

**THIRD AMENDMENT TO LEASE NO. VNA-8433 BETWEEN THE CITY OF LOS ANGELES AND SIGNATURE 8433, LLC
COVERING PROPERTY AT VAN NUYS AIRPORT**

This Third Amendment to Lease ("Third Amendment") is made and entered into as of _____, 2017, by and between the City of Los Angeles, a municipal corporation, acting by order of an through its Board of Airport Commissioners ("City"), and SIGNATURE 8433, LLC, a Delaware limited liability company ("Lessee").

RECITALS:

A. Skytrails Aviation, LLC, a California limited liability company ("Skytrails"), and City previously entered into that certain Ground Lease – Lease No. VNA-8433 dated as of December 14, 2007 ("Original Lease"), as amended by that certain First Amendment to Lease No. VNA-8433 dated as of August 20, 2008, by and between Skytrails and City, for those certain premises leased thereunder (the "Maguire Area"), all as more particularly described therein. Maguire Aviation Group, LLC ("MAG") acquired all of the membership interests in Skytrails. City consented to such assignment pursuant to that certain Consent to Assignment of Lease dated as of August 20, 2008, by and between Skytrails, MAG and City ("Consent to Assignment"). Skytrails changed its name from Skytrails Aviation, LLC to Maguire Aviation – Van Nuys: Romeo, LLC ("Maguire").

B. Maguire and City entered into the Second Amendment to the Original Lease dated as of December 17, 2013. Maguire assigned its interests in the Original Lease to Lessee pursuant to the Consent to assignment dated December 17, 2013. The Original Lease, as so amended and assigned, is hereinafter referred to as the "Lease."

The parties hereto desire to amend the Lease on the terms set forth in this Third Amendment.

Section 1. Article 1, Section 4 of the Lease are hereby deleted from the Lease and shall be replaced by the following provisions:

4. **Improvements.**

4.1 Improvement Costs and Dates. Lessee agrees to expend funds in furtherance of the development of the Premises in an amount of not less than Six Million Three Hundred Thousand Dollars (\$6,300,000) ("Minimum Investment") as follows: (i) Lessee shall expend the first installment of the Minimum Investment in an amount of at least Two Million Five Hundred Thousand Dollars (\$2,500,000) ("First Development Condition") on this Lease on or before March 31, 2018 ("First Deadline Date"), and (ii) Lessee shall expend the balance of the Minimum Investment in an amount of not less than Three Million Eight Hundred Thousand Dollars (\$3,800,000) ("Second Development Condition", and, together with the First Development Condition, the Development Conditions") on or before December 31, 2021 ("Second Deadline Date", and, together with the First Deadline Date, the "Deadline Date(s)").

4.2 **Second Development Condition Option - Related Leases.**

4.2.1 The Three Million Eight Hundred Thousand Dollars (\$3,800,000) required to be expended to satisfy the Second Development Condition shall be reduced by the cumulative amount that the Related Lessee(s) expend in excess of their respective

minimum investment commitment to the City set forth in their respective Related Leases (such excess shall be defined as a "Related Lease Investment"). For purposes of this section, the following definitions shall apply: Leases VNA-8390 and VNA-8361 shall be referred to as "Related Leases," and (2) a lessee under a Related Leases shall be referred to as a "Related Lessee."

4.2.2 The following provisions shall apply to a Related Lease Investment: (1) Related Lessee, at its sole cost and expense, shall undertake and complete all necessary aviation development designs, studies and investigations and secure all governmental approvals, including compliance with CEQA and NEPA required for any development under the Related Lease ("Soft Costs"); and (2) the Related Lease Investment shall not substitute, any requirements of Related Lessee under the Related Lease. All architectural, engineering and Soft Costs shall not exceed twenty-five percent (25%) of the Three Million Eight Hundred Dollar investment.

4.3 **Liquidated Damages.** If Lessee fails to satisfy the Minimum Investment by the applicable Deadline Date, then City's sole remedy shall be the imposition of daily fees upon Lessee for each day after the applicable Deadline Date until the Minimum Investment is satisfied ("Liquidated Damages"), as follows: (i) Three Thousand Dollars (\$3,000) for each day beginning on the applicable Deadline Date until the date that is six (6) months thereafter ("First Period"), (ii) Two Thousand Dollars (\$2,000) for each day beginning on the first day after the First Period until the day that is nine (9) months thereafter ("Second Period"), and (iii) One Thousand Dollars (\$1,000) for each day beginning on the day after the Second Period until the date that is up to three (3) months thereafter ("Third Period").

4.4 If Lessee has failed to substantially satisfy a Development Condition within eighteen (18) months after the applicable Deadline Date, then City may declare Lessee in default under the Lease and shall have the remedies permitted in connection therewith, including the right to terminate this Lease. Notwithstanding the foregoing, so long as Lessee complies with the provisions contained in Article 2, Section 7 "Improvements and Alterations", and elsewhere in this Lease, these remedies shall not be invoked nor imposed upon Lessee as long as Lessee has expended the required funds in furtherance of improving the Premises and improvements and facilities thereon (including safety, security and environmental efficiency improvements), even if (i) the improvements encompass only the installation, repair or maintenance of ramp, aprons, taxiways, facilities or other future development areas for infrastructure throughout the Premises; and (ii) such development activities have not been completed. For purposes of this Section, in order to "substantially satisfy" a Development Condition, Lessee shall obtain a temporary certificate of occupancy or similar certificate or instrument (to the extent applicable in each instance), and shall deliver copies thereof to City.

Section 2. City hereby waives those deficiencies related to Liquidated Damages as identified in its letter to Lessee dated March 6, 2017.

Section 3. It is understood and agreed by and between the parties hereto that, except as specifically provided herein, this Third Amendment shall not in any manner alter, change, modify or affect any of the rights, privileges, duties or obligations of either of the parties hereto under or by reason of the Lease, and except as expressly amended herein, all of the terms, covenants, and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the date first written above.

CITY:

CITY OF LOS ANGELES

By: _____
Chief Executive Officer
Department of Airports

APPROVED AS TO FORM:
MICHAEL N. FEUER, City Attorney

By: *Cynthia Alvarez*
Deputy/Assistant City Attorney

LESSEE:

SIGNATURE 8433, LLC, a Delaware limited liability company

By: *Maria A. Sastre*
Name: Maria A. Sastre
Title: President & COO

Approved As To Form:
JS 7-17-17
Legal Dept.