to be generated. Said Project Proposal shall also be accompanied by a Schedule of Performance.

"Property" shall mean that certain real property which incorporates areas generally designated as portions of Parcel A, Parcels B, C, portions of D, Parcels E-2, F, G, H and portions of Parcel J as shown on Exhibit "A" (exclusive of the Sumiden Parcel and those portions of Parcel D shown on Exhibit "B" attached hereto).

"SCLA Specific Plan" shall have the meaning set forth in Recital G hereof.

"Stirling" shall mean Stirling Capital Investments, LLC, a California limited liability company, and its approved successors and assigns.

"Term" shall have the meaning set forth in Section 11.01 hereof.

"Transfer Conditions" shall have the meaning set forth in Section 2.04 hereof.

"Transferred Property" shall have the meaning set forth in Section 12.03 hereof.

Section 1.05. Additional Defined Terms. To the extent that any capitalized terms contained in this Fourth Amended Master Agreement are not defined above, then such terms shall have the meaning otherwise ascribed to them in this Fourth Amended Master Agreement.

ARTICLE II

Section 2.01. Marketing, Management and Development of the Property.

(a) Stirling hereby agrees that it will be responsible for the marketing, management (subject to the provisions of Section 4.03 hereof and beyond the maintenance obligations of the Authority as described in Section 4.04 hereof) and, subject to the approval of a mutually-approved Budget, development of the EDC Parcels.

(b) The Authority shall be responsible for the marketing, management and development of the PBT Parcels.

(c) Stirling shall not be precluded from marketing the revenue producing portions of the PBT Parcels, at its sole cost, with the understanding that to the extent such marketing results in a viable tenant or lease proposal which is acceptable to the Authority in its reasonable discretion, Stirling shall be entitled to share in revenues generated from such transaction in accordance with the following: (i) for any existing building or facility, the Parties will share Net Lease Revenues on an 80%/20% ratio, with 80% being allocated to the Authority and 20% being allocated to Stirling; and (ii) with respect to any new facility or building to be built, the Parties will share revenues on a formula to be determined on a case-by-case basis, taking into consideration the roles of each Party in facilitating the development of the new building or facility.

Section 2.02. Purchase, Sale and Lease of the EDC Parcels. Subject to the provisions of this Fourth Amended Master Agreement, the Authority agrees to sell and/or lease to Stirling, or third parties procured by Stirling and approved by the Authority (such third parties being hereinafter referred to as the Approved Developers"), and Stirling agrees to purchase and/or lease or cause the Approved Developers to purchase and/or lease from the Authority, and cause the reuse and/or development of the EDC

Parcels (exclusive of the Sumiden Parcel and the portions of Parcel J shown on Exhibit "B"). The obligation to purchase or cause the purchase of the EDC Parcels shall be contingent on Stirling's or the applicable third party's ability to receive all necessary approvals for the development of such parcels. The Authority also agrees to sell and/or lease to Stirling or such Approved Developers any Personal Property which is deemed related to such parcels by mutual agreement of the Parties.

To the extent the EDC Parcels are to be acquired by Stirling or the Approved Developers pursuant to this Agreement, the purchase price for any individual parcel or portion thereof to be paid to the Authority shall be equal to Two and Three-hundredths Cents (\$0.0203) per square foot of land (such prices shall hereinafter be referred to as the "Parcel Purchase Price"). The Parties previously agreed that the Parcel Purchase Price was not less than the then fair market reuse value for the EDC Parcels at the time of entering into the Original Agreement, taking into consideration the then current conditions, restrictions and development limitations affecting the EDC Parcels and SCLA.

The annual lease rate to be paid to the Authority for any portion of the EDC Parcels which Stirling seeks to lease or cause to be leased from the Authority shall be determined on a case by

case basis taking into account such factors as the status of the proposed lessee, the length of the term, the number of jobs to be created, the revenues to be generated by the lease, the scope of improvements required by lessee and the compatibility with overall development plans of the Airport.

The Parties agree that the sale or lease of any portion of the EDC Parcels shall be subject to the reservation for the benefit of the Authority or City, as applicable, or other interested utilities, of easements for roads, utilities, sewer and storm drain purposes, in widths and alignments as may be mutually agreed to by the Parties hereto. Said utilities and easements, as applicable, shall be clearly identified on each Project Proposal submitted by Stirling.

Section 2.03. Property Sales Revenues. The Authority agrees that all monies paid by Stirling or Approved Developers to the Authority in connection with the purchase of EDC Parcels which represent Parcel Purchase Price monies shall be used by the Authority to pay the EDC Payment Amount.

The Parties anticipate that the sale of EDC Parcels will result in the generation of sales proceeds well in excess of the Parcel Purchase Price amounts. To the extent sales proceeds from the sale of land are generated in excess of the Parcel Purchase

Price (hereinafter referred to as "Land Sales Proceeds"), such Land Sales Proceeds shall be subject to revenue sharing between the Parties as follows:

(i) Stirling shall receive all revenues attributable to the first One Dollar (\$1.00) of Land Sales Proceeds (net of commissions) which exceed the Parcel Purchase Price. If the Land Sales Proceeds are less than One Dollar (\$1.00) per square foot, then Stirling will receive the entire amount above the Parcel Purchase Price.

(ii) Thereafter, Stirling and the Authority shall each share in fifty percent (50%) of the next One Dollar (\$1.00) per square foot of Land Sales Proceeds in excess of the Parcel Purchase Price.

(iii) With respect to any Land Sales Proceeds in excess of Two Dollars (\$2.00) per square foot over the Parcel Purchase Price, the Parties will share on an 80%/20% basis, whereby 80% of any excess amounts shall be allocated to Stirling and the remaining 20% will be allocated to the Authority.

Notwithstanding the foregoing provisions of this Section 2.03, if the Authority participates in revenue sharing of the Land Sales Proceeds, the Authority hereby waives its rights under Section 3.01 hereof including, but not limited to, its right to participate in revenue sharing generated from Vertical Development (as defined in Section 3.01 hereof).

The Parties further agree that the Authority and the Air Force, with the consent of the FAA, may determine it appropriate to transfer acreage from EDC Parcels to public benefit transfer acreage in which event the Parties shall cooperate in good faith to facilitate such transfer in a manner which best promotes the future development of SCLA.

The Authority shall have the sole responsibility to cause the satisfaction of obligations under the existing EDC Agreement with the U.S. Air Force and the timing of said actions by the Authority shall be within the discretion of the Authority so long as it does not materially impact the ability of Stirling to acquire and/or develop the remaining balance of the EDC Parcels.

Section 2.04. Transfer Conditions. The matters set forth herein concern matters that affect the ability of the

Authority to transfer and thereby facilitate development of the EDC Parcels (the "Transfer Conditions") and shall be deemed conditions precedent to any such transfer.

(i) Transfer of Title. A Finding of Suitability for Transfer, or a Finding of Suitability for Early Transfer, as the case may be, shall have been obtained for the pertinent portion of the Property in accordance with an Economic Development Conveyance Agreement that has been entered into by VVEDA and the Air Force, such that fee simple marketable title to the applicable portion of the Property will be able to be transferred from the Air Force to VVEDA or the Authority and thereafter to Stirling or Approved Developers.

(ii) Project Proposal. Stirling shall submit a written Project Proposal which shall include amongst other things (1) the name and financial strength of the proposed buyer, (2) the proposed sales price for the property, (3) the proposed terms of the sale, (4) the proposed use of the property, (5) the estimated fair market value of the property upon completion of development, (6) the estimated number of jobs to be created by the project, (7) the estimated amount of any

incentives being offered in connection with the sale of the property, (8) the infrastructure requirements for the project and (9) a proposed schedule of performance pertaining to the sale and development of the property. A Project Proposal may be submitted with respect to individual parcels or multiple parcels, and may vary in scope depending on the nature of the proposed project.

(iii) Disposition and Development Agreement. The parties or the Authority and the applicable Approved Developer shall have entered into a Disposition and Development Agreement, Purchase and Sale Agreement, or similar agreement which shall be consistent with the Project Proposal and which shall set forth (a) the terms of sale and disposition of the property which are acceptable to both parties, (b) applicable escrow instructions and (c) the scope and schedule of development. The agreement will also provide the Authority with a right of reversion to the extent the development obligations are not satisfied.

(iv) Environmental Review. All required environmental documentation for the development of the

applicable portion of the Property shall have been satisfactorily completed.

(v) Sources of Infrastructure Financing. The Authority and Stirling shall have identified sources of revenue to finance the Authority's share of the costs of the construction of any required infrastructure for development of that portion of property. It is understood by the Parties that said financing shall be made up primarily of tax increment revenues generated from SCLA, but may be supplemented by other funds, including, but not limited to, federal and state funds. Notwithstanding the forgoing, the Authority's obligation to fund any infrastructure is dependent on the receipt of tax increment revenues which revenues are determined on a Project Area wide basis. To the extent sufficient tax increment revenues are not available because of decreases in the assessed valuation within the Project Area, or other actions beyond the control of the Authority, then the obligations of the Authority to contribute infrastructure financing shall, with no liability to the Authority, be either modified or deferred and the Parties will negotiate in good faith in order to develop alternative financing mechanisms for such infrastructure.

The Authority agrees to use best faith efforts to pursue alternative financing sources including, but not limited to, federal and state grant funding programs that may be available to SCLA. Notwithstanding the foregoing, the Authority agrees that, to the extent that funds become available to the Authority which are intended to be used for the funding of infrastructure development, the Authority shall allocate such funds to facilitate development of all portion of SCLA for the purposes contemplated by this Agreement. To the extent both Parties agree in writing, the Parties may also adjust the revenue participation ratios set forth herein to fund infrastructure costs.

Notwithstanding the foregoing provisions of this Section 2.04, the Transfer Conditions are hereby deemed by the Authority to be satisfied or waived as of the date of this Fourth Amended and Restated Master Agreement as they apply to the Property which is the subject of the 2006 DDA.

Section 2.05. Leasing The Authority hereby agrees to allow Stirling to cause to be leased the applicable portions of the EDC Parcels. Upon obtaining Stirling's approval, a lease may be executed by the Authority with respect to existing facilities (a

"Facilities Lease") or with respect to existing land (a "Land Lease") and will only be entered into by the Authority to the extent it does not cause the violation by the Authority of any existing leases. The lease rate to be paid to the Authority shall be determined on a case by case basis as will the allocation and/or use of any revenues attributable thereto; provided, however, that, subject to the last sentence of Section 2.07 below, Stirling shall be entitled to participate in twenty percent (20%) of the Net Lease Revenues as defined in Section 1.04 hereof attributable to any leases on the EDC Parcels. Notwithstanding the foregoing, Stirling's right to participate in the aforementioned Net Lease Revenues shall be subordinate to the pledge of any lease revenues required to refinance the prior bonded indebtedness assumed by the Authority in connection with the issuance of the \$7,000,000 Victor Valley Economic Development Authority Taxable Lease Revenue Notes (Southern California International Airport Project) Series 1996 (the "1996 Bonds").

Section 2.06. Reserved.

Section 2.07. Marketing of the Property. As a condition precedent to the lease of any portion of the EDC Parcels, and except as may be otherwise provided for in an approved Budget as described in Section 8.01 hereof, Stirling agrees that it will be

responsible to cause the marketing and development of said parcels or facilities and, upon execution of a lease by the Authority (which shall only occur after obtaining Stirling's consent) with respect to the EDC Parcels, Stirling will thereupon either assume responsibility for all operations and maintenance costs associated with the property subject to the applicable lease or cause any third party lessees to assume such obligations. To the extent parcels comprising the EDC Parcels are deemed unsuitable for leasing or development due to current economic conditions, the unavailability of funds from the Authority to renovate and/or improve the existing building(s) on such parcel or the lack of sufficient tenant interest, and such determination is agreed to in good faith in writing by both parties, then such parcels may be put into a "mothball" condition so that costs associated with maintaining such parcels and avoiding deterioration of such parcels are kept to a minimum. The costs associated with such mothballing and the allocation thereof as between the Parties shall be addressed in the annual Budget described in Section 8.01 hereof. Stirling shall have the right to bring a proposal for a lease of a portion of the EDC Parcels to the Authority at any time. If the Authority is not willing, or able, to approve a Budget funding all of the costs of maintenance and utilities, and otherwise preparing the applicable building(s) for the proposed tenant(s), and if Stirling, with the Authority's written consent, which will not be

unreasonably withheld, determines to fund such work on its own, then, notwithstanding the provisions of Section 2.05 above or any other provision of this Fourth Amended Master Agreement to the contrary, all revenues from such lease transaction will first be paid to Stirling until Stirling has received a full return of its investment, and the Authority and Stirling shall, in good faith, determine an appropriate change in the sharing ratio of Net Lease Revenues attributable to any such leases.

Section 2.08. Revenues Generated from Other Activities.

The Parties agree that there will be opportunities for short term use arrangements on both the EDC Parcels and the PBT Parcels. To the extent any such arrangements are being pursued on the PBT Parcels, such arrangements will require the prior written approval of the Authority, which it may grant or withhold in its reasonable business judgment. Any revenues generated from short term use arrangements of land and facilities (which are not aviation activities), such as filming, or from the sale or salvage of personal property, will be shared on a 50%/50% basis between the Authority and Stirling. The net revenues from any short term use or license arrangements which are not aviation activities shall also be shared on a 50%/50% basis; provided, however, that the calculation of net revenues from such arrangements (but not the

sharing ratio) shall be undertaken in a manner consistent with the determination of Net Lease Revenues.

Section 2.09. Master Developer Role. The Authority hereby agrees that it will not engage any other person or entity in connection with any master developer activity (including, without limitation, providing management services, entering into joint ventures or similar arrangements, or serving in the master developer role) with respect to the EDC Parcels, as long as this Fourth Amended Master Agreement remains in full force and effect. For the term of this Agreement, the Authority agrees that with respect to the PBT Parcels, the Authority will not enter into a master developer arrangement with any other entity which is similar to the one contemplated hereunder for Stirling with respect to the EDC Parcels.

ARTICLE III

Section 3.01. Participation in Vertical Development of the EDC Parcels or Off Airport Development. The Parties agree that in connection with the reuse and development of the EDC Parcels, there will be opportunities for either Party to pursue the development of new or substantially rehabilitated facilities for new users and that such opportunities shall result in the generation of revenues and/or profits over and above costs of such

activities. Such opportunities will exist both within the boundaries of SCLA and on land adjacent and/or in proximity to SCLA. Accordingly, the Parties agree that any proposals for such development (the "Vertical Development") shall be submitted to the other Party for approval (the "Approving Party") which approval shall be based upon a good faith allocation of risk and revenue between the Parties consistent with the terms and intent of this Fourth Amended Master Agreement. In the event the Approving Party does not approve such proposal and such proposal is a reasonable business transaction generally in accordance with the intent of this Fourth Amended Master Agreement, the proposing Party shall be entitled to "buy out" the Approving Party's participation in the proposal by paying to the Approving Party one half of the then fair market value of the land which is the subject of the proposal as determined by an independent MAI Appraiser selected through the mutual agreement of the Parties and such land will be transferred to the proposing Party.

Notwithstanding the foregoing provisions of this Section 3.01, if the Authority participates in revenue sharing generated from Vertical Development, the Authority hereby waives its rights under Section 2.03 hereof including, but not limited to, its right to participate in revenue sharing generated from Land Sales Proceeds.

Section 3.02. Expansion of Airport Land. The Parties agree that it may be in the interests of the overall development of SCLA that portions of the EDC Parcels be converted to airport or related uses in which event the total acreage subject to development under this Fourth Amended Master Agreement may be reduced. In such event, the Parties agree to use best faith efforts to ensure the availability of and/or acquire additional property to replace that which is diverted to airport or related uses, and in such event, the Parties will allocate the costs and revenues from such activities in a manner consistent with the intent of this Fourth Amended Master Agreement.

Section 3.03. Authority's Ability to Lease the EDC Parcels. Until such time as Stirling has either acquired or caused the acquisition of fee title or consummated or caused the consummation of a lease transaction for applicable portions of the EDC Parcels, nothing in this Fourth Amended Master Agreement shall prevent the Authority from proposing to Stirling the entering into of lease transactions for the EDC Parcels with existing tenants or occupants of SCLA as of the Effective Date of this Fourth Amended Master Agreement (which the Authority will only enter into after receiving Stirling's approval). In addition, the Authority may submit proposals to Stirling pertaining to the lease of EDC Parcels

by entities or businesses procured by the Authority, which Stirling agrees to consider in good faith using reasonable business judgment. To the extent such proposals result in a viable transaction, the Parties shall agree upon an allocation of revenues therefrom in accordance with the provisions of Section 2.05 hereof.

Section 3.04. Off Base Development. The Parties agree that in order to ensure the successful development of SCLA, it may be necessary to pursue the acquisition and/or development of properties which are located adjacent and/or in proximity to SCLA. The Parties therefore agree to cooperate in good faith in order to facilitate the development of such properties and each party agrees to commit resources in the pursuit of such ventures to the extent deemed commercially reasonable.

ARTICLE IV

Section 4.01. Right of Entry. During the term of this Fourth Amended Master Agreement, Stirling and Approved Developers as well as their agents, representatives, consultants, architects, engineers, and contractors shall have the right, from time to time, to enter at all reasonable times onto portions of the EDC Parcels that have not been previously transferred to Stirling or third parties for the purpose of conducting feasibility studies, tests, investigations, and taking such samples (for example, by means of

boring, exploratory trench, monitoring well, or other commonly recognized investigative technique) as Stirling or the Approved Developers may desire to make hereunder. Unless otherwise agreed to by the Authority in writing or included as part of an approved Budget as described in Section 8.01 hereof, all such tests and or investigations shall be undertaken at the sole cost of Stirling or the Approved Developers, as applicable. Furthermore, Stirling and/or such Approved Developers shall indemnify and hold harmless the Authority and the City from and against any mechanic's lien that may be filed or asserted against the Property, the Authority or the City, which arise out of such activities, and from any and all liability, loss, costs and expense arising from personal injury to persons or damage or loss to property to the extent that such arises from the negligent conduct or willful misconduct in connection with such activities; provided, however, that Stirling and such Approved Developers shall have no liability to the Authority or the City relating to (i) any information regarding hazardous materials discovered or existing in or on the Property prior to the time of such investigations, and (ii) provided the work is performed in accordance with normal and customary practices in the hazardous materials investigation industry, the migration of hazardous materials not introduced by the party undertaking the investigation to the Property or caused by soils boring performed by the applicable party in investigating the Property.

Section 4.02. Review of Documents. The Authority either has or shall make available to Stirling and the Approved Developers any and all of the following that are in its possession or control (i) surveys of the Property and improvements, (ii) reports, studies, data and other documentation which contain information concerning, directly or indirectly, the existence on, in or under the Property and adjacent real property, of hazardous materials, (iii) relevant contracts and other documents which may affect the development of the Property or its operation (collectively, the "Contracts"), (iv) any leases or other agreements establishing a right of occupancy or use for any portion of the Property or any assignment or sublet thereunder (individually, "Lease"; collectively, "Leases"), (v) reports and/or plans prepared by architects or engineers with respect to the physical condition of the Property (including, without limitation, the Americans with Disabilities Act and similar California laws), (vi) governmental permits and approvals that relate to the construction, operation, use or occupancy of any part of the Property, and all zoning, land use, subdivision, environmental, building and construction Laws restricting or regulating or otherwise affecting the use, occupancy or enjoyment of the Property, and (vii) plans, specifications, drawings and similar

documents, and all guaranties and warranties relating to the Property, including, but not limited to, all as-built architectural, and civil and structural engineering drawings, and all other as-built drawings or plans prepared for all improvements constructed or to be constructed on or in the Property or otherwise relating to the Property.

Section 4.03. Risk of Loss. From the date of conveyance of the Property from the Air Force to the Authority until the sale of land with respect to the EDC Parcels, or lease by Stirling or third parties with respect to the EDC Parcels and other than with respect to improvements that are planned to be demolished, the Authority shall bear the risk of all loss, destruction and damage to the Property that occurs during the period from the Effective Date to and including the recordation of the Deed to Stirling or Approved Developers for a particular portion of the Property or execution of a Lease to Stirling or third parties, as applicable. The Authority shall promptly notify Stirling if any portion of the Property is damaged or destroyed prior to said time. In such event, Stirling shall have the right, upon written notice to the Authority within thirty (30) days after the Authority has notified Stirling, either to (i) terminate this Fourth Amended Master Agreement with respect to the portion of the Property that has been damaged, or (ii) elect to proceed with the acquisition, in which

event the Parcel Purchase Price shall not be reduced, or Lease in which event the rental amount shall not be reduced. If Stirling elects to proceed, the Authority shall, at closing or lease, as applicable, pay to Stirling all insurance proceeds that it has received with respect to the pertinent portion of the Property, and assign to Stirling all of its rights and claims to insurance coverage and proceeds with respect to such portion of the Property that it has not received before the Closing or lease, to the extent that the proceeds received have not been used by the Authority to repair any such damage. If Stirling elects to proceed pursuant to this Section 4.03, Stirling may, at its election, extend the closing date for the number of days required for completion of the repair of such damage or destruction.

Section 4.04. Maintenance of Property by the Authority Prior to Transfer. Except as otherwise provided in Section 4.03 hereof, from the Effective Date of this Fourth Amended Master Agreement until transfer to Stirling or Approved Developers by lease or sale, and other than with respect to improvements that are planned to be demolished, the Authority (i) shall maintain and repair the Property in the same condition it was in on the Effective Date of this Agreement and (ii) will not grant, create, or suffer the creation of any encumbrance, whether visible, open or notorious, which would negatively impact Stirling's ability to

conduct its activities under this Fourth Amended Master Agreement and which is not in accordance with the provisions of this Agreement, without Stirling's written consent first having been obtained. The costs of such operation and maintenance with respect to the EDC Parcels and PBT Parcels shall be borne by the Authority.

ARTICLE V

Section 5.01. Representations and Warranties of the Authority. The Authority represents and warrants to Stirling as of the date of this Fourth Amended Master Agreement as follows:

(a) That, subject to the obtainment from the Air Force of fee marketable and insurable simple title to the EDC Parcels pursuant to the Economic Development Conveyance transaction, it will have the full power and authority to convey or lease the EDC Parcels to Stirling or third parties procured by Stirling.

(b) Upon approval by the Authority Board, this Fourth Amended Master Agreement (i) is duly authorized, executed and delivered by the persons who are acting on behalf of the Authority; and (ii) subject to the obtainment from the Air Force of fee simple title to the Property, constitutes a legal, valid and binding obligation of the Authority, and is enforceable against the Authority in accordance with its terms (except as the enforcement

of this Fourth Amended Master Agreement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting creditors' rights generally and by equitable principles of general application). Neither the execution or delivery of this Fourth Amended Master Agreement nor performance of the Authority's obligations under this Fourth Amended Master Agreement violates, or will violate, any contract, agreement, judicial order, law, rule or regulation which binds the Authority.

The persons signing this Fourth Amended Master Agreement on behalf of the Authority hereby represent and warrant that they have full power and authority to do so.

(c) All documents executed by the Authority that are to be delivered to Stirling at time of transfer will be (i) duly authorized, executed and delivered; (ii) legal, valid, binding and enforceable obligations in accordance with their terms (except as such enforcement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting creditors' rights generally and by equitable principles of general application); and (iii) sufficient to convey title (if they purport to do so).

(d) There are no condemnation or land use regulation proceedings or actions, either instituted or planned to be

instituted by the City or the Authority, or any entities within their control, which would materially and adversely affect the use and operation of any portion of the Property for Stirling's intended purpose, or the value of the Property. The Authority has no knowledge of any such proceeding being undertaken by any other entities.

(e) Except as disclosed to Stirling in writing, there is no litigation pending or, to the Authority's knowledge, threatened, against the Authority, the Property or Stirling, or any basis therefor, that might materially and adversely affect the use or operation of the Property by Stirling for Stirling's intended purpose or the value of the Property, or adversely affect the ability of the Authority to perform its obligations under this Fourth Amended Master Agreement. The Authority shall promptly notify Stirling of any such proceedings or actions (pending or threatened) of which the Authority becomes aware.

(f) The Authority has received no notice of any failure of the Authority or Stirling to comply with any applicable laws, ordinances, regulations or governmental requirements with respect to the conveyance, use, occupation, condition or construction of the Property and the Authority has received no notice of, and has

no knowledge of, any violations or investigations relating to any such requirements.

(g) The Authority is not in default, and there has occurred no uncured event which, with notice, the passage of time or both, would be a default, under any encumbrance pertaining to the Property. All Leases and Contracts that are to be assigned to Stirling are in full force and effect.

(h) No person or entity, other than Stirling, has any right or option to acquire any interest in the Property.

(i) No community facilities districts, assessment districts or similar districts exist that will affect the Property, that are not described in this Fourth Amended Master Agreement.

(j) To the best of the Authority's knowledge, there are no concealed defects in, on or under the Property which could have a material adverse impact upon the value of or use of the Property.

(k) No representation or warranty made by the Authority in this Fourth Amended Master Agreement contains any untrue statement of a material fact or omits to state a material fact

necessary to make the representation not misleading in light of the circumstances in which it is made.

(1) All documents delivered to Stirling in connection with this transaction are true and correct copies of the original thereof.

Section 5.02. Stirling's Representations and Warranties.

Stirling represents and warrants to the Authority as follows:

(a) Stirling is a limited liability company, duly organized and validly existing under the laws of the state of Delaware.

(b) This Fourth Amended Master Agreement (i) is duly authorized, executed and delivered by Stirling; and (ii) constitutes a legal, valid and binding obligation of Stirling and is enforceable against Stirling in accordance with its terms (except as the enforcement of this Fourth Amended Master Agreement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting creditors' rights generally and by equitable principles of general application). Neither the execution or delivery of this Fourth Amended Master Agreement nor performance of Stirling's obligations under this

Fourth Amended Master Agreement violates, or will violate, any contract or agreement to which Stirling is a party or by which Stirling is otherwise bound.

(c) All documents executed by Stirling that are to be delivered to the Authority are (i) duly authorized, executed and delivered by Stirling; and (ii) legal, valid and binding obligations of Stirling and enforceable against Stirling in accordance with their terms (except as such enforcement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting creditors' rights generally and by equitable principles of general application).

(d) Except as disclosed to the Authority in writing, there is no litigation pending or, to Stirling's knowledge, threatened, against Stirling (or any basis for any claim) that materially and adversely affect Stirling's ability to perform its obligations when and as required under the terms of this Fourth Amended Master Agreement. Stirling shall promptly notify the Authority of any such proceedings or actions (pending or threatened) of which Stirling becomes aware.

(e) No representation or warranty made by Stirling in this Fourth Amended Master Agreement contains any untrue statement

of a material fact or omits to state a material fact necessary to make the representation not misleading in light of the circumstances in which it is made.

Section 5.03. Notice of Presence of Asbestos and Lead Based Paint. Stirling, its successors and assigns are warned that the Property may contain asbestos materials and lead based paint materials. No warranties, either expressed or implied, are given with regard to the quantity, location or condition of the asbestos containing materials or the lead based paint materials. Stirling, its successors and assigns, shall be deemed to have relied solely on their own judgment in assessing the overall condition of all or any portion of the Property, including any asbestos hazards or lead based paint hazards or concerns. Stirling acknowledges that Stirling was given every opportunity to inspect the Property to assess the risk, if any, from asbestos containing material or lead based paint materials.

Upon receipt of possession of the Property, or portion hereof, by Stirling, the Authority assumes no liability for damages for personal injury, illness, disability or death to Stirling or to Stirling successors, assigns, employees, invitees, or any other persons subject to Stirling control or direction, or to any person, including members of the general public arising from or incident to

the purchase, transportation, removal, handling, use, disposition or any activity causing or leading to contact of any kind whatsoever with asbestos or lead based paint on the Property which is the subject of this Fourth Amended Master Agreement, whether Stirling, its successors or assigns has or have properly warned or failed to properly warn the individuals injured. Stirling, its successors and assigns, further agree, that in its use and occupancy of the Property, it will comply with all federal, state and local laws relating to asbestos and lead based paint.

ARTICLE VI

Section 6.01. Development of the Property. Stirling and the Authority agree to cooperate in order to facilitate the development of the Property which development shall require the prior written approval of the Authority before Stirling is able to either purchase or lease the applicable portions of the Property.

It is contemplated that with respect to the EDC Parcels, the disposition of portions of the Property and development thereof will be governed by one or more Disposition and Development Agreements ("DDA's") which shall, to the extent practicable, be consistent with this Fourth Amended Master Agreement and which must be approved by the Authority. In the event of any inconsistency between the DDAs and this Agreement, the DDAs shall control as to

the rights and obligations of the Parties with respect to development of the Property. Each Project Proposal with respect to the Property will be incorporated into such DDA.

Provided Stirling is otherwise in compliance with the terms of this Fourth Amended Master Agreement and the applicable DDA, Stirling shall have the vested right to acquire by lease or purchase, the EDC Parcels and develop the EDC Parcels in accordance with the terms and conditions of this Fourth Amended Master Agreement. The Parties acknowledge that the good faith negotiation and consideration of this Fourth Amended Master Agreement by the Authority is a material consideration for Stirling's agreement to the terms and conditions set forth in this Fourth Amended Master Agreement.

Section 6.02. Compliance with Laws and Regulations. The City's zoning ordinance including, but not limited to, parking and height requirements, and the City's building requirements as set forth in the SCLA Specific Plan, as may be amended from time to time, are applicable to the use and development of the Property pursuant to this Fourth Amended Master Agreement. No action by the Authority with reference to this Fourth Amended Master Agreement or related documents shall be deemed to constitute a waiver of any City parking, height or other requirements which are applicable to

the Property or to Stirling, any successor in interest or tenant of Stirling or any tenant or successor in interest in or pertaining to the Property, except by modification or variance approved by the City consistent with this Fourth Amended Master Agreement.

Notwithstanding any provision to the contrary in this Fourth Amended Master Agreement, Stirling agrees to accept and comply fully with any and all conditions of approval applicable to any permits or other governmental actions affecting the Property and consistent with this Fourth Amended Master Agreement.

Section 6.03. Costs of Construction and Other Costs.

Except as otherwise provided in an approved Budget as described in Article VIII hereof or as part of the Infrastructure financing described in Section 6.05 hereof, the costs of developing the Property and of constructing all improvements thereon and adjacent thereto as set forth in the Project Proposal shall be borne by Stirling and/or third parties procured by Stirling.

Stirling, the Approved Developers or such other appropriate third parties shall, at their sole cost and expense, cause to be prepared, and shall pay any and all fees pertaining to the review and approval thereof by the City, all required construction, planning and other documents reasonably required by

governmental bodies pertinent to the development of the Property hereunder including, but not limited to, specifications, drawings, plans, maps, permit applications, land use applications, zoning applications and design review documents.

Except as otherwise provided within an approved Budget, Stirling and/or the Approved Developers, as applicable, shall pay for any and all costs concerning the design, construction, relocation and securing of permits for utility improvements and connections, including sewers and sewer lines, power lines and poles, water lines, gas lines, cable lines and related vaults, storm drains and vaults, traffic access ways, lighting poles and standards, handicapped access ramps, construction of tree wells and planting of trees. Such parties shall obtain any and all necessary approvals prior to the commencement of applicable portions of said construction, and such parties shall take reasonable precautions to ensure the safety and stability of surrounding properties during said construction. A portion of such pre-development costs may to the extent permitted by law and deemed eligible by the Authority in its reasonable discretion, be included as part of the Infrastructure Costs described in Section 6.05 hereof.

Section 6.04. Schedule of Development. Stirling, the Approved Developers or third parties, as applicable, shall commence

and complete all construction and development and undertake all obligations and responsibilities of the developer within the times specified in any Schedule of Performance attached to a DDA. The Schedule of Performance shall set forth the development time frames which will be agreed on pursuant to the mutual consent of the Authority and Stirling and/or the applicable Approved Developers.

During the period of development of the Project, Stirling and/or Approved Developers shall submit to the Authority written progress reports when and as reasonably requested by the Authority but in no event more frequently than on a monthly basis. The reports shall be in such form and detail as may reasonably be required by the Authority.

Section 6.05. Authority's Obligations; Infrastructure Financing. Certain costs of constructing all or a portion of the infrastructure improvements and certain pre-development costs shall be borne by the Authority. Any infrastructure items or pre-development costs to be funded or constructed by the Authority shall require the prior written approval by the Authority Board of an Infrastructure Plan which Infrastructure Plan will be based upon certain assumptions as to the increase in assessed valuation to be generated by the successful development of the Project or applicable portion thereof as described in the associated Project

Proposal. In the event the Infrastructure Plan is deemed not feasible by the Authority then the obligations to proceed with the development of the affected portion of the Property will be suspended without liability to either Party. All infrastructure to be funded by the Authority may also be described in an annual Capital Improvement Budget of the Authority. Notwithstanding the foregoing, the Authority and Stirling agree that in the event that the financing mechanisms for the infrastructure as set forth in the Infrastructure Plan prove to be inadequate to pay the actual costs of construction of the infrastructure or funding the approved pre-development costs, the Authority and Stirling shall negotiate in good faith mutually agreeable modifications to the Infrastructure Plan to provide for the payment of the construction of the infrastructure in a manner that does not unduly burden the Authority or Stirling, and allows for construction of the Project to proceed as planned. In any event, the Authority agrees to use best efforts to seek additional sources of financing to cover the costs of construction of the infrastructure, including, without limitation, federal and/or state funds.

Section 6.06. Commencement of Construction. After the conveyance of title to a portion of the Property under a DDA or the execution of a lease, as applicable, and assuming an adequate Infrastructure Plan is in place, Stirling or a third party, as

applicable, shall commence or cause the commencement of construction and development of the applicable portion of the Property within the times specified in the applicable Schedule of Performance attached to a DDA.

Section 6.07. Permitted Delays/Force Majeure. In addition to any other specific provisions of this Fourth Amended Master Agreement, performance by either party of its obligations hereunder shall be excused during any period of delay caused at any time by reason of acts of God or civil commotion, riots, strikes, picketing, or other labor disputes, shortage of materials or supplies, unanticipated conditions in the economy, damage to work in progress by reason of fire, floods, earthquake or other casualties, restrictions imposed or mandated by governmental or quasi-governmental entities, enactment of conflicting Laws (including, without limitation, new or supplementary environmental regulations), any governmental actions or failure to act (except actions or failures to act by the City or the Authority if the City or the Authority is otherwise claiming a delay) litigation, acts or neglect of the other party, or any other cause beyond the reasonable control of a party. Each party shall promptly notify the other party of any delay hereunder as soon as possible after the same has been ascertained.

ARTICLE VII

Section 7.01. Participation in Revenues/Subtraction. In addition to activities on SCLA, it is contemplated that Stirling and/or Approved Developers or permitted assignees pursuant to Section 12.03 hereof may undertake development activities on properties adjacent or in proximity to SCLA. To the extent such development by Stirling occurs and the Authority funds the development of the infrastructure in connection therewith, the Parties agree to negotiate in good faith to assist in causing the development of such property and allocating revenues therefrom, in a manner which is consistent with the provisions of this Agreement.

ARTICLE VIII

Section 8.01. Budget Process. Prior to the implementation of the terms and conditions of this Fourth Amended Master Agreement, Stirling shall prepare and submit to the Authority an annual budget (the "Budget") detailing the costs, expenses and revenues pertaining to the implementation of this Fourth Amended Master Agreement for the following calendar year or remaining portion thereof. Prior to the Authority's incurrence of any obligations under this Fourth Amended Master Agreement, it shall have approved the Budget for the following year. To the extent Stirling's activities on the EDC Parcels under this Fourth Amended Master Agreement result in the generation of revenues for

the benefit of the Authority, the Authority agrees that it will use good faith in allocating all or a portion of such revenues to fund agreed upon Budget items.

The Parties understand and agree that the economic conditions surrounding development of SCLA may require frequent amendments and/or modifications to the Budget and the Parties will meet at least semi-annually in order to review the Budget and make any amendments or modifications as deemed necessary.

Section 8.02. Expenditures Within Approved Budget.

Unless otherwise agreed to by the Authority and Stirling, no expenditures shall be made by either Party except in the amounts and for the purposes identified in the approved budget and for which actual expenses have been incurred. All expenditures within the designations and limitations of the approved project budget shall be made on authorization of either (i) the Director of the Authority or his or her designee or (ii) the appropriate Stirling Member, or his or her designee, as applicable, upon the incurrence of the expense or as a reimbursement for an expenditure made in conformity with the Budget.

Section 8.03. Audits and Record Keeping. Stirling and

the Authority shall keep and maintain accurate records of revenues

generated from leases, sales, short term use arrangements and development activities at SCLA. All such records shall be kept at the principal business office of each of the Parties for not less than three (3) years after delivery of an annual report and records for any such three (3) years shall be made available upon review in Victorville upon Seventy-Two (72) hours notice from the other party. Each party shall have the right, at its cost, and at any reasonable time, from time to time, after giving prior written notice to the other party, to audit the records of the other Party for any and all of the preceding calendar years.

ARTICLE IX

Section 9.01. Supersedure by Subsequent Law. If any Law made or enacted after the date of this Fourth Amended Master Agreement by governmental entities other than the Authority or City, prevents or precludes compliance with one or more provisions of this Fourth Amended Master Agreement, then the provisions of this Fourth Amended Master Agreement shall, to the extent feasible, be modified or suspended as may be necessary to comply with such new law, rule or regulation. Immediately after enactment of any such new law, rule or regulation, the Parties shall meet and confer in good faith to determine the feasibility of any such modifications or suspension based on the effect such modification or suspension would have on the purposes and intent of this Fourth

Amended Master Agreement. If such modification or suspension is infeasible in Stirling's reasonable business, geotechnical or environmental judgment, then Stirling shall have the right to terminate this Fourth Amended Master Agreement by written notice to the Authority. In addition, at Stirling's election, (i) the Term of this Fourth Amended Master Agreement may be extended pursuant to Section 11.02, and (ii) Stirling shall have the right to challenge the new law, rule or regulation, preventing compliance with the terms of this Fourth Amended Master Agreement, and, in the event such challenge is successful, this Fourth Amended Master Agreement shall remain unmodified and in full force and effect, except that the Term shall be extended by such challenge pursuant to Section 6.07 above.

ARTICLE X

Section 10.01. Miscellaneous Covenants Of the Authority And Stirling/Amendment of Fourth Amended Master Agreement. This Fourth Amended Master Agreement may be amended from time to time by mutual written consent of the Parties.

Section 10.02. Operating Memoranda. The Parties acknowledge that the provisions of this Fourth Amended Master Agreement require a close degree of cooperation between the Authority and Stirling, and the refinements and future events may

demonstrate that non-material changes are appropriate with respect to the detail of performance of the Parties under this Fourth Amended Master Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance of the Parties under this Fourth Amended Master Agreement. If and when, from time to time during the Term hereof, the Parties find that such changes or adjustments are necessary or appropriate, such as the addition of a legal description for portions of the Property when such legal description is prepared, they shall effectuate such changes or adjustments through Operating Memoranda approved by the Parties which, after execution, shall be attached hereto as addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with further approval by the Authority and Stirling. Any material changes in the Authority's obligations shall require the approval of the Authority Board.

Section 10.03. Environmental Review. The Authority and Stirling acknowledge that the Authority has previously caused or undertaken extensive environmental review pursuant to the provisions of the California Environmental Quality Act ("CEQA"), and implementing regulations. In connection with the Authority's or City's issuance of any permit or approval which is subject to additional CEQA review, the Authority shall promptly commence and

diligently process or cause to be commenced and processed any and all initial studies and assessments required by CEQA, including, without limitation, any supplemental or subsequent environmental impact report, addendum or other environmental documentation, including all technical studies or updates in connection therewith, as may be required, and to the extent permitted by law, the Authority shall use and adopt any existing environmental reports and studies as adequately addressing the environmental impacts of such matter or matters without requiring new or supplemental environmental documentation. The cost of any additional environmental review that is specific to the development and use of the Property by Stirling or its successors in interest and that is not contemplated by existing environmental documents shall be borne by Stirling. The scope of such additional environmental review shall take into account any environmental review that may be undertaken for projects on SCLA other than the Project. The Authority and Stirling shall cooperate with each other to minimize the costs of such additional environmental review. Such cost may, upon agreement of the Parties, be deemed Allowable Costs, depending on the scope of the project in question and to the extent included in a Budget.

Section 10.04. Other Governmental Permits. Stirling shall apply from time to time for other permits and approvals as

may be required by other governmental or quasi-governmental agencies having jurisdiction over the Project in connection with the development of, or provision of services to the Project. The Authority and the City shall cooperate with Stirling in its efforts to obtain such permits and approvals, and provide any documents or certificates reasonably required to process and obtain such permits and approvals.

Section 10.05. Cooperation in the Event of Legal Challenge. If any legal or equitable action or other proceeding is brought by any party, governmental entity or official challenging the validity of any provision of this Fourth Amended Master Agreement, the Parties shall cooperate in defending such action or proceeding. If the parties cannot agree on such defense, then each party shall bear its own costs of such defense. In the event the Authority and Stirling are unable to select mutually agreeable legal counsel to defend such action or proceeding, each party may select its own legal counsel at each party's expense.

ARTICLE XI

Section 11.01. Initial Term. The term of this Fourth Amended Master Agreement (the "Term") shall commence upon the Effective Date and shall terminate on the tenth (10th) anniversary of the Effective Date, unless extended or earlier terminated as set

forth herein. The agreement of the Parties to share revenues as provided herein shall supersede and survive the Term of this Fourth Amended Master Agreement, as it may be extended.

Section 11.02. Extension Term. The term of this Agreement was extended for a five year period on or about January 21, 2009. The Term may be extended for one (1) additional term of five (5) years (an "Extension Term"), if (i) Stirling is not in default beyond applicable notice and cure periods set forth in Section 11.06 below in the performance of its obligations hereunder, (ii) Stirling elects in writing for the Term to be so extended prior to the end of the term, and (iii) this Fourth Amended Master Agreement has not been terminated as set forth herein. Any such extension will not extend the time for performance of obligations under this Fourth Amended Master Agreement, including but not limited to the provisions of Section 2.01 hereof.

Notwithstanding the forgoing, the Term of this Agreement, as extended, shall be tolled, pursuant to this section, as a result of the global economic downturn that has negatively impacted the development activities at SCLA. During such economic downturn the Authority has not been able to provide infrastructure financing at levels previously contemplated by this Agreement and therefore

development of the EDC Parcels has been delayed. Accordingly, the Term of this Fourth Amended Master Agreement will be automatically extended for a period that commenced as of October 1, 2007 and that shall continue until the earlier of January 1, 2014, or such time as the Authority has recommenced normal infrastructure funding on a consistent basis as contemplated upon the entering into of the Original Master Agreement and as evidenced by the funding (after the date hereof) of at least Five Million Dollars (\$5,000,000.00) of new monies to fund the infrastructure requirements of the 2006 DDA on the EDC Parcels. As a result, the Term (as previously extended as set forth above), shall be further extended for the period set forth in the immediately preceding sentence, and the one additional Extension Term, if exercised, shall not commence until the expiration of the Term, as so extended.

Section 11.03. Termination By Stirling. At any time prior to November 1, 2002, if Stirling shall determine, based upon commercially reasonable standards, that it is more likely than not that necessary conditions(s) for development of the Project will not be satisfied or waived within a reasonable time in the future, then Stirling may stop all work in connection with its analysis or planned development of the Property, cease any further activity in connection with the Project, and notify the Authority that it is terminating this Fourth Amended Master Agreement. In such event,

the obligations of the Authority and Stirling under this Fourth Amended Master Agreement shall terminate without liability to either party.

Section 11.04. Termination By the Authority. If, at any time prior to November 1, 2002, the Authority shall determine, based on commercially reasonable standards, that it is more likely than not that the Project will not be undertaken or completed within a reasonable time in the future, or that Stirling is not meeting its development obligations as set forth herein then the Authority may notify Stirling that it is terminating this Fourth Amended Master Agreement. In such event, the obligations of the Authority and Stirling under this Fourth Amended Master Agreement shall terminate without liability to either party.

Section 11.05. Reimbursement of Costs. Notwithstanding anything to the contrary herein, upon a termination of this Fourth Amended Master Agreement, both parties will be entitled to reimbursement of any costs that they have incurred up until the date of termination, which costs are identified on an approved Budget adopted in accordance with Section 8.02 hereof. Notwithstanding the foregoing, such costs shall not be deemed to include capital improvement and infrastructure expenditures made or

funded by the Authority which have been incurred as part of the overall redevelopment of the Airport.

Section 11.06. Cure. The Authority shall not terminate this Fourth Amended Master Agreement with respect to all of the Property or portions thereof, or use any other legal remedy, because of a default by Stirling, without the Authority Board taking an action and making a finding of noncompliance by Stirling. After making such finding, the Authority shall provide Stirling not less than ninety (90) days (or if such default cannot reasonably be cured within ninety (90) days, a period of time that is sufficient to allow for such cure, which period of time shall not exceed one hundred eighty (180) days) to allow Stirling to cure such default. At the end of such period, Stirling may submit evidence of the cure of such default. If the Authority finds that such default has been cured, the previous finding of non-compliance shall be rescinded. If the Authority finds on the basis of substantial evidence that such default has not been cured, it may terminate this Fourth Amended Master Agreement. Notwithstanding anything to the contrary set forth herein, the Authority may only terminate the Fourth Amended Master Agreement with respect to portions of the Property that have not been conveyed by the Authority pursuant to this Fourth Amended Master Agreement. Termination of this Fourth Amended Master Agreement shall not

affect any obligations of the Authority that exist at the time of such termination with respect to portions of the Property that have been conveyed by the Authority pursuant to the terms of this Fourth Amended Master Agreement, and this Fourth Amended Master Agreement shall remain in full force and effect with respect to portions of the Property that have been conveyed by the Authority pursuant to this Fourth Amended Master Agreement.

Section 11.07. Certain Obligations Non-Recourse.

Notwithstanding anything to the contrary set forth herein, no elective or appointive board, commission, officer, agent or employee of the Authority, and no person who is, directly or indirectly, a partner, member, officer, director, shareholder, trustee, beneficiary or agent of Stirling, shall be personally liable with respect to any of the obligations of the Authority or Stirling herein, and each party shall look solely to the assets of Stirling or the Authority (as the case may be) and shall have no right of recourse against the assets of any such other person herein specified.

ARTICLE XII

General Provisions

Section 12.01. Stirling Covenants. Stirling covenants by and for itself and any successors in interest that there shall be

no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, sexual preference, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Stirling itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

Section 12.02. Form of Nondiscrimination and Nonsegregation Clauses. Stirling shall refrain from restricting the rental, sale or lease of the Property, or any portion thereof, on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

- (a) In deeds: "The grantee herein covenants by and for himself for herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any

person or group of persons on account of race, color, creed, religion, sex, marital status, sexual preference, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

- (b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex,

marital status, sexual preference, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein leased."

- (c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, sexual preference, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use

or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

Section 12.03. Transfer of Property. After first obtaining the written consent of the Authority which may be granted or withheld in its sole discretion, Stirling shall have the right to assign or transfer all of any portion of its interests, rights or obligations under this Fourth Amended Master Agreement or in the Property to a third party who acquires an interest or estate in the Property or any portion thereof. Notwithstanding any other provision in this Agreement, in the event Stirling enters into an approved business venture with a capital partner to pursue development of the EDC Parcels, such business venture may be a transferee under this Section 12.03 with respect to all of the assigned portions of the EDC Parcels, succeeding to all of Stirling's rights under this Fourth Amended Master Agreement as they affect the right to proceed with development of the assigned portions of the EDC Parcels, and assuming all obligations of Stirling hereunder which relate to the EDC Parcels. If all or any portion of the Property is transferred by Stirling to any person or entity, the transferee shall, to the extent relinquished by Stirling, succeed to all of Stirling's rights under this Fourth Amended Master Agreement as they affect the right to proceed with development of that portion of the Property transferred to the

transferee (the "Transferred Property"), and, to the extent assigned by Stirling, the transferee shall assume all obligations of Stirling hereunder which relate to the Transferred Property. A transfer made in compliance with this Section of all or any part of the Property to any other person or entity shall release Stirling from its obligations hereunder, which relate to the Transferred Property.

Section 12.04. Severability. If any provision of this Fourth Amended Master Agreement or the application of any provision of this Fourth Amended Master Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, then, to the extent that the invalidity of unenforceability does not impair the application of this Fourth Amended Master Agreement as intended by the Parties, the remaining provisions of this Fourth Amended Master Agreement, or the application of this Fourth Amended Master Agreement to other situations, shall continue in full force and effect.

Section 12.05. Permits and Approval Independent. All Permits and Approvals, and all land use entitlements or approvals generally which may be issued or granted by the Authority with respect to the Property, constitute independent actions and approvals by the Authority. If any provision of this Fourth

Amended Master Agreement or the application of any provision of this Fourth Amended Master Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if the Authority terminates this Fourth Amended Master Agreement for any reason, then such invalidity, unenforceability or termination of this Fourth Amended Master Agreement or any part hereof shall not affect the validity or effectiveness of any Permits and Approval or other land use approvals. In such cases, such approvals will remain in effect pursuant to their own terms, provisions, and conditions of approval.

Section 12.06. Further Actions. Each party shall execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out this Fourth Amended Master Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

Section 12.07. Construction. This Fourth Amended Master Agreement has been reviewed and revised by legal counsel for both Stirling and the Authority, and no presumption or rule that ambiguities shall be construed against the drafting party shall

apply to the interpretation or enforcement of this Fourth Amended Master Agreement.

Section 12.08. Notices. Any notice under this Fourth Amended Master Agreement must be in writing and be personally delivered, delivered by recognized overnight courier service or given by mail or via facsimile. Any notice given by mail must be sent, postage prepaid, by certified or registered mail, return receipt requested. All notices must be addressed to the Parties at the following addresses or at such other addresses as the Parties may from time to time direct in writing:

If to Stirling: Attn: Stirling Capital
 Investments, LLC
 27422 Portola Pkwy, Suite 300
 Foothill Ranch, CA 92610
 Attn: Chris Downey
 (949) 586-4400
 FAX: (949) 581-4574

With copy to: The Wolfson Law Firm
 27422 Portola Pkwy, Suite 300
 Foothill Ranch, CA 92610
 Attn: Ken Wolfson
 (949) 588-2273
 FAX: (949) 588-2273

If to Authority: Southern California Logistics
 Airport Authority
 18374 Phantom
 Victorville, California 92394
 Attn: Keith Metzler
 (760) 246-6115
 FAX: (760) 246-3108

With a copy to: Green, de Bortnowsky & Quintanilla,
LLP
23801 Calabasas Road, Suite 1015
Calabasas, California 91302-1595
Attn: Andre de Bortnowsky
(818) 704-0195
FAX: (818) 704-4729

Any notice will be deemed to have been given, if personally delivered, when delivered, and if delivered by courier service, one (1) Business Day after deposit with the courier service, and if mailed, two (2) Business Days after deposit at any post office in the United States of America, and if delivered via facsimile, the same day as verified; provided that any verification that occurs after 7 p.m. (California time) on the following Business Day.

Section 12.09. Partnership or Joint Venture. Nothing in this Fourth Amended Master Agreement shall be construed to render the Authority in any way or for any purposes a partner, joint venture or associate in any relationship with Stirling nor shall this Fourth Amended Master Agreement be construed to authorize either to act as the Agent for the other.

Section 12.10. Estoppel Certificate. Within ten (10) days following any written request which either party may make from time to time, the other party to this Fourth Amended Master Agreement shall execute and deliver to the requesting party a

statement certifying that: (a) This Fourth Amended Master Agreement is unmodified and in full force and effect; (b) there are no current uncured defaults under this Fourth Amended Master Agreement or specifying the dates and nature of any such default; and (c) any other reasonable information requested. The failure to deliver such a statement within such time shall constitute a conclusive presumption against the party which fails to deliver such statement that this Fourth Amended Master Agreement is in full force and effect without modification.

Section 12.11. No Third Party Beneficiary. This Fourth Amended Master Agreement is made and entered into for the sole protection and benefit of the Parties hereto. No other party shall have any right of action based upon any provision of this Fourth Amended Master Agreement.

Section 12.12. Continuation and Survival of Representations and Warranties. All representations and warranties by the respective Parties contained in this Fourth Amended Master Agreement or made in writing pursuant to this Fourth Amended Master Agreement are intended to and will remain true and correct as of the time of Closing, will be deemed to be material and will survive the execution and delivery of this Fourth Amended Master Agreement, the Closing and the delivery of each Deed and transfer of title.

Section 12.13. Governing Law. This Fourth Amended Master Agreement shall be governed and construed in accordance with the laws of the State of California, and venue and jurisdiction of any action arising out of or relating to this Fourth Amended Master Agreement shall lie in San Bernardino County.

Section 12.14. Entire Fourth Amended Master Agreement.

This Fourth Amended Master Agreement and the exhibits hereto constitute the entire agreement between the Parties with respect to the purchase, sale, lease, marketing, management and development of the Property, and supersedes all prior agreements and understandings between the Parties relating to the subject matter of this Fourth Amended Master Agreement.

Section 12.15. Dispute Costs. In the event any dispute between the Parties with respect to this Fourth Amended Master Agreement results in litigation or other proceeding, the prevailing party shall be reimbursed by the party not prevailing in such proceeding for all reasonable costs and expenses, including, without limitation, reasonable attorneys' and experts' fees and costs incurred by the prevailing party in connection with such litigation or other proceeding and any appeal thereof. Such costs,

expenses and fees shall be included in and made a part of the judgment recovered by the prevailing party, if any.

Section 12.16. Waiver. Neither the Authority's nor Stirling's waiver of the breach of any covenant under this Fourth Amended Master Agreement will be construed as a waiver of the breach of any other covenants or as a waiver of a subsequent breach of the same covenant.

Section 12.17. Nonmerger. The terms, conditions and provisions of this Fourth Amended Master Agreement shall not be deemed merged into any Deed, and shall survive Closing and continue in full force and effect.

Section 12.18. Business Day. A "Business Day" is a day which is not a Saturday, Sunday or legal holiday recognized by the Government of the United States of America. Furthermore, if any date upon which or by which action is required under this Fourth Amended Master Agreement is a Saturday, Sunday or legal holiday recognized by the Government of the United States of America, then the date for such action shall be extended to the first day that is after such date and is not a Saturday, Sunday or legal holiday recognized by the Government of the United States of America. In addition to the foregoing, if the date designated as the Closing

Date is a Saturday, Sunday or legal holiday recognized by the state or other jurisdiction in which the Closing is to occur or in which the Real Property is located, then the Closing Date shall be the first day that is after such date and is not a Saturday, Sunday or legal holiday recognized by the Government of the United States of America or such state or jurisdiction. Unless the term "Business Day" is used, all references in this Fourth Amended Master Agreement to days or other time periods shall mean calendar days or periods.

Section 12.19. Plurality and Gender. Wherever in this Fourth Amended Master Agreement the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require.

Section 12.20. Counterparts and Exhibits. This Fourth Amended Master Agreement is executed in four (4) counterparts, each of which is deemed to be an original. This Fourth Amended Master Agreement consists of eighty-five (85) pages, and, in addition, two (2) exhibits which constitute the entire understanding and agreement of the Parties to this Fourth Amended Master Agreement.

Section 12.21. VVEDA Approval. To the extent deemed necessary, the Authority will use best faith efforts to facilitate any approvals or consents required from VVEDA in connection with the implementation of this Fourth Amended Master Agreement, provided, however, that if such consents are deemed necessary and are not obtained, the obligations of the Parties shall be deferred or delayed until consent is granted or alternative arrangements can be made.

Section 12.22. Assignment Agreement. As set forth in Recital J, SAI and Stirling previously entered into the Assignment Agreement. Among other items, the Assignment Agreement included on Exhibit A attached thereto a list of items which were expressly excluded from the assignment to Stirling (and were retained and reserved by SAI). Nothing contained in this Agreement shall affect the exclusions set forth in the Assignment Agreement. In addition, the right to receive payments pursuant to Section 12.23 below shall also be solely the rights of SAI, and not Stirling.

Section 12.23. Bank of America Account. There are currently amounts in existence in a joint bank account with Bank of America. As contemplated by Recital J above, as a result of the resolution of the disputes referenced therein, the Parties agree that Stirling shall be entitled to withdraw all monies in Bank of

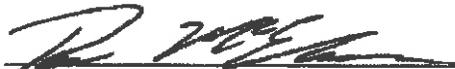
America Account No. 1426802310 (the "Existing Account") and to retain such monies for Stirling's own use. Immediately after withdrawing of all such monies, the Existing Account shall be closed. The Authority will then open a new account (the "New Account") with Bank of America pursuant to which receipts from lease transactions entered into by the Authority on the EDC Property will be deposited. Stirling and the Authority shall meet on at least a quarterly basis to discuss such lease transactions and the deposits and withdrawals relating to the New Account. Stirling shall have the right to receive information relating to such lease transactions (including, without limitation, copies of the lease documentation) and copies of statements relating to the New Account, and the Authority shall make available to Stirling, upon request, any information desired by Stirling relating to such lease transactions, the New Account and the computation of amounts deposited therein and withdrawn therefrom. Payments from the New Account to Stirling and the Authority (as otherwise contemplated by this Fourth Amended Master Agreement) shall be made on at least a quarterly basis. Stirling and the Authority shall agree on the amounts to be paid from the New Account at the meetings to be held between Stirling and the Authority as set forth above. Disbursements to Stirling from the New Account shall be made no later than ten (10) business days after each such meeting, and the amounts owing to Stirling shall bear interest at the rate of ten

percent (10%) per annum to the extent not disbursed within such ten (10) business day period.

END OF THIS PAGE

IN WITNESS WHEREOF, Stirling and the Authority have executed this Fourth Amended Master Agreement as of the date first hereinabove written.

AUTHORITY
Southern California Logistics
Airport Authority


Authority Chairman

ATTEST: Secretary

By: 
Title: Agency Secretary

Approved as to Form:

By: 
Authority Counsel

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Bernardino

On December 16, 2010 before me, Carolyn Bates, City Clerk

personally appeared Ryan McEachron

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 Carolyn Bates
Signature of Notary Public City Clerk



Place Notary Seal Above

OPTIONAL

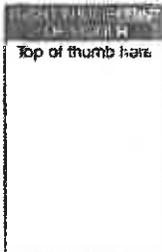
Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Fourth Amended + Restated Agreement with Stirling Airport
Document Date: December 16, 2010 Number of Pages: 84 + Exhibits
Signer(s) Other Than Named Above: Agency Secretary + Agency Counsel

Capacity(ies) Claimed by Signer(s)

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



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



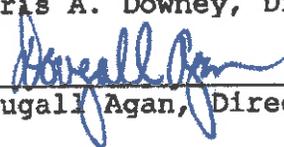
STIRLING

STIRLING CAPITAL INVESTMENTS, LLC,
a Delaware limited liability
company, Sole Member

By: STIRLING AIRPORTS
INTERNATIONAL, LLC,
a California limited liability
company, Member and Manager

By: STIRLING DEVELOPMENT, LLC,
a California limited liability
company, Member

By: 
Chris A. Downey, Director

By: 
Dougall Agan, Director

and

By: DCT INDUSTRIAL OPERATING
PARTNERSHIP LP,
a Delaware limited partnership,
Member and Manager

By: DCT INDUSTRIAL TRUST, INC,
a Maryland corporation, Sole
General Partner

Signed in Counterpart
By: _____
Mathew T. Murphy
Sr. Vice President

2010 ALL CAPACITY ACKNOWLEDGMENT

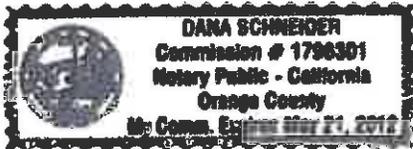
State of California)
)
County of Orange)

On November 29, 2010, before me, Dana Schneider, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Chris A. Downey and Dougall Agan
Name(s) of Signer(s)

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

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 Dana Schneider

Place Notary Seal Above

OPTIONAL

2010 ALL CAPACITY ACKNOWLEDGMENT

State of Colorado)
County of Denver)

On 12-1-10, before me, Beth Speak, Vice President
Date Here Insert Name and Title of the Officer
personally appeared Matthew T. Murphy, Senior Vice President
Name(s) of Signer(s)

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

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.

BETH A. SPEAK
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 07/03/2012

Signature Beth A Speak

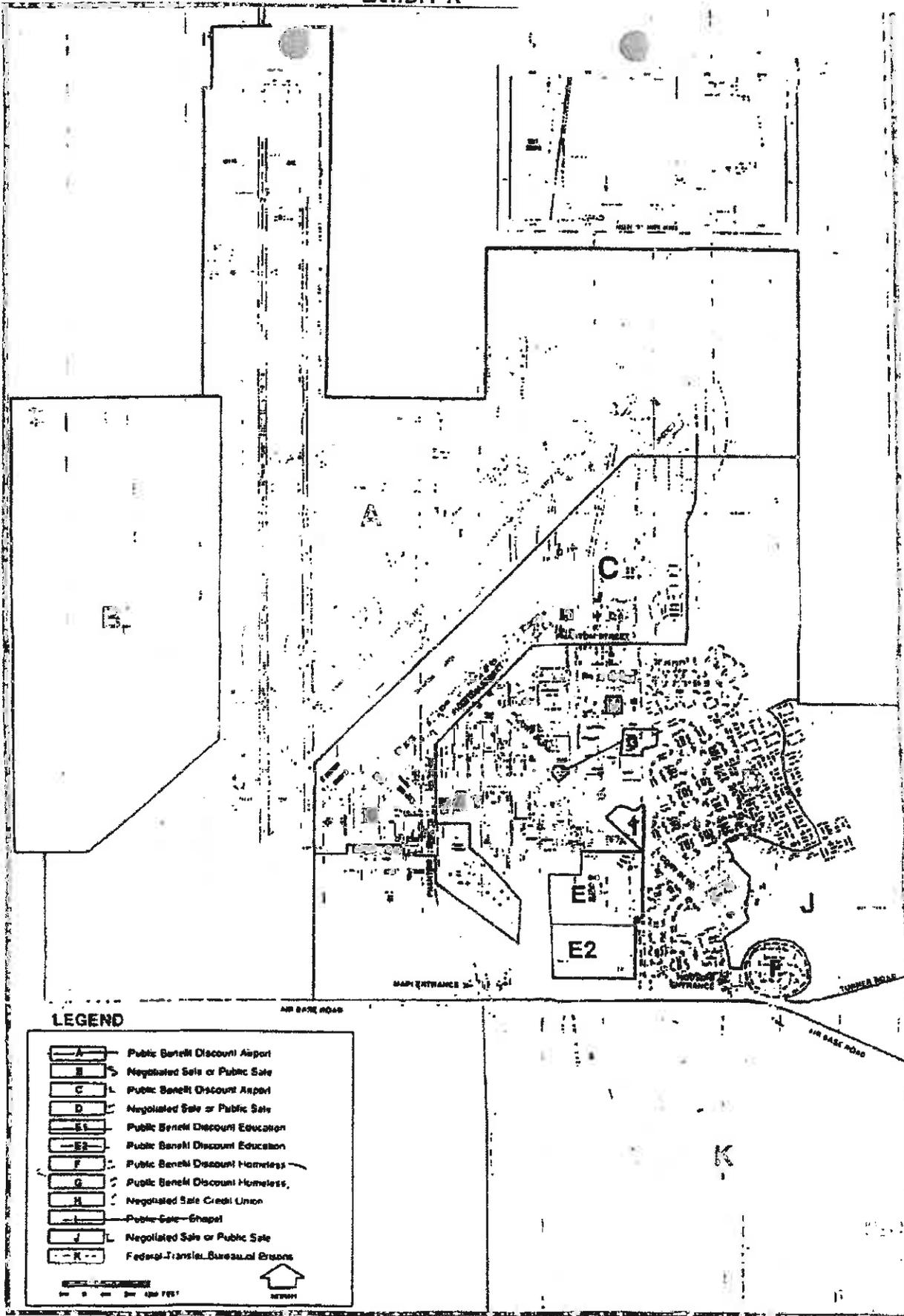
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OPTIONAL

EXHIBIT "A"

DESCRIPTION OF PROPERTY

EXHIBIT A

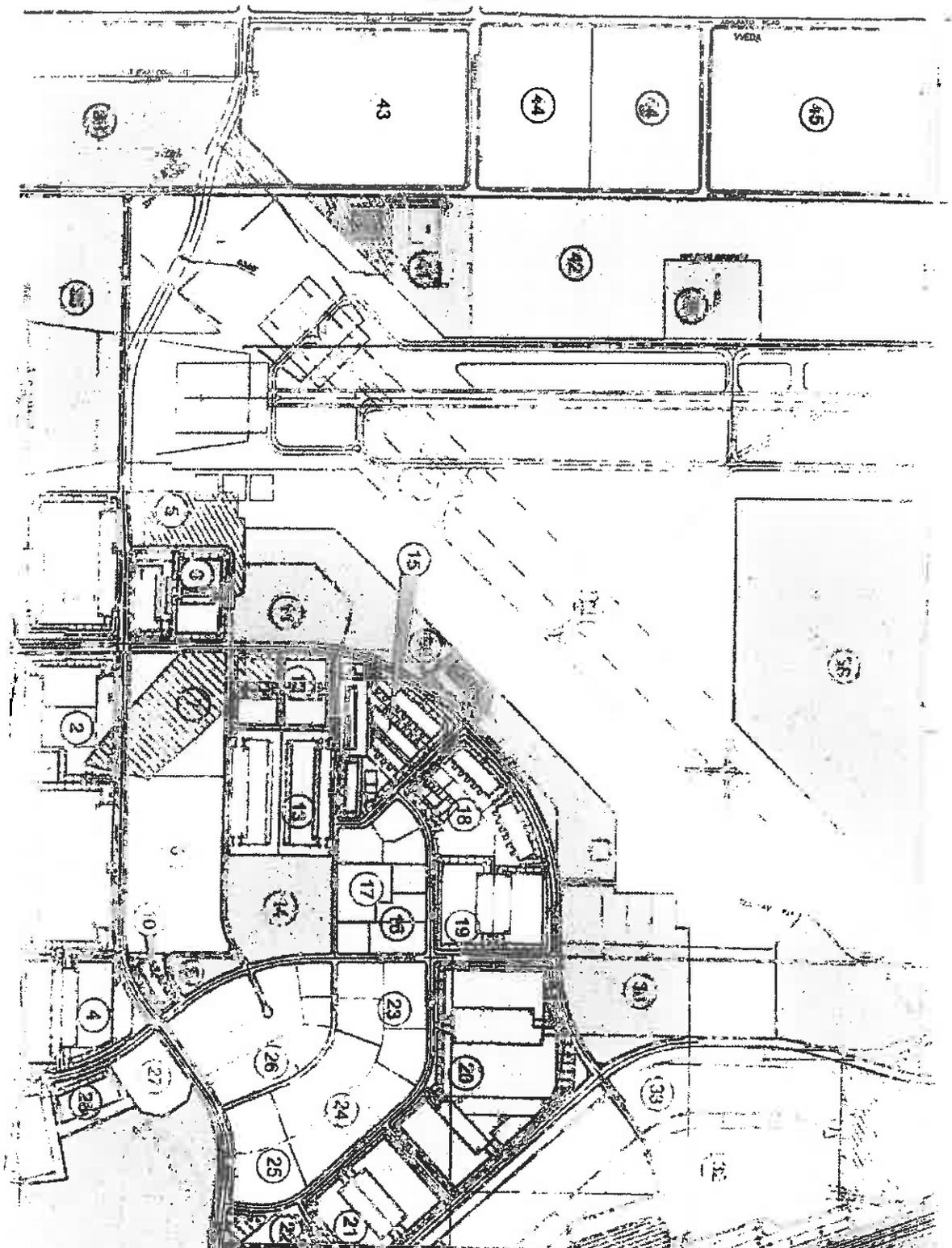


LEGEND

	Public Benefit Discount Airport
	Negotiated Sale or Public Sale
	Public Benefit Discount Airport
	Negotiated Sale or Public Sale
	Public Benefit Discount Education
	Public Benefit Discount Education
	Public Benefit Discount Homeless
	Public Benefit Discount Homeless
	Negotiated Sale Credit Union
	Public Sale - Chapel
	Negotiated Sale or Public Sale
	Federal Transfer Bureau of Errors

The Property shall not include, and this Fourth Amended Master Agreement shall not apply to, that real property that was previously conveyed to Stirling pursuant to that certain Disposition and Development Agreement between Stirling and the Authority dated as of October 18, 2006.

EXHIBIT "B"



PARKS AND RECREATION FARCELS: 9, 14 & 29

Attachment # 11

Disposition and Development Agreement- Stirling Capital

COPY

DISPOSITION AND DEVELOPMENT AGREEMENT

PARTIES: SOUTHERN CALIFORNIA
LOGISTICS AIRPORT AUTHORITY ("SCLAA")
18374 Phantom Way
Victorville, California 92394

STIRLING CAPITAL INVESTMENTS, LLC
27422 Portola Parkway, Suite 300
Foothill Ranch, California 92610

LOCATION: Victorville, California

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of the 18 day of October, 2006 (the "Effective Date") by and between the SOUTHERN CALIFORNIA LOGISTICS AIRPORT AUTHORITY (the "Authority"), and STIRLING CAPITAL INVESTMENTS, LLC, a Delaware Limited Liability Company (the "Developer"). The Authority and the Developer agree as follows:

RECITALS

The following recitals are not a complete statement of the facts relevant to the subject of this Agreement, but rather are brief statements which are intended to aid in the interpretation of this Agreement. The parties are entering into this Agreement in reliance upon the accuracy of the recitals.

A. In 1988, the Defense Base Closure and Realignment Commission recommended that former George Air Force Base, now known as Southern California Logistics Airport (the "Airport") be closed, which closure has occurred. In response to the closure, several of the local communities adjacent and in proximity to the Airport deemed it desirable to form a joint powers authority to create the Victor Valley Economic Development Authority ("VVEDA") to, among other things, provide for the effective reuse of the Airport.

B. VVEDA was established under California Government Code Section 6500 et. seq. and was formed pursuant to the provisions of a certain joint exercise of powers agreement, as amended (the "Fourth Amended Joint Exercise of Powers Agreement").

C. The Fourth Amended Joint Exercise of Powers Agreement provides that VVEDA has, amongst its other powers, the power to enter into and execute contracts and leases for real and personal property.

D. In December of 1993, VVEDA caused the adoption of a Redevelopment Plan, as hereunder described, and as amended, in accordance with the provisions of the California Community Redevelopment Law, Health and Safety Code Section 33000 et seq. which redevelopment plan includes the Airport.

E. In accordance with the terms of the Fourth Amended Joint Exercise of Powers Agreement, VVEDA has delegated its

decision making authority with respect the implementation of the 1993 Redevelopment Plan on the Airport to the Authority which now has the authority to enter into and execute lease transactions and sales and disposition transactions on behalf of VVEDA pertaining to the Airport.

F. The Authority and Stirling Airports International, LLC ("SAI") previously entered into a Third Amended and Restated Master Agreement dated as of October 18, 2006 (the "Master Development Agreement") pursuant to which the Authority and SAI agreed to jointly cooperate in causing the successful development of the Airport. A copy of the Master Development Agreement is on file with the Authority Secretary and is incorporated herein by this reference.

G. The City of Victorville ("the City") has caused the preparation and adoption of a Specific Plan for the Airport which also incorporates certain properties adjacent and in proximity to the Airport (the "SCLA Specific Plan"), which SCLA Specific Plan has been amended and which has further been found to be in conformity with the Redevelopment Plan.

H. Developer seeks to acquire from Authority certain property located on the Airport which is more fully hereinafter described.

I. The Developer and Authority deem it desirable to enter into this Agreement in order to (i) provide for the disposition of certain property to the Developer; and (ii) cause the development of such property in a manner consistent with the terms of the Redevelopment Plan and the SCLA Specific Plan.

NOW, THEREFORE, in consideration of the above Recitals and other consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

ARTICLE I

SUBJECT OF AGREEMENT

Section 1.01. Purposes of Agreement. The purpose of this Agreement is to effectuate the reuse of the Airport and to implement the Redevelopment Plan (as hereinafter defined) for the 1993 Victor Valley Redevelopment Project Area ("Project Area") by providing for the purchase by the Developer of certain parcels of real property located within the duly established

Redevelopment Project Area. Such parcels of property comprise approximately 360 acres and are designated as Parcels 1, 3 13A, 15, 18, 19, 43 and 44 on Exhibit "A" attached hereto and incorporated herein by reference (the "Property"). The parties agree that the further purpose of this Agreement is to cause the development on the Property of certain industrial/manufacturing and office building improvements, all as more fully hereinafter described. The purchase and the redevelopment of the Property by the Developer pursuant to this Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of the City, the Authority, and the health, safety, morals, and welfare of the City's residents, and are in accord with the public purposes and provisions of applicable federal, state and local laws and requirements. Furthermore, the proposed development of the Property is consistent with the provisions of the Master Development Agreement.

Section 1.02. The Redevelopment Plan. The Redevelopment Plan for the 1993 Victor Valley Redevelopment Project, as amended (the "Redevelopment Plan"), was approved and adopted by VVEDA by duly adopted Ordinance in accordance with the provisions of the Community Redevelopment Law of the State of California (the "Community Redevelopment Law"). This Agreement shall be subject to the provisions of the Redevelopment Plan.

Section 1.03. The SCLA Specific Plan. The SCLA Specific Plan was approved and adopted by the City by duly adopted Resolution in accordance with the provisions of the City's Municipal Code and the laws of the State of California. This Agreement and the development of the Property shall be subject to the provisions of the SCLA Specific Plan.

Section 1.04. Parties to the Agreement.

a. The Authority is a California Joint Powers Authority exercising governmental functions and powers, and organized and existing under California Government Code Section 6500, et seq. The principal office of the Authority is located at 14343 Civic Drive, Victorville, California 92392. As used in this Agreement, the term "Authority" shall be deemed to include the Authority and any assignee and/or successor to the Authority or to its rights, powers and responsibilities under this Agreement.

b. The Developer is STIRLING CAPITAL INVESTMENTS, LLC, a Delaware Limited Liability Company. The principal office

of the Developer for purposes of this Agreement is located at 27422 Portola Parkway, Suite 300, Foothill Ranch, California 92610 (Telephone Number: (949) 462-0909), and for purposes of Section 7.01 hereof, any and all notices, demands or communications shall be sent to the Developer addressed to the attention of Dougall Agan.

c. Within thirty (30) days of the execution of this Agreement, the Developer shall provide to the Authority satisfactory evidence of the legal formation and existence of the Developer and the good standing of the Developer with the State of California (the "State") to transact business within the State, to hold title to the Property and to develop the Project, as hereinafter defined.

Section 1.05. Prohibition Against Change in Ownership, Management and Control of Developer, or Assignment of Agreement.

a. The qualifications and identities of the persons and entities comprising the Developer are of particular concern to the Authority. It is because of these qualifications and identities of the Developer that the Authority has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, except as expressly set forth herein.

b. Except as otherwise provided in this Agreement, the Developer shall not assign all or any part of this Agreement prior to the issuance of Certificates of Completion applicable to all portions of the Property, without the prior written approval of the Authority, which approval shall not be unreasonably withheld.

Notwithstanding the foregoing, the following shall not be considered an assignment or transfer of any part of this Agreement and shall not require Authority approval for any purpose hereunder:

1. A transfer or assignment to any person or entity in which Developer or one of its members directly or indirectly maintains a minimum of fifty one percent (51%) of the ownership interest and management control; or

2. A transfer of stock in a publicly held affiliated corporation or of a beneficial interest in any affiliated publicly held partnership or real estate investment fund; or

3. A transfer of interests between the members of the Developer or entities affiliated with either member, provided such remaining member(s) directly or indirectly maintain a minimum of fifty-one percent (51%) of the ownership interest and management control.

c. The Developer shall promptly notify the Authority in writing (i) of any and all changes of the members of the Developer, or (ii) if both Dougall Agan and Chris Downey cease to be involved in the development of the Project contemplated hereunder, in which event the Developer shall propose replacement individuals who shall be reasonably approved by the Authority. With respect to any Parcel for which no Certificate of Completion has been issued, this Agreement may be terminated by the Authority if either event described in subparagraph (i) or (ii) above occurs, whether voluntary or involuntary, that requires Authority's approval hereunder and that has not been approved by the Authority in its reasonable discretion; provided, however, that: (a) the Authority shall first notify the Developer in writing of its intention to terminate this Agreement pursuant hereto, and (b) the Developer shall have thirty (30) calendar days following the date of receipt of such written notice to commence and thereafter diligently and continuously proceed with the cure of the default of the Developer hereunder, and (c) the Developer shall submit evidence of the satisfactory completion of such cure to the Authority within thirty (30) calendar days following the receipt of such written notice in a form and substance deemed satisfactory to the Authority, in its reasonable discretion. If the Developer cures within such thirty (30) day period, then the Authority shall no longer have the right to terminate this Agreement due to such occurrence.

ARTICLE II

DISPOSITION OF PROPERTY

Section 2.01. Purchase of Property. The Developer shall purchase and the Authority shall sell the Property under the terms of this Agreement, and the attachments hereto, for the

purposes of facilitating the development of the Project (as hereinafter defined) on the Property by the Developer.

Section 2.02. Developer's Purchase Price. As the purchase price for the Property, the Developer shall pay on or before the Close of Escrow, as hereinafter defined, and by means of the escrow hereunder One Dollar (\$1.00) per square foot for the Property (the "Purchase Price"); which Purchase Price, to the extent in excess of the Parcel Purchase Price (as defined in the Master Development Agreement), shall be "Land Sales Proceeds" (as defined in Section 2.03 of the Master Development Agreement) and shall be subject to allocation in accordance with the provisions of Section 2.03 of the Master Development Agreement. Consideration received by the Developer as the result of sales, assignments, development or other activities with respect to the Property shall not be a part of Land Sales Proceeds and the Authority shall have no rights to participate in connection with any such consideration pursuant to the Master Development Agreement (including, without limitation, Sections 2.03 and 3.01 thereof).

Section 2.03. Due Diligence Inspections. As used in this Agreement, "Due Diligence Period" shall mean the period commencing on the Opening of Escrow and expiring sixty (60) days thereafter. During the Due Diligence Period, with reasonable advance notice to the Authority, Developer, its agents and representatives, shall be entitled to enter onto the Property during reasonable business hours to perform inspections and tests on the Property (the "Inspections"). After making such Inspections, Developer agrees to promptly restore the Property to its condition prior to the Inspections (which obligation shall survive any termination of this Agreement). Developer agrees to promptly deliver to the Authority, upon receipt of written request from the Authority, copies of all reports, studies and results of the Inspection obtained or conducted by the Developer with respect to the Property.

Developer agrees to keep the Property free from all liens and to indemnify, defend and hold harmless the Authority, its officers, directors, agents and employees and their respective successors and assigns from and against all claims, actions, losses, liabilities, damages, costs and expenses (including, but not limited to reasonable attorneys fees and costs) incurred, suffered, or claimed against the Authority by reason of any damage to the Property or injury to persons caused by Developer and/or its agents, employees or contractors in exercising its rights under this Section 2.03; provided,

however, that Developer shall not be required to indemnify, defend and hold harmless the Authority, and shall have no liability to the Authority relating to (i) any claims, actions, losses, liabilities, damages, costs and expenses (including reasonable attorney fees and costs) relating to or arising from hazardous materials (including any release or migration thereof) discovered or existing in, on or adjacent to the Property prior to the time of such Inspections; (ii) provided that the Inspections are performed in accordance with normal and customary practices in the hazardous materials investigation industry, and that the release or migration of hazardous materials was not caused by the Developer or its agents, employees or contractors, the existence or migration of any hazardous materials; or (iii) any injury, property damage or liability relating to the negligence of the Authority.

Section 2.04. Escrow.

a. The Authority and the Developer agree to establish an escrow for the purchase and sale of the Property at Fidelity National Title Company, 1300 Dove Street, Suite 310, Newport Beach, CA 92660 (949) 622-4917 (the "Escrow Agent"). The escrow shall be opened within ten (10) days after the Authority has formally approved and executed this Agreement (the "Opening of Escrow").

b. The Authority and the Developer shall provide and execute such additional escrow instructions consistent with this Agreement as shall be necessary. The Escrow Agent hereby is empowered to act under this Agreement, and, upon indicating its acceptance of this Section in writing, delivered to the Authority and the Developer, within three (3) calendar days after the establishment of the escrow, shall carry out its duties as the Escrow Agent hereunder.

c. The Authority and the Developer shall deliver to the Escrow Agent all documents necessary for the conveyance of title to the Property, to the extent provided in this Agreement, in conformity with, within the times, and in the manner provided in this Agreement.

d. The Developer shall pay one half of any escrow fees related to the transfer of the Property from the Authority to the Developer upon Close of Escrow as hereinafter defined. The Authority shall pay one half of any escrow fees and any State, County or City documentary transfer taxes

e. The Authority, at its own cost, shall prepare, timely and properly execute, acknowledge and deliver to the Escrow Agent grant deeds conveying to the Developer title to the Property in accordance with the requirements of this Agreement.

f. The Escrow Agent shall cause Preliminary Title Reports to be prepared and issued by Fidelity National Title Company (the "Title Company") and shall promptly provide the Authority and the Developer with copies thereof along with legible copies of all reported title exceptions. The Authority shall pay only for that portion of the title insurance premiums attributable to a CLTA standard form policy of title insurance in an amount equal to the Purchase Price. The Developer shall pay for all other premiums for title insurance coverage or special endorsements. Developer must approve permitted exceptions to title in writing as a condition precedent to Close of Escrow. The Authority, to the extent it agrees in writing, shall be responsible for removing any deeds of trust, monetary encumbrances or liens of record.

g. All funds received in escrow shall be deposited by the Escrow Agent in an insured account with any state or national bank doing business in the State of California, and such funds may be combined with other escrow funds of the Escrow Agent. Such funds shall draw the highest reasonable rate of interest and such interest shall accrue to the party to this Agreement who shall have made the deposit thereof with the Escrow Agent.

h. All communications from the Escrow Agent to the Authority or the Developer shall be directed to the respective parties at the addresses set forth in Section 7.01 of this Agreement for notices, demands and communications between the Authority and the Developer.

Section 2.05. Conveyance of Title and Delivery of Possession.

a. Subject to the conditions set forth in Section 2.08 hereof and to any mutually agreed upon written extension of time or extensions otherwise authorized by this Agreement, conveyance to the Developer of title to the Property in accordance with the provisions of this Section and Section 2.07 of this Agreement shall be completed within five (5) days of the expiration of the Due Diligence Period described in Section 2.03 ("Close of Escrow"). The Authority and the Developer agree to perform all acts necessary for conveyance of

title to the Property, in the form and to the extent required herein, in sufficient time for title to be conveyed in accordance with this provision.

b. Possession of the Property shall be delivered to the Developer concurrently with the conveyance of title. The Developer shall accept title and possession to the Property on the date established therefor in this Section.

c. In the event that the date for Close of Escrow cannot be met due to one or more of the conditions for Close of Escrow set forth in Section 2.08 of this Agreement having not been satisfied or waived, this Agreement shall be automatically extended for an additional period of thirty (30) days to permit the satisfaction or waiver of such unsatisfied conditions. The Authority and Developer may agree to such additional extensions provided there is a reasonable likelihood that such additional time will permit the satisfaction of the unsatisfied condition or conditions. Notwithstanding the foregoing, the acquisition of the Property must occur within thirty (30) months of the Authority's adoption of a budget which provides for the building of the public infrastructure required for the development of the Project.

Section 2.06. Form of Deed. The Authority shall convey to the Developer title to the Property in the condition provided in Section 2.07 of this Agreement by way of grant deed substantially in the form attached hereto as Exhibit "C".

Section 2.07. Condition of Title. Title to the Property conveyed by the Authority to the Developer shall be marketable fee simple title free and clear of encumbrances and exceptions, except for: (a) the agreements, covenants and conditions of this Agreement and the applicable grant deed, (b) such pre-existing exceptions as may be disclosed by the applicable Preliminary Title Report and approved by the Developer and (c) real property taxes for the fiscal year in which escrow closes which constitute a lien not yet payable.

Section 2.08. Conditions for Close of Escrow.

a. The Authority's obligation to convey the Property to the Developer and consummate the Close of Escrow shall be expressly conditioned upon satisfaction or waiver by the Authority of each of the following:

1. The Developer shall have deposited into the escrow the Purchase Price and all other sums required to be deposited by it into the escrow pursuant to this Agreement; and

2. The Developer shall have provided to the Authority satisfactory evidence of the legal formation and existence of the Developer and the good standing of the Developer with the State of California to transact business within the State, to hold title to the Property and to develop the Project, as provided in Section 4.01(a) hereof.

b. The Developer's obligation to purchase the Property from the Authority and consummate the Close of Escrow shall be expressly conditioned upon satisfaction or waiver by the Developer of each of the following:

1. The Authority shall be able to convey good, marketable and insurable fee simple title to the Property to Developer, subject only to those exceptions as set forth in Section 2.07 of this Agreement and delivery of title insurance evidencing such title as set forth in Section 2.11 of this Agreement, and the Authority shall have deposited in escrow the grant deed for the Property as provided for by this Agreement.

2. The Property shall constitute one or more legal parcels in compliance with all of the applicable provisions of the Subdivision Map Act.

3. The Developer has completed its inspection as provided by Section 2.03 and has elected in writing to proceed with the purchase of the Property.

4. The Title Company shall be prepared to issue an ALTA extended coverage policy of title insurance in accordance with the provisions of Section 2.11 of this Agreement.

5. The Authority shall have approved assignment of certain provisions of the Master Development Agreement to the Developer on terms and conditions satisfactory to the Authority and the Developer.

6. All other conditions to the Developer's obligation to close have been satisfied or waived by the Developer in writing

Section 2.09. Time and Place for Delivery of Documents to Escrow. Subject to any mutually agreed upon written extensions of time or any extensions otherwise authorized by this Agreement, the parties shall deposit with the Escrow Agent promptly at such time as such documents have been fully prepared and executed, but in no event later than ten (10) calendar days before the date established for the conveyance of the Property, any and all documents including but not limited to Certificates of Non Foreign Status which are required in order for escrow to close in accordance with this Agreement. The legal descriptions regarding the Parcels comprising the Property will be supplied by the Authority. All other documents required to be recorded in order to permit the Close of Escrow shall be prepared by the Developer at its cost and expense.

Section 2.10. Payment of the Consideration and Recordation of the Grant Deed(s) and other Documents. Subject to the provisions of Sections 2.05 and 2.08 hereof, payment of the Purchase Price shall be made by the Developer to the Escrow Agent by the later of (a) three (3) business days following the date that the Escrow Agent submits notice to the Developer in writing that the grant deeds conveying the Property to the Developer have been delivered to the Escrow Agent, that title is in the condition to be conveyed in conformity with the provisions of this Agreement, that Escrow Agent is irrevocably and unconditionally committed to issue the title insurance policy pursuant to Section 2.11 below and that escrow otherwise is in a condition to close or (b) that date that is four (4) business days after the expiration of the Due Diligence Period. When the parties have deposited into escrow all documents and funds as required by this Agreement and all conditions for the Close of Escrow have been satisfied, the Escrow Agent shall promptly file for recordation among the land records in the Office of the County Recorder where the Property is located: (i) the grant deed to the Property, and (ii) a Memorandum of this Agreement. The Escrow Agent shall thereafter promptly provide a copy of said recorded documents to both parties, shall promptly deliver the Purchase Price to the Authority and shall promptly deliver to the Developer title insurance policies insuring title in conformity with this Agreement.

Section 2.11. Title Insurance. Concurrently with recordation of the grant deed to the Property, the Title Company shall provide and deliver to the Developer a CLTA or at Developer's option and cost (with respect only to the excess

costs over a CLTA policy), an ALTA (1970 Form B) extended coverage owners policy of title insurance issued by the Title Company insuring that the title to the Property is vested in the Developer in the condition required pursuant to the terms of this Agreement (the "Title Policy"). The Title Policy shall be in the amount of the Purchase Price of the Property.

Section 2.12. Taxes and Assessments. Ad valorem taxes and assessments, if any, on the Parcels and taxes upon this Agreement or any rights hereunder levied, assessed or imposed as to any period prior to conveyance of title through the escrow, shall be borne by the Authority.

Section 2.13. Close of Escrow. At the Close of Escrow, Developer will be deemed to have completed all of its Due Diligence inspections.

Section 2.14. Condition of the Property.

a. The Property shall be conveyed in an "as is" condition with no warranty or liability, except as otherwise provided herein, express or implied on the part of the Authority as to the condition of the soil, its geology or the presence of known or unknown faults or defects.

b. Except for the Authority Improvements (as defined in Section 4.01 below) and for the demolition of existing improvements, it shall be the responsibility solely of the Developer, at the Developer's expense, to perform all work necessary to prepare the Property for development.

c. The parties acknowledge that several of the parcels comprising the Property have structures and improvements located thereupon. The parties further acknowledge that this Agreement provides that the Authority is to convey the Property in a condition such that it is free of all improvements and structures. Notwithstanding such agreement, in order to facilitate an expeditious Close of Escrow, some of the parcels comprising the Property may still have structures located thereon at the time of transfer. The Authority agrees that it is responsible for the costs of demolition of all such structures and improvements and clearance of all debris therefrom, all in accordance with applicable law, and that it shall either (i) cause such parcels to be cleared of structures and debris; or (ii) provide funding for the demolition and clearance of structures and debris within thirty (30) days of having received notice from Developer that Developer has

received Site Plan approval by the City's Planning Commission for the applicable parcels.

d. The parties further acknowledge that the parcels comprising the Property are subject to the provisions of CERCLA 120(h)(3)(A) and that as such, the United States Air Force has an ongoing obligation to provide for remediation of environmental conditions caused by the United States Air Force and that Developer is deemed a third party beneficiary of such obligations. The Authority agrees to: (i) take any actions necessary to cause the Developer to obtain the benefit of all indemnities and other assurances obtained by the Authority or the City from the United States Air Force in connection with environmental remediation issues; and (ii) exercise any and all reasonable rights of the Authority to require the United States Air Force to complete any required remediation of the Property.

Section 2.15. Costs After Transfer. The parties agree that upon transfer of title to the Property, all costs associated with the marketing, development, operation and maintenance of the Property accruing from and after the date that the Developer acquires fee simple title to the Property shall be assumed by Developer, and any obligations of the Authority under the Master Development Agreement with respect to such funding shall be terminated, provided, however, the Authority shall still have the obligation to provide necessary infrastructure as contemplated by this Agreement.

ARTICLE III

EXCHANGE OF PARCELS

Section 3.01. Exchange of Parcels. The parties acknowledge that the phasing of development of the Property may be driven by economic factors beyond the control of the parties and that accordingly there may be instances where Developer is seeking to cause development on a parcel of property which it does not yet own. The parties agree to cooperate in good faith in order to (i) consider the substitution of parcels as requested by Developer which may not be owned by the Developer, but are owned by the Authority, for like property which Developer has previously acquired, and (ii) adjust the Schedule of Performance, Scope of Development and all other documentation as necessary to reflect the substitution of parcels. Such substitution of parcels shall require that the parcels be somewhat similar in terms of size and amenities, or to the extent they are dissimilar, the parties will negotiate in good

faith to address any differences by way of offset with respect to price, parcel size or other such factors.

ARTICLE IV

DEVELOPMENT OF THE PROPERTY

Section 4.01. Development by Developer.

a. Scope of Development. It is the intent of the parties that the parcels comprising the Property (the "Parcels") may be developed in phases in accordance with and within the limitations established in the Scope of Development set forth in Exhibit "B" attached hereto and incorporated herein by reference, as may be amended from time to time by the mutual written agreement of Developer and the Authority. The phases are designated as Phase 1A, Phase 1B and Phase 1C, or as may otherwise be agreed to by the Authority and the Developer, and the timing of the development of the Phases is dependent upon the availability of funding for construction and installation of the necessary infrastructure. The improvements described in Exhibit "B" to be constructed by Developer are herein collectively referred to as the "Project".

The Developer shall develop the Property and each of the Phases in accordance with the Scope of Development and the Schedule of Performance. The Schedule of Performance requires that each Phase of the Project shall be completed within thirty (30) months of the date that the Authority has adopted a budget that earmarks the funds necessary to cause the construction of the Authority Improvements (as hereafter defined) required for the applicable phase. The Schedule of Performance may be adjusted from time to time: (i) by written agreement of the Authority and the Developer; or (ii) to the extent the Developer undertakes certain expenditures approved by the Authority on other improvement projects related to the development of the Airport. The extent of any such adjustments shall be determined on a case by case basis, whereby the Authority and the Developer shall meet and confer in good faith to determine the value and importance of the expenditures, utilizing standard cost, site coverage and debt financing factors and other factors agreed upon by the Authority and the Developer. To the extent that the Developer accelerates development on any Parcel in Phase 1B or Phase 1C, the Developer shall be entitled to a credit against the Schedule of Performance and Scope of Development for Phase 1A or Phase 1B, as applicable. To the extent Developer: (i) substitutes development on parcels as permitted by Section 3.01;

or (ii) engages in a transaction permitted by Section 4.04(b) which results in development, the Developer shall be entitled to a credit against the Schedule of Performance and the Scope of Development in an amount to be determined by mutual agreement of the parties.

b. Authority Improvements. In order to facilitate the development of Phase 1A of the Project, the Authority agrees that it shall cause the installation of and fund the costs of certain off-site infrastructure improvements consisting of the design and construction and installation of the improvements described on Exhibit "B-1" which is attached hereto and incorporated herein by this reference (the "Phase 1A Authority Improvements"). The Authority shall commence construction of the Phase 1A Authority Improvements within thirty (30) days following receipt of an agreed upon construction schedule which identifies both the private and public improvements required for Phase 1A of the Project. The timing of the Authority's obligation to commence and complete the Phase 1A Authority Improvements shall be as set forth on Exhibit "D" and shall be directly tied to the Developer's obligation to cause the development of Phase 1A of the Project, all as specified in the Scope of Development.

The Developer is further obligated to develop Phase 1B and Phase 1C of the Project, provided, however, that such obligation (commencing with the development of Phase 1B and Phase 1C respectively) shall be tolled until such time as the Authority has provided evidence that it has adopted a budget which has earmarked funds to cover the costs of the installation of that certain infrastructure designated as the Phase 1B Authority Improvements and the Phase 1C Authority Improvements respectively, all as more fully described on Exhibit "B-1". The Authority shall commence construction on the Phase 1B Authority Improvements and the Phase 1C Authority Improvements respectively within thirty (30) days following receipt of an agreed upon construction schedule which identifies both the private and public improvements required for Phase 1B and Phase 1C, respectively, of the Project. The timing of the Authority's obligation to commence and complete the Phase 1B Authority Improvements and Phase 1C Authority Improvements shall be as set forth on Exhibit "D" and shall be directly tied to the Developer's obligation to cause the development of Phase 1B and Phase 1C, respectively, of the Project, all as specified in the Scope of Development. The Phase 1A Authority Improvements, the Phase 1B Authority Improvements, and the Phase 1C Authority

Improvements shall be collectively hereinafter referred to as the "Authority Improvements").

The Authority Improvements comprise a portion of the Authority's overall Capital Improvement Plan for the Airport and are being undertaken to facilitate the overall reuse and redevelopment of the former Air Force Base. As such, the Authority Improvements are of the nature that would typically be required for the development of all property of this scope, and such improvements would be constructed, installed and/or funded by government to facilitate the private development of land. Such public infrastructure improvements are being undertaken in such a manner that they will benefit not just the Project but numerous surrounding parcels and the Airport in general, as well as the community.

c. The City's zoning ordinance including, but not limited to, parking and height requirements, and the City's building requirements are applicable to the use and development of the Parcels pursuant to this Agreement. The Developer acknowledges that any change in the plans for development or the use of the Parcels as set forth in the Scope of Development shall be subject to the City's zoning ordinance and building requirements. No action by the Authority or the City with reference to this Agreement or related documents shall be deemed to constitute a waiver of any City parking, height or other requirements which are applicable to the Project or to the Developer, any successor in interest or tenant of the Developer or any tenant or successor in interest pertaining to the Parcels, except by modification, variance or other permit approved by the City consistent with this Agreement. The Authority shall cooperate with and shall assist the Developer in order to obtain modifications, variances and permits from the City necessary to develop the Project consistent with this Agreement and, in particular, with the Scope of Development, within forty five (45) calendar days following written application therefor by the Developer. Any failure by the City either to approve or disapprove any of such modifications, variances or permits within said forty five (45) calendar day period shall constitute an enforced delay hereunder, and the Schedule of Performance, as defined hereinafter, shall be extended by that period of time beyond said forty five (45) calendar day period in which the City approves or disapproves such modifications, variances or permits.

d. The Scope of Development set forth in Exhibit "B" is hereby approved by the Authority upon its execution of this

Agreement. The Project shall be developed and completed in conformance with the approved Scope of Development and any and all other plans, specifications and similar development documents required by this Agreement, except for such changes as may be mutually agreed upon in writing by and between the Developer and the Authority. The Authority agrees to approve preliminary and final construction plans and preliminary and final landscaping plans, if reasonably consistent with the approved Scope of Development.

e. The Authority shall coordinate its approval of any plans and specifications with the approval process of the Planning Commission, and shall consider any required approvals within the time frame established therefore by the Planning Commission. The approval of the Scope of Development by the Authority hereunder shall not be binding upon the City Council or the Planning Commission of the City with respect to any approvals of the Project required by such other bodies. If any revisions of the Scope of Development as approved by the Authority shall be required by another government official, agency, department or bureau having jurisdiction over the development of the Property, the Developer and the Authority shall cooperate in efforts to obtain waivers of such revisions, or to obtain approvals of any such revisions which have been made by the Developer and have thereafter been approved by the Authority. The Authority shall not unreasonably withhold approval of such revisions.

f. Notwithstanding any provision to the contrary in this Agreement, the Developer agrees to comply fully with any and all conditions of approval applicable to all permits and actions of governmental entities affecting the Project and consistent with this Agreement. The Authority agrees that its approval rights under this Agreement shall be based solely upon design and use related issues. In addition, if the Authority fails to respond to any written request for approval within forty-five (45) calendar days after the giving of such request, such matter shall be deemed approved by the Authority.

g. The Developer shall cause landscaping plans for the Project to be prepared by a licensed landscape architect. The Developer shall prepare and submit to the Authority for its approval, preliminary and final landscaping plans for the Property. These plans shall be prepared and submitted within the times respectively established therefor and shall be consistent with the Schedule of Performance and the Scope of Development. The Developer shall prepare and submit development plans,

construction drawings and related documents for the development of the Property consistent with the Scope of Development to the City and the Authority for review (including, but not limited to, architectural review of the exterior of structures); provided, however, that the Authority shall not have the right or responsibility to approve development plans, construction drawings or related documents for purposes of the issuance of a building permit or otherwise on behalf of the City, but shall only have the right of review and approval of such plans, drawings and documents for purposes of: (a) architecture and design of structures and the overall development of the Project, and (b) conformity of such plans, drawings and documents with the terms and conditions of this Agreement. The development plans, construction drawings and related documents shall be submitted in two stages -- preliminary and final drawings (i.e., working drawings), plans and specifications. Final drawings, plans and specifications are hereby defined as those which contain sufficient detail necessary to obtain a building permit from the City. The Authority shall consider all such plans, including the landscaping plans, at the same time as the Planning Commission's consideration. Any such items submitted to and approved in writing by the Authority shall not be subject to subsequent disapproval by the Authority, and any such Authority approval shall not be unreasonably withheld.

h. During the preparation of all drawings and plans for the Project and during the construction of the Project, the Authority Staff and the Developer shall hold regular progress meetings to coordinate the preparation by the Developer, and the submission to and review by the City and the Authority of construction plans and related documents. The Authority Staff and the Developer shall communicate and consult informally as frequently as is necessary to ensure that any such plans and related documents submitted by the Developer to the City and the Authority can receive prompt and speedy consideration.

i. The Authority shall have the right of reasonable architectural review and approval of building exteriors and design of the Project. The Authority shall also have the right to review all plans, drawings and related documents pertinent to the development of the Project in order to ensure that they are consistent with this Agreement and with the Scope of Development set forth in Exhibit "B". Any and all such review by the Authority shall occur at the same time as such review is undertaken by the Planning Commission.

j. The Developer shall timely submit to the City for its review and approval any and all plans, drawings and related documents pertinent to the development of the Property, as required by the City. The Authority shall cooperate with and shall assist the Developer in order for the Developer to obtain the approval of any and all development plans, construction drawings and related documents submitted by the Developer to the City consistent with this Agreement within thirty (30) calendar days following the City's receipt of said plans. Any failure by the City to approve any of such plans or to issue necessary permits for the development of the Parcels within said thirty (30) calendar day period shall constitute an enforced delay hereunder, and the Schedule of Performance shall be extended by that period of time beyond said thirty (30) calendar day period in which the City approves said plans; provided, however, that in the event that the City disapproves of any of such plans, the Developer shall within thirty (30) calendar days after receipt of such disapproval, or as soon thereafter as reasonably practical, revise and resubmit such plans in such form and substance so as to have reasonably addressed the issues raised by City in its disapproval; provided, however, nothing herein shall require or prevent the Developer from objecting to any such City requirements or seeking reasonable modifications, variances or other approvals with respect to such City requirements.

k. The Authority shall in good faith use its best efforts to cause the City to approve in a timely fashion any and all plans, drawings and documents submitted by the Developer hereunder and to cause the City not to impose new conditions inconsistent with: (a) prior plans, drawings and documents approved by the City or (b) the Scope of Development.

l. If the Developer desires to make any change in the final construction drawings, plans and specifications and related documents after their approval by the Authority and/or the City and such change materially affects the use or appearance of the building exteriors or design of the Project, the Developer shall submit the proposed change in writing to the Authority and/or the City for approval. The Authority shall notify the Developer of approval or disapproval thereof in writing within thirty (30) calendar days after submission to the Authority. This thirty (30) calendar day period may be extended by mutual consent of the Developer and the Authority. Any such change shall, in any event, be deemed to be approved by the Authority unless rejected, in whole or in part, by written notice thereof submitted by the Authority to the Developer.

setting forth in detail the reasons therefor, and such rejection shall be made within said thirty (30) calendar day period unless extended as permitted herein. The Authority shall base its decision to approve or disapprove such changes solely upon the effect of such changes on the use or appearance of the building exteriors or design of the Project. The Authority shall use its best efforts to cause the City to review and approve or disapprove any such change as provided in Section 4.01(c) hereof.

m. The Developer, upon receipt of a notice of disapproval by the Authority and/or the City, may revise such portions of the proposed change in construction drawings, plans and specifications and related documents as are rejected and shall thereafter resubmit such revisions to the Authority and/or the City for approval in the manner provided in Section 4.01(b) hereof.

n. The Developer shall have the right during the course of construction to make changes in construction without seeking the approval of the Authority; provided, however, that such changes do not materially affect the use or appearance of the building exteriors or design of the Project. Nothing contained in this Section shall be deemed to constitute a waiver of or change in the City's Building Code requirements governing such changes or in any and all approvals by the City otherwise required for such changes.

o. Except with respect to the Authority Improvements and the costs for demolition and clearing of the Parcels set forth in Section 2.14(c), the costs of developing the Property and of constructing all improvements thereon as set forth in the Scope of Development shall be borne by the Developer.

p. The Developer shall at its expense cause to be prepared, and shall pay any and all applicable fees pertaining to the review and approval thereof by the City, all required construction, planning and other documents reasonably required by governmental bodies pertinent to the development by Developer of the Property hereunder including, but not limited to school impact fees, sewer fees, water connection fees and State fees. The foregoing notwithstanding, the Developer shall be entitled to all applicable credits with respect to such fees as may be applicable to the Property and the Redevelopment Plan.

q. Except as otherwise provided in this Agreement, the Developer shall pay for any and all costs concerning the

design, construction, relocation and securing of permits for on-site utility improvements and connections, including sewers and sewer lines, power lines and poles, water lines, gas lines, cable lines and related vaults, storm drains and vaults, traffic access ways, lighting poles and standards, handicapped access ramps, construction of tree wells and planting of trees. The Developer shall obtain any and all necessary approvals prior to the commencement of applicable portions of said construction by the Developer, and the Developer shall take reasonable precautions to ensure the safety and stability of surrounding properties during said construction.

r. The Developer shall begin and complete all construction and development and undertake all obligations and responsibilities of the Developer within the times specified in the Schedule of Performance shown in Exhibit "D" attached hereto, or within such reasonable extensions of such times as may be granted by the Authority or as otherwise provided for in this Agreement. The Schedule of Performance with respect to the development of Phase 1B and Phase 1C shall be tolled in accordance with Section 4.01(b) hereinabove to the extent funding for the Phase 1B Authority Improvements and the Phase 1C Authority Improvements is not available and the Phase 1B Authority Improvements and the Phase 1C Authority Improvements are not constructed and may be further subject to revision from time to time as mutually agreed upon in writing by and between the Developer and the Authority.

s. Prior to and during the period of construction of the Project, the Developer shall submit to the Authority written progress reports when and as reasonably requested by the Authority but in no event more frequently than monthly. The reports shall be in such form and detail as may reasonably be required by the Authority, and shall include a reasonable number of construction photographs taken since the last such report submitted by the Developer.

t. Prior to the commencement of construction on the Property, the Developer shall furnish, or shall cause to be furnished, to the Authority duplicate originals or appropriate certificates of public indemnity and liability insurance in the amount of Five Million Dollars (\$5,000,000.00) combined single limit, naming the Authority and the City as additional insureds. Said insurance shall cover comprehensive general liability including, but not limited to, contractual liability; acts of subcontractors; premises-operations; explosion, collapse and underground hazards, if applicable; broad form property damage,

and personal injury including libel, slander and false arrest. In addition, the Developer shall provide to the Authority adequate proof of comprehensive automobile liability insurance covering owned, non-owned and hired vehicles, combined single limit in the amount of Five Million Dollars (\$5,000,000.00) each occurrence; and proof of workers' compensation insurance, if applicable. Any and all insurance policies required hereunder shall be obtained from insurance companies rated at least B+ XII in Best's Insurance Guide. All said insurance policies shall provide that they may not be canceled unless the Authority and the City receive written notice of cancellation at least thirty (30) calendar days prior to the effective date of cancellation. In lieu of the foregoing, the Authority's Risk Manager may, in his reasonable business discretion, agree to different forms of insurance coverage such as wrap policies; provided, however, that he has determined that insurance coverage is maintained at levels which are similar in effect and scope to the foregoing coverage parameters. Any and all insurance obtained by the Developer hereunder shall be primary to any and all insurance which the Authority and/or City may otherwise carry, including self insurance, which for all purposes of this Agreement shall be separate and apart from the requirements of this Agreement. Any insurance policies governing the Property as obtained by the Authority shall not be transferred from the Authority to the Developer. Appropriate insurance means those insurance policies approved by the Authority Counsel consistent with the foregoing. Any and all insurance required hereunder shall be maintained and kept in force with respect to any Parcel until the Authority has issued a Certificate of Completion for such Parcel.

u. The Developer for itself and its successors and assigns agrees that in the construction of the improvements on the Property provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, religion, creed, national origin, or ancestry.

v. The Developer shall carry out its construction of the improvements on and off the Property in conformity with all applicable laws, including all applicable federal and state labor standards and requirements.

w. Before commencement of construction and development of any buildings, structures or other work or improvements upon the Property, the Developer shall, at its own expense, secure or shall cause to be secured, any and all

permits which may be required for such construction, development or work by the City or any other governmental authority having jurisdiction thereof. The Authority shall cooperate in good faith with the Developer in the Developer's efforts to obtain from the City or any other appropriate governmental Authority any and all such permits and, upon completion of applicable portions of the Project, certificates of occupancy.

x. Officers, employees, agents or representatives of the Authority and the City shall have the right of reasonable access to the Parcels, without the payment of charges or fees, during normal construction hours during the period of construction of the Project for the purposes of this Agreement including, but not limited to, the inspection of the work being performed in constructing the Project. The Authority and City shall, to the extent reasonable under the circumstances, provide twenty-four (24) hours notice prior to such access. Such officers, employees, agents or representatives of the Authority and/or the City shall be those persons who are so identified by the Executive Director. Any and all officers, employees, agents or representatives of the Authority and the City who enter the Parcels pursuant hereto shall identify themselves at the job site office upon their entrance on to the Property and shall at all times be accompanied by a representative of the Developer while on the Property; provided, however, that the Developer shall make a representative of the Developer available for this purpose at all times during normal construction hours upon reasonable notice from the Authority. The Authority shall indemnify and hold the Developer harmless from injury, property damage or liability arising out of the exercise by the Authority and/or the City of this right of access, other than injury, property damage or liability to the extent caused by the negligence of the Developer or its officers, agents or employees.

Section 4.02. Responsibility of the Authority. The Authority, without any expense of the Developer therefor and without the creation of the assessments or claims against the Property as a result thereof, shall perform or cause to be performed the work comprising the Authority Improvements in accordance with the times set forth in the Schedule of Performance.

Section 4.03. Taxes, Assessments, Encumbrances and Liens. Following the Close of Escrow and during the period of time that Developer owns each Parcel, the Developer shall pay or cause to be paid prior to the delinquency all real property

taxes and assessments assessed and levied on or against any Parcel. The Developer shall not place and shall not allow to be placed on such Parcel any mortgage, trust deed, deed of trust, encumbrance or lien not otherwise authorized by this Agreement or consented to by the Authority. The Developer shall remove, or shall have removed, any levy or attachment made on the Parcels such as a materialman's claim, or shall assure the satisfaction thereof, within a reasonable time. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto. With respect to each Parcel, the covenants of the Developer set forth in this Section relating to the placement of any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien, shall remain in effect only until a Certificate of Completion has been recorded with respect to such Parcel.

Section 4.04 Sales to Third Party
Developers/Prohibition Against Transfer.

a. The Authority hereby agrees that Developer may, in lieu of causing development of the entire Project itself, sell or transfer Parcels or portions of the Parcels to third party developers, users and/or investors who will then be bound by the provisions of this Agreement with respect to development of the applicable portion of the Project. To the extent Developer causes the sale of any portion of the Parcels to such third party developer or any other person or entity, the Authority agrees that the revenues with respect to any such sale shall not be Land Sales Proceeds and that the Authority shall have no right to share in any such revenues in connection therewith pursuant to the Master Development Agreement (including, without limitation, Sections 2.03 and 3.01 thereof).

b. Except as otherwise provided in Section 1.05, Section 4.04(a), this Section 4.04(b) or Section 5.05 hereunder, prior to the recordation of Certificates of Completion with respect to each of the Parcels as set forth in Section 4.07 of this Agreement, the Developer shall not, without prior written approval of the Authority, (i) assign or attempt to assign this Agreement or any right herein or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of a Parcel or the improvements thereon. This prohibition shall not apply to any of the following: (i) the reasonable grant of easements, licenses or permits to facilitate the development of the Parcels or conveyances or

dedications required by a governmental agency; (ii) leases to prospective tenants whose use of the Parcels is in conformity with the Community Redevelopment Law and all applicable zoning laws or ordinances; (iii) Parcels or portions of Parcels for which a Certificate of Completion has been issued; and (iv) the sale of Parcels or portions of Parcels to third party developers, users or joint ventures between the Developer and third parties or users who will be bound to develop such Parcels or portions of Parcels in accordance with the provisions of this Agreement.

c. It is understood and agreed by the Developer that neither the Developer, nor its assigns or successors in interest to the Parcels or this Agreement, shall not, without the prior written approval of the Authority, use or otherwise sell, transfer, convey, assign, lease, leaseback or hypothecate the Parcels or any portion thereof to any entity or party, or for any use of the Parcels, that is partially or wholly exempt from the payment of real property taxes pertinent to the Parcels, or any portion thereof, or which would cause the exemption of the payment of all or any portion of such real property taxes.

d. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Parcels shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. This condition shall remain in effect for any Parcels for which a Certificate of Completion has not been issued.

Section 4.05. Security Financing; Right of Holders.

a. Notwithstanding any provision set forth in Section 1.05 or Section 4.04 hereof or any other provision hereof to the contrary, mortgages, deeds of trust, or any other form of lien or security interest required for any reasonable method of financing (collectively, a "Mortgage") are permitted to encumber any Parcel(s) before the recordation of the Certificate of Completion (referred to in Section 4.07 of this Agreement) for such Parcel(s), but only for the purpose of securing loans of funds to be used for financing or refinancing the acquisition of the Parcels, construction of improvements on the Parcels, and any other expenditures necessary or appropriate to develop and improve the Parcels under this Agreement. The Developer shall notify the Authority in writing in advance of any Mortgage if the Developer proposes to enter into the same before the recordation of the applicable Certificate of

Completion. The Developer shall not enter into any such Mortgage without prior written approval of the Authority, which approval the Authority agrees to grant if any such Mortgage is to be provided to a responsible financial or lending institution including, without limitation, banks, savings and loan institutions, insurance companies, real estate investment trusts, pension programs and the like, or other acceptable persons or entities (collectively, a "Lender"). Such Lender shall be deemed approved unless rejected in writing by the Authority within seven (7) calendar days following its receipt of notice from the Developer, subject to written extension or shortening of time signed by both parties. Any Lender approved by the Authority pursuant to this paragraph shall not be bound by any amendment, implementation agreement or modification to this Agreement occurring after recordation of said Lender's Mortgage.

b. The Developer shall promptly notify the Authority of any Mortgage given prior to issuance of a Certificate of Completion for such Parcel, whether by voluntary act of the Developer or otherwise; provided, however, that no notice of filing of preliminary notices or mechanic's liens need be given by the Developer to the Authority prior to suit being filed to foreclose such mechanic's lien.

c. The term "Mortgage" shall be deemed to include all other customary and appropriate modes of financing and refinancing real estate acquisition, construction and land development. The term "Mortgagee" shall refer to the beneficial holder of any Mortgage. The Authority agrees to make such amendments regarding the rights of any Mortgagee as such Mortgagee shall reasonably require.

d. No Mortgagee authorized by this Agreement shall in any manner be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the grant deed for the Parcels be construed so to obligate such Mortgagee. Nothing in this Agreement shall be deemed to permit or authorize any such Mortgagee to devote the Parcels to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

e. Whenever the Authority shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in the completion of construction of the

Project, or any breach or default of any other obligations which might entitle the Authority to terminate this Agreement or exercise its right to re-enter under Section 6.07 hereof, the Authority shall at the same time deliver to each Mortgagee a copy of such notice or demand. The Authority shall not commence the exercise of its remedies under Section 6.07 or elsewhere by reason of such breach or default if and so long as such Mortgagee shall commence the cure or remedy of any such default and diligently and continuously proceed with such cure or remedy. Such Mortgagee may add the cost thereof to the debt owed to such Mortgagee. If such default shall be a default which can only be remedied or cured by such Mortgagee upon obtaining possession, such Mortgagee shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within sixty (60) calendar days after obtaining possession; provided that in the case of a default which cannot with diligence reasonably be remedied or cured, or the remedy or cure of which cannot reasonably be completed, within such sixty (60) calendar day period, such Mortgagee shall have such additional time as is reasonably necessary to remedy or cure such default of the Developer. Nothing contained in this Agreement shall be deemed to permit or authorize such Mortgagee to undertake or continue the construction or completion of the improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations by written agreement reasonably satisfactory to the Authority. The Mortgagee in that event (or a third party to whom the Mortgagee conveys the applicable Parcel) must agree to complete, in the manner (but not the time) provided in this Agreement, the improvements to which the Mortgage of such Mortgagee relates. Any such Mortgagee or third party completing such improvements in accordance herewith shall be entitled, upon written request made to the Authority, to be issued a Certificate of Completion by the Authority. If the Mortgagee, its nominee, or a purchaser in a foreclosure sale, shall acquire title to a Parcel and shall cure all defaults which are susceptible of being cured by the Mortgagee, its nominee or said purchaser, as the case may be, then prior defaults which are not susceptible to being cured by the Mortgagee, its nominee or said purchaser shall no longer be deemed defaults hereunder. References herein to a default which are "not susceptible of being cured" by a Mortgagee, its nominee or purchaser shall not be deemed to refer to any default which the Mortgagee, its nominee or purchaser is not able to cure because of the cost or difficulty of curing such default, but rather shall be deemed to refer only to defaults specifically

relating to the identity of the Developer which by their nature can be cured only by the Developer (such as the Developer bankruptcy or a change in control of the Developer)

f. In any case where one hundred eighty (180) calendar days following the delivery to the Mortgagee by the Authority of a notice of default by the Developer in the completion of construction of improvements as required by this Agreement, the Mortgagee or a third party transferee has not exercised the option to construct the applicable portions of the improvements, or has exercised the option but has not proceeded diligently and continuously with construction, the Authority may purchase the Mortgage by payment to the Mortgagee of the amount of the unpaid debt, including principal, accrued and unpaid interest, late charges, prepayment penalties, costs, expenses and all other amounts payable to the Mortgagee by the Developer under the loan documents between the Mortgagee and the Developer. If the ownership of the Parcels has vested in the Mortgagee or a third party transferee, the Authority, if it so desires, shall be entitled to a conveyance from the Mortgagee or third party transferee to the Authority upon payment to the Mortgagee or third party transferee of an amount equal to the sum of the following:

1. The unpaid Mortgage, including principal, accrued and unpaid interest, late charges, prepayment penalties, costs, expenses and all other amounts payable to the Mortgagee or third party transferee by the Developer under the loan documents between the Mortgagee and the Developer, at the time title became vested in the Mortgagee or third party transferee (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings.)
2. All expenses, if any, incurred by the Mortgagee or third party transferee with respect to foreclosure.
3. The expenses, if any (exclusive of general overhead), incurred by the Mortgagee or third party transferee as a direct result of the subsequent ownership or management of the applicable Parcel, such as insurance premiums and real estate taxes.

4. The cost of any improvements made by such Mortgagee or third party transferee.
5. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the Mortgage and such Mortgage had continued in existence to the date of payment by the Authority.

After expiration of the aforesaid one hundred eighty (180) calendar day period, the Mortgagee or third party transferee affected by the option created by this Section may demand, in writing, that the Authority act pursuant to the option granted hereby. If the Authority fails to exercise the option herein granted within ninety (90) calendar days from the date of such written demand, the Authority shall be conclusively deemed to have waived such option to purchase of the applicable portion of the applicable Parcel or the Mortgage.

g. In the event of a default or breach by the Developer of a Mortgage with respect to the Parcels (or any portion thereof) prior to the issuance of a Certificate of Completion for the applicable portion or portions of the Parcels, and the Mortgagee or third party transferee has not exercised its option to complete the development, the Authority may cure the default prior to completion of any foreclosure after ten (10) business days prior notice to the Mortgagee and the Developer. In such event, the Authority shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the Authority in curing the default. The Authority shall also be deemed to have a lien upon the Parcels (or any portion thereof) to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to Mortgage.

h. The Authority shall execute an estoppel certificate in form and substance reasonably satisfactory to any Mortgagee at the time of the initial advance in connection with the financing for any improvements and from time to time thereafter, upon the reasonable request of the Mortgagee.

Section 4.06. Right of the Authority to Satisfy Other Liens on the Property After Conveyance of Title. After the conveyance of title to the Parcels by the Authority to the Developer and prior to the recordation of the Certificate of Completion with respect to the applicable Parcel (referred to in Section 4.07 of this Agreement), and after the Developer has had

a reasonable time to challenge, cure or satisfy any unauthorized liens or encumbrances on the applicable Parcel, the Authority shall after sixty (60) calendar days prior written notice to the Developer have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provisions for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the applicable Parcel, or any portion thereof, to forfeiture or sale.

Section 4.07. Certificate of Completion.

a. Following the written request therefor by the Developer and the completion of construction and development of the improvements, excluding any normal and customary tenant improvements and minor building "punch-list" items, to be completed by the Developer upon each Parcel or portion thereof, the Authority shall furnish the Developer with a Certificate of Completion for any such Parcel or portion thereof, substantially in the form in Exhibit "E" attached hereto. Notwithstanding any provision set forth herein to the contrary, the completion of construction and development of improvements on a Parcel shall be deemed to include the completion of construction and development of any and all buildings on said Parcel and any and all parking, landscaping and related improvements necessary to support or which meet the requirements applicable to the building and its use and occupancy on said Parcel.

b. The Authority shall not unreasonably withhold, delay or condition the issuance of such Certificate of Completion. The Certificate of Completion shall be, and shall so state, that it is a conclusive determination of satisfactory completion of all of the obligations of this Agreement with respect to the development of the applicable Parcel. After the recordation of the Certificate of Completion with respect to a Parcel, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in such Parcel shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the grant deed, lease or other instrument of transfer which grant deed, lease or other instrument of transfer shall include the provisions of Section 5.04 of this Agreement. Neither the Authority nor any other person, after the recordation of the Certificate of Completion, shall have any rights remedies or

controls that it would otherwise have or be entitled to exercise under this Agreement with respect to the applicable Parcel, as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties shall be limited to those set forth in the grant deed, lease or other instrument of transfer.

c. The Certificate of Completion shall be in such form as to permit it to be recorded in the Recorder's Office of the County where the Parcels are located.

d. If the Authority refuses or fails to furnish a Certificate of Completion for a Parcel after written request from the Developer, the Authority shall, within fifteen (15) calendar days of the written request or within three (3) calendar days after the next regular meeting of the Authority, whichever date occurs earlier, provide to the Developer a written statement setting forth the reasons with respect to the Authority's refusal or failure to furnish a Certificate of Completion. The statement shall also contain the Authority's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for construction or landscaping at a price reasonably acceptable to the Developer or other minor building "punch-list" items, the Authority will issue its Certificate of Completion upon the posting of a bond or irrevocable letter of credit, reasonably approved as to form and substance by the Authority Counsel and obtained by the Developer in an amount representing a fair value of the work not yet completed as reasonably determined by the Authority. If the Authority shall have failed to provide such written statement within the foregoing period, the Developer shall be deemed conclusively and without further action of the Authority to have satisfied the requirements of this Agreement with respect to the applicable portion of the Parcel as if a Certificate of Completion had been issued therefor.

e. Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Mortgagee. Such Certificate of Completion shall not be deemed to constitute a notice of completion as referred to in Section 3093 of the California Civil Code, nor shall it act to terminate the continuing covenants or conditions subsequent contained in the Grant Deed attached hereto as Exhibit "C".

ARTICLE V

USE OF THE SITE

Section 5.01. Uses. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Parcels, or any part thereof, that upon completion of construction on each of the Parcels, Developer shall cause the Parcels to be used in a manner consistent with the Redevelopment Plan and the SCLA Specific Plan.

The parties agree that upon completion of each phase of the Project, the parties will establish an assessed valuation amount based upon costs of construction of each Parcel, which amount shall be designated as the "Threshold Amount". For the duration of the Redevelopment Plan, the Developer agrees that it shall not challenge or appeal any real property assessed valuation amount for any Parcel established by the County of San Bernardino which would result in an Assessed Valuation for such Parcel that is less than the Threshold Amount. Notwithstanding the foregoing, the parties agree that the Threshold Amount may be reduced in the event of damage or destruction to improvements located on the Parcel.

The Developer further covenants and agrees that during the ten (10) years following the date of issuance of the final Certificate of Occupancy for the Phase 1 Parcels, the development of the Phase 1 Parcels shall reach an assessed valuation of at least Eighty-One Million Dollars (\$81,000,000) as determined by the San Bernardino County Tax Assessor. The covenant shall be a covenant running with the land. To the extent the development of the Phase 1 Parcels does not reach such assessed valuation, then the Developer shall pay to the Authority at the end of such year an in lieu tax payment equal to the difference between the amount of taxes actually received from the Parcels during such year and the amount that would have been received by the Authority had the assessed value of the Parcels been Eighty-One Million Dollars (\$81,000,000).

The Developer estimates that when open and fully operational, the Project will result in the creation of at least two thousand (2,000) new jobs.

Section 5.02. Maintenance of the Property/CC&R's. Developer further covenants and agrees that the Property and every portion thereof shall be subject to certain conditions,

covenants and restrictions ("CC&R's") as adopted by the Authority and which shall be recorded against each developable portion of the Property on or before the first sale by Developer of such portion of the Property to an entity not affiliated with Developer. The Developer covenants and agrees that the Developer shall maintain, in good condition the improvements on the Parcels, shall keep all Parcels free from any accumulation of debris or waste material, subject to normal construction job-site conditions, and shall maintain, or shall require the Association under the CC&Rs to maintain, in a neat, orderly, healthy and good condition the landscaping required to be planted in accordance with the Scope of Development. In the event the Developer fails to perform the maintenance as required herein, the Authority shall have the right, but not the obligation, to enter the Property and undertake such maintenance activities. In such event, the Developer shall reimburse the Authority for all reasonable sums incurred by it for such maintenance activities.

Section 5.03. Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property; nor shall the Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee or vendees of the Property.

Section 5.04. Form of Nondiscrimination and Nonsegregation Clauses. The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that the Developer, such successors and such assigns shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Property (or any part thereof) on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. All deeds, leases or contracts pertaining thereto shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants lessees, sublessee, subtenants, or vendees in the premises herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed or leased, nor shall the transferee or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the premises herein transferred." The foregoing provision shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

Section 5.05. Effect and Duration of Covenants. The covenants established against discrimination shall remain in

effect in perpetuity. The covenants respecting uses of the Property shall remain in effect for a period equal to the duration of the Redevelopment Plan, shall run with the land and shall constitute equitable servitudes thereon, and shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Authority, its successors and assigns, the City.

The Authority is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community. The Authority shall have the right, if such covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or such other proper proceedings to enforce the curing of such breaches to which it or any other beneficiary of such covenants may be entitled, including, without limitation, to specific performance, damages and injunctive relief. The Authority shall have the right to assign all of its rights and benefits hereunder to the City.

ARTICLE VI

DEFAULTS, REMEDIES AND TERMINATION

Section 6.01. Defaults - General.

a. Subject to the extensions of time set forth in this Agreement including Section 7.05 hereof, failure or delay by either party to perform any term or provision of this Agreement shall constitute a default under this Agreement; provided, however, that if a party otherwise in default commences to cure, correct or remedy such default within thirty (30) calendar days after receipt of written notice specifying such default (or other such time period as is specifically set forth in this Agreement) and shall diligently and continuously prosecute such cure, correction or remedy to completion (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), such party shall not be deemed to be in default hereunder.

b. The injured party shall give written notice of default to the party in default, specifying the default complained of by the nondefaulting party. Delay in giving such

notice shall not constitute a waiver of any default nor shall it change the time of default.

c. Any failure or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

d. Notwithstanding anything to the contrary stated or implied in this Agreement, if the Developer transfers any Parcel(s) to any third party, then a default by the Developer or such third party shall not constitute the default of any non-defaulting owner of any portion of the Property, and any owner of a Parcel that is in compliance with this Agreement shall not be responsible for, nor be subject to any remedies as a result of, such default by the owner of any other Parcel.

Section 6.02. Legal Actions.

a. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California, in any other appropriate court in that County, or in the Federal District Court in the Eastern District of California.

b. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

c. In the event that any legal action is commenced by the Developer against the Authority, service of process on the Authority shall be made by personal service upon the Executive Director or Chairman or the Authority, or in such other manner as may be provided by law.

d. In the event that any legal action is commenced by the Authority against the Developer, service of process on the Developer shall be made by personal service on Dougall Agan (or such other Agent for service of process and at such address as may be specified in written notice to the Authority) or in

such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

Section 6.03. Rights and Remedies are Cumulative. Except with respect to any rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party. Except as provided for herein, the parties shall have all available remedies at law and in equity.

Section 6.04. Damages. If either party defaults with regard to any provision of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the defaulting party does not commence to cure such default within thirty (30) calendar days after service of the notice of default and diligently and continuously prosecute such cure to completion and where any time limits for the completion of such cure are specifically set forth in this Agreement, then within such time limits, after the service of written notice of such default, the defaulting party shall be liable to the other party for damages caused by such default. Neither party shall have any right to punitive, speculative or consequential damages.

Section 6.05. Specific Performance. If either party defaults under any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon such defaulting party. If the defaulting party does not commence to cure the default and diligently and continuously proceed with such cure within thirty (30) calendar days after service of the notice of default, and such default is not cured within a reasonable time thereafter (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), the nondefaulting party, at its option, may institute an action for specific performance of the terms of this Agreement.

Section 6.06. Rights and Remedies of Termination.

a. Termination by the Developer.

The Developer may terminate this Agreement if the Authority does not tender conveyance of title to and possession

of the Property to the Developer in the manner and condition and by the date provided in this Agreement (or any and all extensions thereof as authorized by this Agreement), and if any such failure is not cured within thirty (30) calendar days after written demand therefor submitted by the Developer to the Authority. Such written demand shall specify the Authority's default and the action required to cure same. Developer may also terminate this Agreement if (i) one or more of the conditions set forth in Section 2.08(b) of this Agreement have not been satisfied or otherwise waived by Developer by the date set for Close of Escrow, such termination to be effective thirty (30) calendar days after receipt by Authority of written notice from Developer specifying the one or more conditions set forth in Section 2.08(b) which have not been satisfied or waived by Developer, or (ii) Authority fails to fund and construct, or cause to be constructed, the Authority Improvements as required by this Agreement by the date provided in this Agreement (or any and all extensions thereof as authorized by this Agreement), and if any such failure is not cured within thirty (30) calendar days after written demand therefor submitted by Developer to Authority. Such written demand shall specify Authority's default and the action required to cure same.

b. Termination by the Authority.

1. Notwithstanding any provision set forth in this Agreement to the contrary, upon written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Authority's intent to terminate this Agreement pursuant to this Section, the Authority at its option may terminate this Agreement if following satisfaction of all conditions precedent for conveyance of the Property by the Authority to the Developer and at the time the Developer is required to deposit into escrow the Purchase Price, the Developer has not in fact made such deposit prior to the expiration of such cure period.
2. Subject to written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Authority's intent to terminate this Agreement pursuant to this Section, except as to any Parcel

as to which construction has commenced and which is proceeding or has been completed in conformity with this Agreement, including, without limitation, any time frame set forth herein, the Authority at its option may terminate this Agreement if the Developer in breach of this Agreement assigns or attempts to assign this Agreement, or any right therein, or attempts to make any total or partial sale, lease or leaseback, transfer or conveyance of the whole or any part of the Property or the improvements to be developed thereon in violation of the terms of this Agreement, and the Developer does not correct such violation within thirty (30) calendar days from the date of receipt of such notice.

3. Subject to written notice of default, which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Authority's intent to terminate this Agreement pursuant to this Section, the Authority at its option may terminate this Agreement except as to any Parcel as to which construction has commenced and which is proceeding or has been completed in conformity with this Agreement, including, without limitation, any time frame set forth herein, if the Developer does not within the time limits set forth in this Agreement or as specifically provided in the Schedule of Performance, subject to the tolling provisions set forth in Section 4.01(b) hereof and any other extensions authorized by this Agreement due to force majeure or otherwise: (a) submit development plans, construction drawings and related documents acceptable to the Planning Department and Building Division of the City for plan check purposes and in order to obtain building permits for the Project, together with applicable fees therefor, all prepared to the minimum acceptable standards as required by the Planning Department and Building Division of the City for commencement of formal review of such documents and as required by this Agreement, or (b) does not carry out its other responsibilities under this Agreement with respect to causing the

development of the Project or in accordance with any modification or variance, precise plan, design review and other environmental or governmental approvals and such default is not cured or the Developer does not commence such cure within thirty (30) calendar days after the date of receipt of written demand therefor from the Authority and diligently and continuously proceed with such cure.

4. Subject to written notice of default which shall specify the Developer's default and the action required to cure same and upon thirty (30) calendar days notice to the Developer of the Authority's intent to terminate this Agreement pursuant to this Section, the Authority at its option may terminate this Agreement if upon satisfaction of all conditions precedent and concurrent therefor under this Agreement, the Developer does not take title to the Property under tender of conveyance by the Authority, and such breach is not cured within thirty (30) calendar days after the date of receipt by the Developer of written demand therefor from the Authority.

and Section 6:07. Right to Reenter, Repossess, Terminate
Revest.

a. Subject to: (i) the tolling provisions as set forth in Section 4.01(b) hereof; (ii) any other extensions authorized by this Agreement due to force majeure or otherwise; and (iii) the rights of any Mortgagee as provided by this Agreement, the Authority shall, upon thirty (30) calendar days notice to the Developer which notice shall specify this Section, have the right, at its option, to re-enter and take possession of all or any portion of the Property for which a Certificate of Completion has not been issued, together with all improvements thereon, except as to any Parcel as to which construction has commenced and which is proceeding or has been completed in conformity with this Agreement, including, without limitation, any time frame set forth herein, and to terminate and re-vest in the Authority the estate conveyed to the Developer hereunder, if after conveyance of title, the Developer shall:

1. Fail to commence construction of all or any portion of the improvements as required by this

Agreement for a period of ninety (90) calendar days after written notice to proceed from the Authority; provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 7.05 hereof; or

2. Abandon or substantially suspend construction of all or any portion of the improvements for a period of ninety (90) calendar days after written notice of such abandonment or suspension from the Authority; provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 7.05 hereof; or
3. Assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer, of the Parcels or any part thereof, in violation of this Agreement, and such violation shall not have been cured within thirty (30) calendar days after the date of receipt of written notice thereof from the Authority to the Developer.

b. The thirty (30) calendar day written notice specified in this Section shall specify that the Authority proposes to take action pursuant to this Section and shall specify which of the Developer's obligations set forth in Subsections (1) through (3) herein have been breached. The Authority shall proceed with its remedy set forth herein only in the event that the Developer continues in default of said obligation(s) for a period of thirty (30) calendar days following such notice or, upon commencing to cure such default, fails to diligently and continuously prosecute said cure to satisfactory conclusion.

c. The right of the Authority to reenter, repossess, terminate, and revest shall be subject and subordinate to, shall be limited by and shall not defeat, render invalid or limit:

1. Any Mortgage;
2. Any rights or interests provided in this Agreement for the protection of the Mortgagees of such Mortgages;

3. Any leases, declarations of covenants, conditions and restrictions, easement agreements or other recorded documents applicable to the Property.

d. The grant deed or ground lease to any portion of the Property conveyed or leased by the Developer to another party shall contain appropriate references and provisions to give effect to the Authority's right, as set forth in this Section under specified circumstances prior to the recordation of the Certificate of Completion, to reenter and take possession of such parcel, or any part thereof, with all improvements thereon, and to terminate and re-vest in the Authority the estate conveyed to the Developer.

e. Upon the re-vesting in the Authority of title to the Property, or any part thereof, as provided in this Section, the Authority shall, pursuant to its responsibilities under State law, use its best efforts to resell the Property, or any part thereof, at fair market value as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law, to a qualified and responsible party or parties (as reasonably determined by the Authority) who will assume the obligations of making or completing the improvements, or such other improvements in their stead as shall be satisfactory to the Authority and in accordance with the uses specified for the Property, or any part thereof. Upon such resale of the Property, or any part thereof, the proceeds thereof shall be applied:

1. First, to make any payment made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or part thereof; next to reimburse the Authority on its own behalf or on behalf of the City for all actual costs and expenses incurred by the Authority and the City, including but not limited to customary and reasonable fees or salaries to third party personnel engaged in such action (but excluding the Authority's or the City's general overhead expense), in connection with the recapture, management and resale of the Property or part thereof; all taxes, assessments and water and sewer charges paid by the City and/or the Authority with respect to the Property or part

thereof; any amounts otherwise owing to the Authority by the Developer and its successor transferee; and

2. Second, to the extent that any and all funds which are proceeds from such resale are thereafter available, to reimburse the Developer, or its successor transferee, up to the amount equal to the sum of: (1) the Purchase Price paid by the Developer for the Parcels (or allocable to the applicable part thereof); and (2) the costs incurred for the development of the Parcels, or applicable part thereof, or for the construction of the improvements thereon including, but not limited to, costs of carry, taxes and items set forth in the Developer's cost statement which shall be submitted to and approved by the Authority.
3. Any balance remaining after the foregoing application of proceeds shall be retained by the Authority.

ARTICLE VII

GENERAL PROVISIONS

Section 7.01. Notices, Demands and Communications Between the Parties.

a. Any and all notices, demands or communications submitted by any party to another party pursuant to or as required by this Agreement shall be proper if in writing and dispatched by messenger for immediate personal delivery, or by registered or certified United States mail, postage prepaid, return receipt requested, to the principal office of the Authority and the Developer, as applicable, as designated in Section 1.03(a) and Section 1.03(b) hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate as provided in this Section. Any such notice, demand or communication shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, or four (4) calendar days after it is placed in the United States mail as heretofore provided.

b. In addition to the submission of notices, demands or communications to the parties as set forth above, copies of all notices to any party shall also be sent to:

(if the Developer)	STIRLING CAPITAL INVESTMENTS, LLC 27422 Portola Parkway, Suite 300 Foothill Ranch, California 92610 Attn: Dougall Agan
(with a copy to)	Ken Wolfson Latham & Watkins LLP 650 Town Center Drive, Suite 2000 Costa Mesa, California 92626
(with a copy to)	Jim Cochran Dividend Capital Trust 518 17 th Street, Suite 1700 Denver, Colorado 80202
(if the Authority)	Southern California Logistics Airport Authority 18374 Readiness Street Victorville, California 92394 Attn: Executive Director
(with copy to)	Green, de Bortnowsky & Quintanilla, LLP 23801 Calabasas Rd., Ste. 1015 Calabasas, California 91302 Attn: Andre de Bortnowsky

Section 7.02. Conflict of Interest. No member, official or employee of the Authority having any conflict of interest, direct or indirect, related to this Agreement and the development of the Property shall participate in any decision relating to the Agreement. The parties represent and warrant that they do not have knowledge of any such conflict of interest.

Section 7.03. Warranty Against Payment of Consideration for Agreement. The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement. Third parties, for the purposes of this Section, shall not include persons to whom fees are paid for professional services if rendered by attorneys, financial consultants, accountants,

engineers, architects and the like when such fees are considered necessary by the Developer.

Section 7.04. Nonliability of Authority Officials and Employees. No member, official or employee of the Authority shall be personally liable to the Developer in the event of any default or breach by the Authority or for any amount which may become due to the Developer, or on any obligations under the terms of this Agreement, except for gross negligence or willful acts of such member, officer or employee.

Section 7.05. Enforced Delay: Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of public enemy; epidemics; quarantine restrictions; freight embargoes or lack of transportation; weather-caused delays; inability to secure necessary labor, materials or tools; delays of any contractors, subcontractor or supplier; acts of the other party other than as permitted or required by the terms of this Agreement; acts or failure to act of any public or governmental authority or entity other than as permitted or required by the terms of this Agreement (except that action or failure to act by the City or the Authority shall not extend the time for the Authority to act unless such extension is otherwise expressly authorized); lawsuits or injunctions relating to this Agreement, the Property or the Project including, without limitation, lawsuits pertaining to the adoption of the Agreement, the approval of environmental documentation, the Redevelopment Plan, the General Plan, the Specific Plan, issuance of permits, approvals or other entitlements for the Property or the Project, eminent domain, and the like; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Any extension of time for any such cause hereunder shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) calendar days of the commencement of the cause. Times of performance with respect to the development of the Project and the Schedule of Performance may also be extended by the following (irrespective of whether or not the same is specifically provided in the applicable section of this Agreement):

(i) a negative downturn in economic market conditions, whereby regional demand for new industrial/warehouse space, similar to that being proposed for the Project, is inadequate to reasonably absorb the development contemplated by this Agreement as determined by the independent analysis of one or more experts familiar with the high desert economy. Any such market condition extension shall not exceed twenty four (24) months, unless otherwise agreed to in writing between the Authority and the Developer;

(ii) failure to obtain necessary entitlements when all applications have been appropriately completed and submitted; or

(iii) failure of the Authority to complete its obligations with respect to the Authority Improvements contemplated by this Agreement. Times of performance with respect to the development of the Phase 1B and Phase 1C Parcels under this Agreement may also be extended by any delay or failure of the Authority to either fund or cause the installation of the Phase 1B and Phase 1C Authority Improvements, respectively, all as more fully described in Section 4.01(b) hereof.

Section 7.06. Inspection of Books and Records. The Authority shall have the right at all reasonable times at the Authority's cost and expense to inspect the books and records of the Developer pertaining to the Parcels and/or the development thereof as necessary for the Authority, in its reasonable discretion, to enforce its rights under this Agreement. Matters discovered by the Authority shall not be disclosed to third parties unless required by law or unless otherwise resulting from or related to the pursuit of any remedies or the assertion of any rights of the Authority hereunder. The Developer shall also have the right at all reasonable times to inspect the books and records of the Authority pertaining to the Parcels and/or the development thereof as pertinent to the purposes of this Agreement.

Section 7.07. Approvals.

a. Approvals required of the Authority or the Developer, or any officers, agents or employees of either the Authority or the Developer, shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in the Schedule of Performance or, if no time is given, within a reasonable time.

b. The Executive Director of the Authority is authorized to sign on his own authority amendments to this Agreement which are of routine or technical nature, including minor adjustments to the Schedule of Performance.

Section 7.08. Acknowledgement of Assignment. The Authority acknowledges that prior to the Effective Date it has consented in writing to the assignment of certain rights pursuant to the Master Development Agreement from Stirling Airports International, LLC to Stirling Capital Investments, LLC.

Section 7.09. Real Estate Commissions. The Authority shall not be liable for any real estate commissions, brokerage fees or finder fees which may arise from or related to this Agreement with the exception of any commissions that may otherwise be due and owing to John Porter.

The Authority represents to Developer that it has not retained or entered into any Agreement with any broker other than John Porter in connection with the sale of the Property or negotiation of this Agreement.

Section 7.10. Non-Compete. During the term of the Redevelopment Plan, the Developer agrees that it or any of its affiliates shall not engage in or participate in the planning, financing or development of any industrial properties within the jurisdiction of the City of Adelanto, the City of Hesperia, the Town of Apple Valley, the City of Barstow, or within a ten mile radius of SCLA, unless it receives the prior written consent of the Authority which may be granted or withheld in the Authority's sole discretion. This provision shall not apply to any tenant or user of improvements on any Parcel, and shall not apply to an asset acquired by a member or affiliate of the Developer in connection with a multi-project portfolio transaction in which the assets subject to the transaction are predominantly outside of the restricted area.

Section 7.11. Indemnification. The Developer agrees to indemnify and hold the City and the Authority, and their officers, employees and agents, harmless from and against all damages, judgments, costs, expenses and fees arising from or related to any act or omission of the Developer in performing its obligations hereunder. The Authority agrees to indemnify and hold the Developer and its officers, employees and agents, harmless from and against all damages, judgments, costs,

expenses and fees arising from or related to any act or omission of the Authority in performing its obligations hereunder.

Section 7.12. Release of Developer from Liability. Notwithstanding any provision herein to the contrary, the Developer shall be relieved of any and all liability for the obligations of the Developer hereunder with regard to the Parcels when a Certificate of Completion has been issued by the Authority hereunder, other than any covenants and obligations provided by the grant deed by which the Property is conveyed to the Developer hereunder.

Section 7.13. Attorneys' Fees. If either party hereto files any action or brings any action or proceeding against the other arising out of this Agreement or is made a party to any action or proceeding brought by the Escrow Agent, then as between the Developer and the Authority, the prevailing party shall be entitled to recover as an element of its costs of suit and not as damages, its reasonable attorneys' fees as fixed by the Court in such action or proceeding or in a separate action or proceeding brought to recover such attorneys' fees.

Section 7.14. Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

Section 7.15. Subordination. The parties hereto agree that to the extent the Authority deems it necessary to issue tax increment bonds, its obligation to fund infrastructure hereunder shall be subordinate to any such bond issuance; provided, however, that the Authority shall make alternative arrangements to fund such infrastructure.

ARTICLE VIII

ENTIRE AGREEMENT, WAIVERS AND AMENDMENT

Section 8.01. Entire Agreement.

a. This Agreement shall be executed in five (5) duplicate originals each of which is deemed to be an original. This Agreement includes 56 pages and 6 attachments, which constitute the entire understanding and Agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property and the development thereof. With respect to any conflict between the provisions of this Agreement and the Master Development Agreement, the terms of this Agreement shall control.

c. None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with the grant deed conveying title to the Property, and this Agreement shall continue in full force and effect before and after such conveyance until issuance of the final Certificate of Completion for the Property.

d. All waivers of the provisions of this Agreement and all amendments hereto must be in writing and signed by the appropriate authorities of the Authority and the Developer.

ARTICLE IX

TIME FOR ACCEPTANCE OF AGREEMENT BY AUTHORITY AND RECORDATION

Section 9.01. Execution and Recordation.

a. Following its execution by the Developer and prompt delivery thereafter to the Authority, this Agreement must be approved, executed and delivered by the Authority to the Developer within thirty (30) calendar days after the date of signature by the Developer. In the event that the Authority has not approved, executed and delivered the Agreement to the Developer within the foregoing period, then this Agreement shall be deemed to be of no further force or effect unless the time for such approval, execution and delivery is extended by written notice from the Developer to the Authority. The date of this Agreement shall be the date when the Agreement shall have been approved by the Authority.

b. The Developer and the Authority agree to permit recordation of a Memorandum of this Agreement against the Property in the Office of the County Recorder for the County where the Property is located, which Memorandum of Agreement shall contain the covenants and conditions of this Agreement which shall run with the land.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the dates set forth below.

SOUTHERN CALIFORNIA LOGISTICS
AIRPORT AUTHORITY

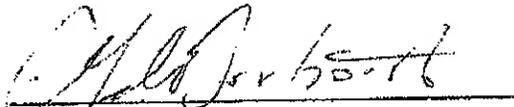
Date: _____

By: _____
Chairman

(SEAL)

By: _____
Secretary

APPROVED AS TO FORM:



GREEN, DE BORTNOWSKY &
QUINTANILLA, LLP
Authority Counsel

Signature Page Continues

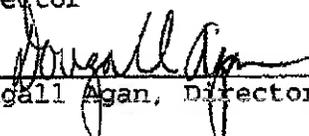
DEVELOPER

STIRLING CAPITAL INVESTMENTS, LLC,
a Delaware limited liability
company

By: STIRLING AIRPORTS
INTERNATIONAL, LLC, a
California limited liability
company, member

By: STIRLING ENTERPRISES,
LLC,
a California limited
liability company,
member

By: 
Chris A. Downey,
Director

By: 
Dougall Agan, Director

By: DIVIDEND CAPITAL OPERATING
PARTNERSHIP, L.P., a Delaware
limited partnership, member

By: DIVIDEND CAPITAL TRUST,
INC., a Maryland
corporation,
general partner

By: _____
James D. Cochran,
Managing Director

(All Signatures Must Be Notarized)

DEVELOPER

STIRLING CAPITAL INVESTMENTS, LLC,
a Delaware limited liability
company

By: STIRLING AIRPORTS
INTERNATIONAL, LLC, a
California limited liability
company, member

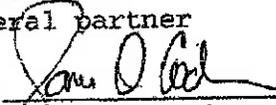
By: STIRLING ENTERPRISES,
LLC,
a California limited
liability company,
member

By: _____
Chris A. Downey,
Director

By: _____
Dougall Agan, Director

By: DIVIDEND CAPITAL OPERATING
PARTNERSHIP, L.P., a Delaware
limited partnership, member

By: DIVIDEND CAPITAL TRUST,
INC., a Maryland
corporation,
general partner

By: 
James D. Cochran,
Managing Director

(All Signatures Must Be Notarized)

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On October 4, 2006 before me, Dana Schneider, a Notary Public, personally appeared Chris Downey and Dougall Agan, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that ~~he/she~~/they executed the same in ~~his/her~~/their authorized capacity(ies), and that by ~~his/her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Dana Schneider

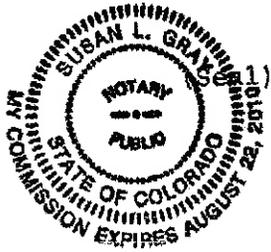


STATE OF CALIFORNIA)
COUNTY OF Colorado)
Denver

On October 18, 2006 before me, James D. Cochran
(here insert name and title of the officer), personally appeared
Managing Director, personally known to me (or proved
to me on the basis of satisfactory evidence) to be the person(s)
whose name(s) is/are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal.

Signature Susan L. Gray



STATE OF CALIFORNIA)
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

ACKNOWLEDGMENTS AS APPROPRIATE BY DEVELOPER

STATE OF CALIFORNIA)
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA)
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA)
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
COUNTY OF _____)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A"

(TO BE SUPPLIED UNDER SEPARATE COVER)

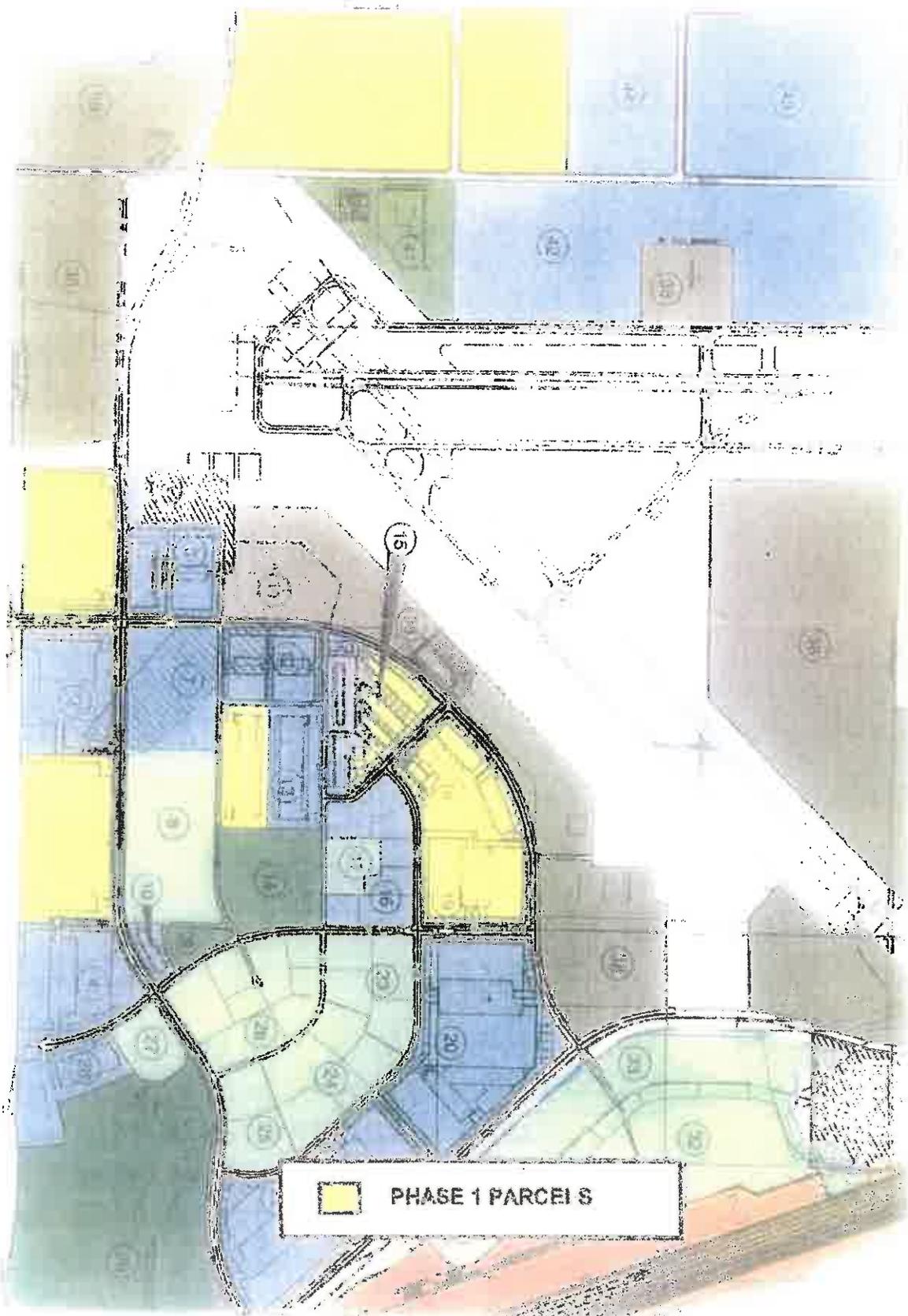


EXHIBIT "B"

SCOPE OF DEVELOPMENT

EXHIBIT B: SCOPE OF DEVELOPMENT

PHASE 1A

Parcel	Acres (to be confirmed by survey)	Planned Building SF (approximately)	Planned Development
1	41.7	1,000,000	Initially a 500,000 SF industrial distribution facility, expandable to 1 million SF.
13 (lower half)	18.4	250,000	A 250,000 SF Industrial / Warehouse Facility.
15 (upper portion)	17.17	374,996	These will be four buildings on this portion of Lot 15. The first building under construction will be an approximately 139,300 SF Industrial / warehouse and distribution facility designed for multiple tenants. Once the majority of the building is leased, SCI will begin construction on a second multi-tenant building of approximately 102,460 SF. The third approximately 88,236 SF building will be the same product type. The fourth building will consist of approximately 45,000 sf.
Total Acres	77.27		
Total SF		1,624,996	

PHASE 1B

Parcel	Acres (to be confirmed by survey)	Planned Building SF (approximately)	Potential Development
3	48.1	1,000,000	Initially a 500,000 SF industrial distribution facility, expandable to 1 million SF.
18	32.7	569,765	Lot 18 is planned for additional multi-tenant industrial buildings. This property is flexible and could accommodate a build to suit facility for a specific Tenant's requirement.
19	33	574,992	Lot 19 is planned for two large industrial distribution buildings. This property is flexible and could accommodate a build to suit facility for a specific Tenant's requirements.
Total Acres	113.8		
Total SF		2,144,757	

PHASE 1C

Parcel	Acres (to be confirmed by survey)	Planned Building SF (approximately)	Potential Development
43	98.46	1,713,567	Two facilities for industrial or manufacturing users are planned. The property is flexible and could accommodate a build to suit facility for a specific Tenant's requirements.
44 (lower half)	54.6	1,000,000	A 1 million SF facility for an industrial or manufacturing user is planned. The property is flexible and could accommodate a build to suit facility for a specific Tenant's requirements. It will likely be developed as a 500,000 SF facility with expansion.
Total Acres	153.26		
Total SF		2,713,567	

Total Phase 1 Acres:	344.33
Total Phase 1 SF:	6,485,320

EXHIBIT B-1

Exhibit B-1. Authority Improvements

Authority Improvements for Phase 1 Development

Street improvements shall include but not be limited to design, construction management, survey, geotechnical engineering and construction, relocation, and securing permits for under-grounding utility power lines and related vaults and poles, sewer lines and manholes, water lines and appurtenances, gas lines, cable lines (under-grounding phone and CATV) and related vaults, storm drains and associated drainage related facilities, drainage swales, paving (asphalt concrete or PCC concrete) sidewalks and curb & gutter, street lights, traffic signals, striping, signs and landscape and irrigation of median, parkways and setback areas. Utilities and capacity to be constructed per the SCLA Master Plans, including improvements to Phantom. Clearing property for new development includes removal and disposal of structures, asphalt, concrete pads, and existing surface improvements, including existing utilities above and below ground. All new utilities shall extend to the Property Line.

Phase	Project Description	AUTHORITY IMPROVEMENTS
1A		PHASE 1A AUTHORITY IMPROVEMENTS
	Parcel 1	All site demolition and clearing of property as defined above. Street improvements include: Construct Innovation approximately 1770 LF west from Phantom West.
	Parcel 13	All site demolition and clearing of property as defined above. Street improvements include constructing Aerospace for approximately 2,400 LF east of Phantom West.
	Parcel 15	All site demolition and clearing of property as defined above. Street improvements: improve George from Phantom West to Sabre.
	Phantom West	Phantom West dry utility and landscaping improvements. Dry utilities in Phantom from Air Expressway to Nevada. Landscaping for 1500' along Air Expressway from both east and west of Phantom, also along Phantom from Air Expressway to Nevada.
1B		PHASE 1B AUTHORITY IMPROVEMENTS
	Parcel 3	All site demolition and clearing of property as defined above. Street improvements include: improve Innovation from Phantom West to Nevada.
	Parcel 16	All site demolition and clearing of property as defined above. Street improvements include: improve George from Phantom West to Sabre and improve Eagle between George and Nevada.
	Parcel 19	All site demolition and clearing of property as defined above. Street improvements include: improve Nevada between Phantom West and Eagle, and Eagle from George to Nevada.
1C		PHASE 1C AUTHORITY IMPROVEMENTS
	Parcel 43	All site demolition and clearing of property as defined above. Street improvements include: construct A Street between Air Expressway and Crippen. Construct Crippen between Adelanto and A Street. Construct Bartlett / Innovation between Adelanto and A Street.
	Parcel 44	All site demolition and clearing of property as defined above. Street improvements include: construct A Street between Air Expressway and 1300' north of Crippen. Construct Crippen between Adelanto and A Street.

**AUTHORITY IMPROVEMENTS PHASE 1A, PARCEL 1
 INFRASTRUCTURE FOR A PORTION OF ANDYVAION (PHANTOM WEST TO 1770 LF WEST)
 ODA PHASE 1
 PARCEL 1**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Construction Water (8% of total)	0.00	LS
B. EXISTING IMPROVEMENTS			
2	2" Cold MB	0.00	SF
C. EARTHWORK			
3	Revised Mass Excavation	15,000	CY
4	Subgrade Preparation/Overexcavation	321,000	SF
D. PAVING			
5	4" AC over 20" AB Paving (assume T.L. = 10 and R = 1E)	172,000	SF
E. MISCELLANEOUS CONCRETE			
6	8" Curb & Gutter	3,540	LF
7	4" P.C.C. Sidewalk	16,470	SF
8	Curb Ramp	5	EA
F. MISCELLANEOUS			
9	4" PVC Sleeve	0.00	LF
10	Landscaping	15,100	SF
G. TRAFFIC			
11	Signal (Renovation @ Phantom West)	1	LS
12	Signal (Renovation @ Aerospace)	1	LS
13	Striping (Striping Pavement Markings)	1	LS
H. WATER			
14	12" PVC	1,750	LF
15	8" PVC	500	LF
16	6" Valve	1	EA
17	18" Valve	10	EA
18	Fire Hydrant	1	EA
19	Blow-Off	1	EA
20	Joint Exclosure	2	EA
21	Signal Valve to Grade	10	EA
I. SEWER			
22	8" PVC	1,661	LF
23	48" Street Manhole	5	EA
24	Access Manhole to Street	5	EA
J. RECLAIMED WATER			
25	8" PVC	1,750	LF
26	6" Valve	1	EA
27	2" Injection Service	1	EA
28	Joint Exclosure	1	EA
29	Access Valve to Street	1	EA
K. UTILITIES			

30 24" RCP	7,845	LF
31 36" RCP	780	LF
32 Curb and Re-IDs	2	EA
33 Manhole Covers / Junction Boxes	7	EA
34 Access Manholes to Grace	7	EA
35 Earthed Surface (Refr. #24.21, 22")	3,000	LF
L. DRY UTILITIES		
36 Electrical Cable, Transformers and Enclosures for network	1	LS
37 Gas	1	LS
38 Telephone Cable and Pedestals not included	1	LS
39 CATV Cable and Pedestals not included	1	LS
40 Street Lights	1	LS

**AUTHORITY IMPROVEMENTS PHASE 1B, PARCELS
INFRASTRUCTURE FOR A PORTION OF RENOVATION (PHANTOM WEST TO NEVADA)
DDA PHASE 1
PARCEL 3**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A.	1 Mobilization & Construction Water (3% of Total)	6,000	LS
B.	EXISTING IMPROVEMENTS		
	2 2" Cold MB	1600	SF
C.	EARTHWORK		
	3 Proposed Mass Excavation	29,000	CY
	4 Subgrade Preparation/Overconsolidation	224,600	SF
D.	PAVING		
	5 6" AC over 30" AG Paving (assume T.I. = 10 and R = 10)	421,400	SF
E.	MISCELLANEOUS CONCRETE		
	6 8" Curb & Gutter	5,400	LF
	7 4" P.C.C. Sidewalk	47,300	SF
	8 Curb Ramp	4	EA
F.	MISCELLANEOUS		
	9 6" P.V.C. Sleeve	912	LF
	10 Landscaping	5,400	SF
G.	TRAFFIC		
	11 Signel (Innovation E Nevada)	1	LS
	12 Signel (Signal) Pavement Markings	1	LS
H.	WATER		
	13 18" PVC	4,300	LF
	14 8" PVC	510	LF
	15 8" Valve	30	EA
	16 16" Valve	20	EA
	17 Fire Hydrant	5	EA
	18 Blow-Off	10	EA
	19 Joint Exclosure	2	EA
	20 Adjust Valve to Grease	20	EA
I.	SEWER		
	21 6" PVC	9,540	LF
	22 48" Sewer Manhole	5	EA
	23 Adjust Manhole to Grassy	5	EA
J.	RECLAIMED WATER		
	24 6" PVC	4,320	LF
	25 8" Valve	4	EA
	26 2" Propose Elbow	4	EA
	27 Joint Exclosure	2	EA
	28 Adjust Valve to Grease	6	EA
K.	DRAINAGE		
	29 24" RCP	15'	LF

30 64" RCP	2,200	LF
31 48" RCP (Cable - Fusion to Inversion)	1,400	LF
32 64" RCP (Cable - Inversion to Aerospace)	1,900	LF
33 84" RCP (Cable - Aerospace to Esplan)	2,700	LF
34 Curb Inlet (L=10')	6	EA
35 Manhole (Cleanout) Junction Structure	23	EA
36 Access Manhole to Grace	23	EA
L. DRY UTILITIES		
37 Electrical (Cable, Transformers and Switches not included)	1	LS
38 Gas	1	LS
39 Telephone (Cable and Pedestals not included)	1	LS
40 CATV (Cable and Pedestals not included)	1	LS
41 Street Lights	1	LS

**AUTHORITY IMPROVEMENTS PHASE 1A, PARCEL 13A
 INFRASTRUCTURE FOR A PORTION OF AEROSPACE (PHANTOM WEST TO 2400 LF EAST)
 BDA PHASE 1
 PARCEL 13A**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A	1 Mobilization & Construction Water 80% of 4000	0.00	LS
B	EXISTING IMPROVEMENTS		
2	2' Cold Hh	800	SF
C	EARTHWORK		
3	Roadbed Mass Excavation	11,000	CY
4	Subgrade Preparation/Oversewation	144,000	SF
D	PAVING		
5	4" AC over 15" AR Paving (assume T.I. = 7 and P.C. 16)	86,800	SF
E	MISCELLANEOUS CONCRETE		
6	6" Curb & Gutter	1,000	LF
7	4" P.C.C. Sidewalk	26,400	SF
8	Curb Pump	1	EA
F	MISCELLANEOUS		
9	6" PVC Storm	220	LF
10	Manhole	80	LF
11	Landscaping	19200	SF
G	TRAFFIC		
12	Signs (Aerospace & Phantom West)	1	LS
13	Signs (Aerospace Perimeter Markings)	1	LS
H	WATER		
14	12" PVC	2,500	LF
15	6" PVC	80	LF
16	6" Valve	4	EA
17	12" Valve	5	EA
18	Fire Hydrant	5	EA
19	Man-Cell	5	EA
20	Man Existing	1	EA
21	Adjust Valve to Grade	17	EA
I	SEWER		
22	6" PVC	2,600	LF
23	40" Manhole	5	EA
24	Adjust Manhole to Grade	5	EA
J	RECLAIMED WATER		
25	6" PVC	1,800	LF
26	6" Valve	5	EA
27	3" Infiltration Sewer	4	EA
28	Man-Cell	1	EA
29	Man Existing	1	EA
30	Adjust Valve to Grade	2	EA

K. DRAINAGE		
27 24" RCP	750	LF
28 36" RCP	1,500	LF
29 48" RCP	200	LF
34 Cub Inlet Receptor	1	EA
36 Manhole Gasket / Junction Structure	1	EA
38 AdJust Manhole to Grade	1	EA
L. DRY UTILITIES		
37 Electrical Cable, Transformers and Switches not included	1	LS
38 Gas	1	LS
39 Telephone (Cable and Poles not included)	1	LS
40 CATV (Cable and Poles not included)	1	LS
41 Street Lights	1	LS

AUTHORITY IMPROVEMENTS PHASE 1A, PARCEL 15
 INFRASTRUCTURE FOR GEORGE (PHANTOM WEST TO 68th)
 OCA PHASE 1
 PARCELS 15A,B,C,D

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Construction Water (2% of total)	600	LS
B. EXISTING IMPROVEMENTS			
2	Remove Existing AC/AB	120,000	SF
3	Remove Existing Curb and Curb & Gutter	8,000	LF
4	Remove Existing Signposts	20,000	SF
5	Remove Existing Street Lights	10	EA
6	2" Cold MA	700	SF
C. EARTHWORK			
7	Mass Excavation (Median Removal and Alignment Change)	10,000	CY
8	Subgrade Preparation/Overexcavation	128,800	SF
D. PAVING			
9	4" AC over 12" AS Paving (assume T.S. = 7 and H = 10)	86,000	SF
E. MISCELLANEOUS CONCRETE			
10	6" Curb & Buffer	5,700	LF
11	4" P.C.C. Sidewalk	16,800	SF
12	Curb Frame	4	EA
F. MISCELLANEOUS			
13	6" PVC Sleeve	350	LF
14	Landscaping	14800	SF
G. TRAFFIC			
15	Signal (George @ Phantom West)	1	LS
16	Signal Striping/Pavement Markings	1	LS
H. WATER			
17	12" PVC	1,800	LF
18	8" PVC	160	LF
19	6" Valve	4	EA
20	12" Valve	6	EA
21	Fire Hydrant	4	EA
22	Blow-Off	4	EA
23	Joint Extension	1	EA
24	Adjust Valve to Grade	14	EA
SEWER			
25	8" PVC	1,600	LF
26	42" Manhole	3	EA
27	Adjust Manhole to Grade	3	EA
RECLAIMED WATER			
28	8" PVC	1,500	LF
29	6" Valve	2	EA
30	6" Inflow Sensor	1	EA
31	Joint Extension	1	EA
32	Adjust Valve to Grade	3	EA

K			
DRAINAGE			
33	24" RCP	1,050	LF
34	36" RCP	600	LF
35	6" (S) (M) (L=10')	8	EA
36	Manhole, Cleanout / Junction Structure	8	EA
37	Access Manhole to Street	8	EA
L			
UTILITY UTILITIES			
38	Electrical (Cable, Transformers and Enclosures not included)	1	LS
39	Gas	1	LS
40	Telephones (Cable and Pedestals not included)	1	LS
41	CATV (Cable and Pedestals not included)	1	LS
42	Street Lights	1	LS

**AUTHORITY IMPROVEMENTS PHASE 1B, PARCELS 16 AND 16
INFRASTRUCTURE FOR A PORTION OF EAGLE & GORGE TO NEVADA
CDA PHASE 1
PARCELS 18A & 18B**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Construction Water (5% of total)	0.02	LS
B. EXISTING IMPROVEMENTS			
2	Remove Existing AC/AS	90,000	SF
3	Remove Existing CURB and CURB & GUTTS	4,000	LF
4	Remove Existing SIDEWALK	22,000	SF
5	2" CONCRETE	260	SF
C. EARTHWORK			
6	Mass Excavation (Adjustment Change)	5,000	CY
7	Subgrade Preparation/Overexcavation	120,000	SF
D. PAVING			
8	4" AC over 18" AS Pavement. Assume T.L. = 7 and R = 10	74,000	SF
E. MISCELLANEOUS CONCRETE			
9	2" Curb & Gutter	4,000	LF
10	4" P.C.C. Sidewalk	22,000	SF
11	Curb Ramp	4	EA
F. MISCELLANEOUS			
12	3" PVC Sleepers	285	LF
13	Landscape	16000	SF
G. TRAFFIC			
14	Signage/Signage/Pavement Markings	7	LS
H. WATER			
15	12" PVC	2,080	LF
16	8" PVC	254	LF
17	8" Valve	2	EA
18	12" Valve	10	EA
19	Flt Hydrant	4	EA
20	Water CH	6	EA
21	Joint Enclosure	1	EA
22	Access Manhole to Street	30	EA
I. SEWER			
23	8" PVC	2,070	LF
24	48" Manholes	6	EA
25	Access Manhole to Street	6	EA
J. RECLAIMED WATER			
26	8" PVC	2,080	LF
27	8" Valve	2	EA
28	2" Handicap Service	6	EA
29	Joint Enclosure	1	EA
30	Access Manhole to Street	3	EA

K. DRAINAGE		
31	24" RCP	640 LF
32	30" RCP	760 LF
33	36" RCP	880 LF
34	Curb Inlet (L=10')	2 EA
35	Manhole Cleanout / Junction Structure	5 EA
36	Access Manhole to Grade	8 EA
L. DRY UTILITY		
37	Electrical (Cable, Transformers and Switches not included)	1 LS
38	Gas	1 LS
39	Telephone (Cable and Pedestals not included)	1 LS
40	CATV (Cable and Pedestals not included)	1 LS
41	Street Lighting	1 LS

**AUTHORITY IMPROVEMENTS PHASE 1B, PARCEL 16
INFRASTRUCTURE FOR A PORTION OF NEVADA (PHANTOM WEST TO EAGLE)
DBA PHASE 1
PARCELS 16 A & B**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Construction Waste: (3% of Lots)	0.00	LS
B. EXISTING IMPROVEMENTS			
5	2" Corb MB	600	SF
C. PAVEMENT			
6	Subgrade Preparation/Overseeding	140,200	SF
D. PAVING			
7	6" AC over 12" AG Paving 14.5% T.I. = 6 and R = 10%	106,800	SF
E. MISCELLANEOUS CONCRETE			
8	6" Curb & Gutter	3,800	LF
9	4" P.C.C. Slabwalk	15,950	SF
10	Corb Ribs	4	EA
F. MISCELLANEOUS			
11	6" PVC Storm	310	LF
12	Landscaping	11600	SF
G. TRAFFIC			
13	Signs (Nevada & Phantom West)	1	LS
14	Signs (Nevada & Eagle)	1	LS
15	Signs/Striping/Pavement Markings	1	LS
H. WATER			
16	12" PVC	1,450	LF
17	8" PVC	800	LF
18	8" Valve	1	EA
19	12" Valve	10	EA
20	Fire Hydrant	3	EA
21	Storm-Off	1	EA
22	Joint Restraints	1	EA
23	Adjust Valve to Grade	10	EA
I. SEWER			
24	6" PVC	250	LF
25	Joint Restraints Sewer Man	1	EA
26	Adjust Manhole to Grade	1	EA
J. RECLAIMED WATER			
27	6" PVC	2,400	LF
28	8" Valve	1	EA
29	2" Pressure Relief	1	EA
30	Joint Restraints	1	EA
31	Adjust Valve to Grade	3	EA
DRAINAGE			
32	24" PVC	10	LF

**AUTHORITY IMPROVEMENTS PHASE 1A
 INFRASTRUCTURE FOR A PORTION OF PHANTOM WEST (Air Expressway to Nevada)
 DDA PHASE 1**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Construction Water (8% of total)	0.00	LS
B. MISCELLANEOUS			
2	6" PVC Steers (including coating Phantom West)	1,000	LF
3	Landscaping (Phantom - Air Expressway to Innovation)	77,600	SF
4	Landscaping (Phantom/Innovation Intersection)	20,000	SF
5	Landscaping (Phantom - Innovation to Nevada)	67,600	SF
6	Landscaping (Air Expressway - 1500 ft from Phantom)	80,000	SF
C. DRY UTILITIES (Innovation to Nevada)			
7	Electrical (Cable, Transformers and Switches not included)	1	LS
8	Gas	1	LS
9	Telephone (Cable and Poles not included)	1	LS
10	CATV (Cable and Poles not included)	1	LS

**AUTHORITY IMPROVEMENTS PHASE 1C, PARCELS 43 AND 44
 INFRASTRUCTURE FOR A PORTION OF "A" STREET (AIR EXPRESSWAY TO CRDPEN)
 DBA PHASE 1
 PARCELS 43 & 44**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Construction (on Water) (2% of total)	0.00	LE
B.	EXISTING IMPROVEMENTS		
3	2" Old MW	300	SF
C.	EARTHWORK		
3	Roadbed Mass Excavation	48,000	CY
4	Subgrade Preparation/Overexcavation	646,500	SF
D.	PAVING		
5	5" AC over 17" AB Paving 18% Mod T.C. = 6 and R = 10%	485,000	SF
E.	MISCELLANEOUS CONCRETE		
6	5" Curb & Gutter	15,200	LF
7	4" P.C.C. Sidewalk	72,500	SF
8	Curb Ramp	2	EA
F.	MISCELLANEOUS		
9	5" PVC Storm	690	LF
10	Manholes	52800	SF
11	Storm	20	LF
G.	TRAFFIC		
12	Signal ("A" Street @ Air Expressway)	1	LE
13	Signal ("A" Street @ Intersection)	1	LE
14	Signal/Signal/Pavement Markings	1	LE
H.	WATER		
15	15" PVC	6,800	LF
16	8" PVC	210	LF
17	8" Valve	2	EA
18	15" Valve	12	EA
19	Fire Hydrant	10	EA
20	Blow-Off	7	EA
21	Joint Encasing	1	EA
22	Adjust Valve to Grade	32	EA
I.	SEWER		
23	15" PVC	4,800	LF
24	15" PVC	2,850	LF
25	10" PVC	2,700	LF
26	8" PVC	1,950	LF
27	40" Manhole	32	EA
28	Adjust Manhole to Grade	32	EA
J.	RECLAIMED WATER		
29	5" PVC	6,800	LF
30	8" Valve	2	EA
31	2" Ventilation Street	1	EA
32	10" Valve	1	EA
33	Adjust Valve to Grade	1	EA

K.	DRAINAGE		
	34 24" RCP	180	LF
	35 6" Inlet (L=10')	6	EA
	36 Catch Manhole (24")	6	EA
	37 Drainage Swale (b=6', d=5.75', z=2%)	4000	LF
	38 Drainage Swale (b=6', d=5.25', z=2%)	2000	LF
	39 Culvert Crossin	1,500	LF
L.	DRY UTILITIES		
	40 Electrical (Cable, Transformers and Switches not included)	1	LS
	41 Gas	1	LS
	42 Telephone (Cable and Poles/sets not included)	1	LS
	43 CATV (Cable and Poles/sets not included)	1	LS
	44 Street Lights	1	LS

**AUTHORITY IMPROVEMENTS PHASE 1C, PARCELS 43 AND 44
 INFRASTRUCTURE FOR CRIPPER (ADJACENT TO 'A' STREET)
 DOA PHASE 1
 PARCELS 43 & 44**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Demobilization Water (6% of total)	0.60	LF
B. EXISTING IMPROVEMENTS			
2	2" Cold MH	200	SF
C. EARTH/DIRK			
3	Reap/Top Mass Excavation	8,800	CY
4	Soil/Gravel Preparation/Overexcavation	114,000	SF
D. PAVING			
5	4" AC over 15" AS Paving (assume T.I. = 7 AND R = 10)	76,500	SF
E. MISCELLANEOUS CONCRETE			
6	6" Carb & Gully	3,800	LF
7	4" P.C.C. Sidewalk	20,200	SF
8	Carb Paving	4	EA
F. MISCELLANEOUS			
9	6" PVC Sleeve	240	LF
10	Leakage/Seals	15,800	SF
G. TRAFFIC			
14	Strip/Staple/Permanent Markers	1	LF
H. WATER			
16	12" PVC	1,000	LF
17	8" PVC	60	LF
18	8" Valve	2	EA
19	12" Valve	4	EA
20	Fire Hydrant	4	EA
21	Blow-Off	2	EA
22	Joint Encasement	2	EA
23	Acoust Valve to Grass	10	EA
I. SEWER			
24	8" PVC	1,460	LF
25	8" Manhole	4	EA
26	Acoust Manhole to Grass	4	EA
J. RECLAIMED WATER			
27	8" PVC	1,800	LF
28	8" Valve	2	EA
29	7" Impeller/Female	2	EA
30	Joint Encasement	2	EA
31	Acoust Valve to Grass	2	EA
K. DRAINAGE			
32	24" RCP	10	LF
33	24" Cold MH/Inlet	1	EA

**AUTHORITY IMPROVEMENTS PHASE 1C, PARCELS 43 AND 44
 INFRASTRUCTURE FOR A PORTION OF INNOVATION (ADJACENT TO "A" STREET)
 CDA PHASE 1
 PARCELS #3 & 4**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Construction Water (5% of total)	0.00	LS
B.	EXISTING IMPROVEMENTS		
2	2' Cold MI	260	LF
C.	EARTHWORK		
3	Final Grade Excavation	14,800	CY
4	Subgrade Preparation/Drainage Slopes	186,000	SF
D.	PAVING		
5	1" AC over 17" AS Paving (assume T.L. = 8 and R = 10)	140,000	SF
E.	MISCELLANEOUS CONCRETE		
6	6" Curb & Gutter	4,000	LF
7	4" P.C.C. S-Sewer	64,000	SF
8	Curb Ramp	4	EA
F.	MISCELLANEOUS		
9	6" PVC Sleeve	480	LF
10	Landscaping	1,000	SP
G.	TRAFFIC		
11	Signal (Innovation & Adjacent)	1	LS
12	Signal Sighting/Invention Markings	1	LS
H.	WATER		
13	18" PVC	2,000	LF
14	8" PVC	230	LF
15	6" Valve	2	EA
16	18" Valve	4	EA
17	Fire Hydrant	4	EA
18	Blow-Off	2	EA
19	John Escalator	2	EA
20	Adjust Valve to Grade	10	EA
I.	SEWER		
21	10" PVC	1,050	LF
22	8" PVC	160	LF
23	48" Sewer Manhole	4	EA
24	Adjust Manhole to Grade	4	EA
J.	RECLAIMED WATER		
25	6" PVC	2,000	LF
26	6" Valve	2	EA
27	2" Inverted Siphon	2	EA
28	John Escalator	1	EA
29	Adjust Valve to Grade	2	EA
K.	PLUMBING		

**AUTHORITY IMPROVEMENTS PHASE 1C, PARCELS 43 AND 44
 INFRASTRUCTURE FOR ADELANTO FRONTAGE (INDUSTRY TO CRIPPEN)
 IDA PHASE 1
 PARCELS 43 & 44**

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT
A. 1	Mobilization & Demobilization Water (8% of total)	0.00	LS
B.	EXISTING IMPROVEMENTS		
2	2" Cold Mill	12,000	SF
C.	EARTHWORK		
3	Reduced Mass Excavation	20,000	CY
4	Standard Protection/Outside Excavation	272,000	SF
D.	PAVING		
5	6" AC over 17" AB Pavement (assume T.I. = 6 and R = 10)	224,000	SF
E.	MISCELLANEOUS CONCRETE		
6	8" Curb & Gutter	4,000	LF
7	4" P.C.C. Sidewalk	22,000	SF
F.	MISCELLANEOUS		
8	Landscaping	16,000	SF
G.	TRAFFIC		
9	Signal Advance & Crossover	1	LS
10	Signal Station Pavement Upgrade	1	LS
H.	WATER		
11	16" PVC	6,000	LF
12	8" PVC	120	LF
13	8" Valve	4	EA
14	12" Valve	2	EA
15	Flow Meter	2	EA
16	Blow-Off	4	EA
17	Adjust Valve to Grade	20	EA
I.	SEWER (None)		
J.	RECLAIMED WATER		
18	6" PVC	4,000	LF
19	6" Valve	4	EA
20	2" Inlet to Street	4	EA
21	Adjust Valve to Grade	4	EA
K.	DEBRIS		
22	24" RCP	1,000	LF
23	Curb Inlet (6" x 18")	4	EA
24	24" RCP Catchment	1EA	LF
25	24" Catchment to Street	4	EA
26	Manhole Cleanout - Junction Submittal	4	EA
27	Adjust Manhole to Grade	4	EA
28	Drummed Supply Box - 24" x 24" x 4'-0"	2EA	LF
29	Curb Cleanout	1EA	LF

1. DRY UTILITIES		
80 Street Light	1	LS

EXHIBIT "C"

GRANT DEED

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL THIS DEED AND,
UNLESS OTHERWISE SHOWN BELOW, MAIL
TAX STATEMENTS TO:

Attention:

(Space Above For Recorder's Use Only)

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:
DOCUMENTARY TRANSFER TAX IS \$ _____

_____ Computed on full value of property conveyed;

_____ Computed on full value less the value of liens or encumbrances thereon
remaining at time of sale.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby
acknowledged, _____, a _____, ("Grantor"), hereby
GRANTS to _____, a _____
("Grantee"), the following described real property (the "Property") in the County of San
Bernadino, State of California:

MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO
PARTY SO SHOWN, MAIL AS DIRECTED ABOVE.

Name	Street Address	City and State
------	----------------	----------------

IN WITNESS WHEREOF, the undersigned has executed this document as of the day and year indicated.

GRANTOR:

By: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____
a notary public in and for said State, personally appeared
_____ and _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "D"

SCHEDULE OF PERFORMANCE

(Days shall be calendar days, and all dates herein are subject to change due to force majeure in accordance with Section 8.05 of the Agreement)

Exhibit D. Schedule of Performance

Phased development by Parties as described below:

Phase	Project Description	Estimated Date for Construction Completion	Authority Improvements
1A	Parcel 1	30 months from Authority's conveyance of title and possession of Property to Developer, subject to any extensions as defined in DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements include: Construct Innovation approximately 1770 LF west from Phantom West, and as further defined in Exhibit B-1.
1A	Parcel 13 A	30 months from Authority's conveyance of title and possession of Property to Developer, subject to any extensions as defined in DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements include constructing Aerospace for approximately 2,400 LF east of Phantom West, and as further defined in Exhibit B-1.
1A	Parcel 15, Building A	30 months from Authority's conveyance of title and possession of Property to Developer, subject to any extensions as defined in DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements: Improve George from Phantom West to Sabre, and as further defined in Exhibit B-1.
1A	Parcel 15, Buildings B and C	30 months from Authority's conveyance of title and possession of Property to Developer, subject to any extensions as defined in DDA.	Improvements will be completed with Parcel 15, Building A.
1B	Parcel 3	Within 30 months of the date that the Authority has adopted a budget that earmarks the funds necessary to cause the construction of the Authority improvements as described in Exhibit B-1, and subject to any extensions as defined in the DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements include: Improve Innovation from Phantom West to Nevada, and as further defined in Exhibit B-1.
1B	Parcel 18	Within 30 months of the date that the Authority has adopted a budget that earmarks the funds necessary to cause the construction of the Authority improvements as described in Exhibit B-1, and subject to any extensions as defined in the DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements include: Improve George from Phantom West to Sabre and improve Eagle between George and Nevada, and as further defined in Exhibit B-1.
1B	Parcel 19	Within 30 months of the date that the Authority has adopted a budget that earmarks the funds necessary to cause the construction of the Authority improvements as described in Exhibit B-1, and subject to any extensions as defined in the DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements include: Improve Nevada between Phantom West and Eagle, and Eagle from George to Nevada, and as further defined in Exhibit B-1.
1C	Parcel 43	Within 30 months of the date that the Authority has adopted a budget that earmarks the funds necessary to cause the construction of the Authority improvements as described in Exhibit B-1, and subject to any extensions as defined in the DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements include: construct A Street between Air Expressway and Crippen. Construct Crippen between Adelanto and A Street. Construct Bartlett / Innovation between Adelanto and A Street, and as further defined in Exhibit B-1.
1C	Parcel 44	Within 30 months of the date that the Authority has adopted a budget that earmarks the funds necessary to cause the construction of the Authority improvements as described in Exhibit B-1, and subject to any extensions as defined in the DDA.	Within 30 days of Site Plan approval, all demolition complete and property cleared. Street improvements completed prior to issuance of a Notice of Completion of Building Shell improvements. Street improvements include: construct A Street between Air Expressway and 1300' north of Crippen. Construct Crippen between Adelanto and A Street, and as further defined in Exhibit B-1.

Any accelerated development will be taken into consideration as it relates to the Schedule of Performance of a later phase per Section 4.01.

EXHIBIT "E"

When Recorded, Mail to:

CERTIFICATE OF COMPLETION

When Recorded, Mail to:

CERTIFICATE OF COMPLETION

I, _____, Executive Director of the Southern California Logistics Airport Authority (the "Authority") hereby certify as follows:

By its Resolution No. _____, adopted and approved _____, 20____ the Authority has resolved as follows:

Section 1. The improvements required to be constructed in accordance with that certain Disposition and Development Agreement (the "Agreement") dated _____, by and between the Authority and Stirling Capital Investments, LLC a _____, (the "Developer") on that certain real property (the "Property") more fully described in Exhibit "A" attached hereto and incorporated herein by this reference, have been completed in accordance with the provisions of said Agreement.

Section 2. This Certificate of Completion shall constitute a conclusive determination of satisfaction of the agreements and covenants contained in the Agreement with respect to the obligations of the Developer, and its successors and assigns, to construct and develop the improvements on the Property, excluding any normal and customary tenant improvements and minor building "punch-list" items, and including any and all buildings and any and all parking, landscaping and related improvements necessary to support or which meet the requirements applicable to the building and its use and occupancy on the Property, whether or not said improvements are on the Property or on other property subject to the Agreement, all as described in the Agreement, and to otherwise comply with the Developer's obligations under the Agreement with respect to the Property and the dates for the beginning and completion of construction of improvements thereon under the Agreement; provided, however, that the Authority may enforce any covenant contained in the grant deed, lease or other instrument of transfer surviving this Certificate of Completion in accordance with the terms and conditions of the Agreement and the grant deed pursuant to which the Property was conveyed under the Agreement. Said Agreement is an official record of the Authority and a copy of said Agreement may be inspected in the office of the Secretary of the Southern California Logistics Airport Authority located at 18374 Phantom Way, Victorville, CA 92394, during regular business hours.

Section 3. After the recordation of the Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Property shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under the Agreement, except that such party shall be bound by

any covenants contained in the grant deed, lease or other instrument of transfer. Neither the Authority nor any other person, after the recordation of this Certificate of Completion, shall have any rights, remedies or controls that it would otherwise have or be entitled to exercise under the Agreement with respect to the Property, as a result of a default in or breach of any provision of the Agreement, and the respective rights and obligations of the parties shall be limited to those set forth in the grant deed, lease or other instrument of transfer.

Section 4. The Property to which this Certificate of Completion pertains is more fully described in Exhibit "A" attached hereto.

DATED AND ISSUED this ____ day of _____, 20____.

Executive Director of the Southern
California Logistics Airport Authority

State of California)
County of _____)

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

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment # 12

FAA Grant Assurance Agreement



FAA
Airports

Grant Assurances Airport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
3. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. **Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.** The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.
2. **Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.** The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. **Airport Planning Undertaken by a Sponsor.** Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 30, 32, 33, and 34 in section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project.

C. **Sponsor Certification.** The sponsor hereby assures and certifies, with respect to this grant that:

1. **General Federal Requirements.** It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

Federal Legislation

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.¹
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act – 5 U.S.C. 1501, et seq.²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.^{1,2}
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).¹
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.¹
- h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.¹
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- o. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- p. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- q. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.¹
- r. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.¹
- s. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.¹
- t. Copeland Anti kickback Act - 18 U.S.C. 874.1
- u. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.¹
- v. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- w. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.²
- x. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.

Executive Orders

Executive Order 11246 - Equal Employment Opportunity¹
Executive Order 11990 - Protection of Wetlands
Executive Order 11998 – Flood Plain Management
Executive Order 12372 - Intergovernmental Review of Federal Programs
Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New
Building Construction¹
Executive Order 12898 - Environmental Justice

Federal Regulations

- a. 14 CFR Part 13 - Investigative and Enforcement Procedures.
- b. 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- c. 14 CFR Part 150 - Airport noise compatibility planning.
- d. 29 CFR Part 1 - Procedures for predetermination of wage rates.¹
- e. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.¹
- f. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹
- g. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- h. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- i. 49 CFR Part 20 - New restrictions on lobbying.
- j. 49 CFR Part 21 - Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- k. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.
- l. 49 CFR Part 24 - Uniform relocation assistance and real property acquisition for Federal and federally assisted programs.^{1,2}
- m. 49 CFR Part 26 – Participation By Disadvantaged Business Enterprises in Department of Transportation Programs.
- n. 49 CFR Part 27 - Nondiscrimination on the basis of handicap in programs and activities receiving or benefiting from Federal financial assistance.¹
- o. 49 CFR Part 29 – Government wide debarment and suspension (nonprocurement) and government wide requirements for drug-free workplace (grants).
- p. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.

- q. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.¹

Office of Management and Budget Circulars

- a. A-87 - Cost Principles Applicable to Grants and Contracts with State and Local Governments.
- b. A-133 - Audits of States, Local Governments, and Non-Profit Organizations

¹ These laws do not apply to airport planning sponsors.

² These laws do not apply to private sponsors.

³ 49 CFR Part 18 and OMB Circular A-87 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

2. Responsibility and Authority of the Sponsor.

- a. **Public Agency Sponsor:** It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- b. **Private Sponsor:** It has legal authority to apply for this grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Sponsor Fund Availability. It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

4. Good Title.

- a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

- b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure

that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.

- g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.
6. **Consistency with Local Plans.** The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.
 7. **Consideration of Local Interest.** It has given fair consideration to the interest of communities in or near where the project may be located.
 8. **Consultation with Users.** In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.
 9. **Public Hearings.** In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.
 10. **Air and Water Quality Standards.** In projects involving airport location, a major runway extension, or runway location it will provide for the Governor of the state in which the project is located to certify in writing to the Secretary that the project will be located, designed, constructed, and operated so as to comply with applicable air and water quality standards. In any case where such standards have not been approved and where applicable air and water quality standards have been promulgated by the Administrator of the Environmental Protection Agency, certification shall be obtained from such Administrator. Notice of certification or refusal to certify shall be provided within sixty days after the project application has been received by the Secretary.
 11. **Pavement Preventive Maintenance.** With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport,

it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

12. **Terminal Development Prerequisites.** For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.
13. **Accounting System, Audit, and Record Keeping Requirements.**
 - a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
 - b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.
14. **Minimum Wage Rates.** It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.
15. **Veteran's Preference.** It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam

era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. **Conformity to Plans and Specifications.** It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.
17. **Construction Inspection and Approval.** It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.
18. **Planning Projects.** In carrying out planning projects:
 - a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
 - b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
 - c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
 - d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
 - e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
 - f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
 - g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
 - h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of

this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-
- 1) Operating the airport's aeronautical facilities whenever required;
 - 2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 - 3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. Hazard Removal and Mitigation. It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. Compatible Land Use. It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-
 - 1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 - 2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
- d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
- e. Each air carrier using such airport (whether as a tenant, non tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non tenants and signatory carriers and non signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
- f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
- g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.

airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:

- 1) If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.
 - 2) If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.
 - 3) Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
 - c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. Reports and Inspections. It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports

available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;

- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and
- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - 1) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - 2) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

27. Use by Government Aircraft. It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

- a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or
- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

28. Land for Federal Facilities. It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such

purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. Airport Layout Plan.

- a. It will keep up to date at all times an airport layout plan of the airport showing (1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto; (2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities; (3) the location of all existing and proposed nonaviation areas and of all existing improvements thereon; and (4) all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

- 30. Civil Rights.** It will comply with such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from funds received from this grant. This assurance obligates the sponsor for the period during which Federal financial assistance is extended to the program, except where Federal financial assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon in which case the assurance obligates the sponsor or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits, or

(b) the period during which the sponsor retains ownership or possession of the property.

31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.
- b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.
- c. Land shall be considered to be needed for airport purposes under this assurance if (1) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue

from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.

- d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.
32. **Engineering and Design Services.** It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.
 33. **Foreign Market Restrictions.** It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.
 34. **Policies, Standards, and Specifications.** It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated _____ (the latest approved version as of this grant offer) and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.
 35. **Relocation and Real Property Acquisition.** (1) It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B. (2) It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24. (3) It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.
 36. **Access By Intercity Buses.** The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to

have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

37. **Disadvantaged Business Enterprises.** The recipient shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non discrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26, and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801).
38. **Hangar Construction.** If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.
39. **Competitive Access.**
 - a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-
 - 1) Describes the requests;
 - 2) Provides an explanation as to why the requests could not be accommodated; and
 - 3) Provides a time frame within which, if any, the airport will be able to accommodate the requests.
 - b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.